



Monterey, California

City Council Agenda
Council Regular Meeting

Tuesday, June 16, 2020

4:00 PM - 5:30 PM
7:00 PM – 11:00 PM

City Council
Clyde Roberson, Mayor
Dan Albert, Councilmember
Alan Haffa, Councilmember
Ed Smith, Councilmember
Tyler Williamson, Councilmember

City Manager
Hans Uslar

IMPORTANT NOTICE:

Pursuant to Governor Newsom's Executive Orders N-29-20 and N-33-20, and to do all we can to help slow the spread of COVID-19 (coronavirus):

- Meetings of the Monterey City Council and its Boards and Commissions will be conducted with virtual (electronic) participation only. Members of the public may watch the live stream of the City Council and Boards and Commission meetings at <https://www.youtube.com/cityofmonterey> (up to 10 second delay) or on television on Channel 25 (up to 90 second delay). The YouTube live stream has the shortest delay and is recommended for anyone wishing to provide public comment (see details below).
- **BEFORE EACH MEETING**, members of the public may participate by submitting comment(s) to cityclerk@monterey.org from an email account or a cell phone's texting app until ½ hour before the start of the meeting. These emails and text messages will be shared with the Council or relevant Board or Commission prior to the start of the meeting, but will not be read aloud during the meeting. All comments received will become part of the record.
- **DURING EACH MEETING**, members of the public may participate by calling and speaking live during the designated time(s), subject to time limits that may be imposed pursuant to the Brown Act. To provide public comment:
 - Please follow along with the meeting on the [YouTube live stream](#), as it has the shortest delay, and only call when the public comment period is announced.
 - When the public comment period is announced, call the telephone number that will be provided on-screen and announced by the Mayor. Enter the conference room number, then #.
 - You will be muted upon joining the call.
 - Enter *5 to "raise your hand." When it is your turn to speak, you will be unmuted. Please remember to turn the sound off on your television or computer when it is your turn to talk (or as soon as you call in). Leaving your television or computer on will cause interference with the broadcast and the audience will not be able to hear you.

Between comment periods, please hang up the phone. If you wish to comment on another item, please call back when the public comment period is announced.

***Afternoon Session Agenda ***

4:00 - 5:30 p.m.

CALL TO ORDER

PUBLIC COMMENTS

PUBLIC COMMENTS allows you, the public, to speak for a maximum of three minutes on any subject which is within the jurisdiction of the Monterey City Council and which is not on the agenda. Any person or group desiring to bring an item to the attention of the City Council may do so by addressing the Council during Public Comments using the method described in the Important Notice regarding COVID-19 at the top of the agenda. NOTE: Public Comments are taken during the afternoon session and continued at the evening session. Individuals may choose to speak once for up to three minutes at either session, but not both.

CONSENT ITEMS

CONSENT AGENDA consists of those items which are routine and for which a staff recommendation has been prepared. A member of the public or a Councilmember may request that an item be placed on the regular agenda for further discussion.

Approval of Minutes

1. May 19, 2020 (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)
2. May 27, 2020 (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)
3. June 2, 2020 (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

Ordinances

ORDINANCES are legislative acts by the Council, are the most permanent and binding type of Council action as they modify the City Code, and may be replaced only by a subsequent ordinance. An ordinance requires legal advertisement when introduced, and two readings at separate Council meetings. An ordinance is considered "passed to print" when approved for a second reading, and is "passed and adopted" when given final approval by the Council.

4. 2nd Reading - Repeal of Monterey City Code 33-29 Park and Recreation Dedication and Fees (Not a Project under CEQA per Article 20, Section 15378)
5. 2nd Reading - Rezone 490 Camino El Estero as a City Historic Resource from PC-D-ES to PC-D-ES-H-2 (Exempt from CEQA per Article 19, Section 15305, Class 5)
6. 2nd Reading - Amending Monterey City Code Section 38-107 to Require Utility Undergrounding (Exempt from CEQA Per Article 19, Sections 15202, 15304, 15305, and 15308 Classes 2, 4, 5, and 8 and Sections 15061(b)(3))

Resolutions

RESOLUTIONS are passed to express the policy of the Council on certain items or programs, or are passed to direct certain types of administrative action. A resolution may be changed by adoption of a subsequent resolution. Resolutions only require one reading and are approved when "passed and adopted."

7. Approve Execution of a Confidentiality and Non-Disclosure Agreement with California-American Water Company (Not a Project Under CEQA, per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

8. Authorize Application for, and Receipt of, Local Early Action Planning (LEAP) Grant Funds (Not a Project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061) (Public Works - 409-02)
9. Authorize the City Manager to Enter Into a Joint Community Facilities Agreement with the Fort Ord Reuse Authority (FORA) to Convey Funds to the City for Habitat Management Services (Not a Project under CEQA per Article 20, Section 15378 and under General Rule Article 5, Section 15061)
10. Adopt Resolution Certifying Compliance with State Law with Respect to Levying Assessments and Special Taxes (Not a Project under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)
11. Adopt Resolution to Establish the Fiscal Year 2020-21 Appropriation Limit (Gann Initiative) (Not a Project under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)
12. Extend the Current Locals Parking Program in the Cannery Row Garage Through June 30, 2021 (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)
13. Extend the Current Locals Parking Program in the Waterfront Lot through June 30, 2021 (Not a Project Under CEQA, Per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)
14. Call and Consolidate General Municipal Election for November 3, 2020 (Not a Project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)

Other

15. Appoint Agency Negotiators for Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8; Property: 160 Municipal Wharf #2 and Approximately 3,238 Square Feet of Area Located Under the Wharf #2 Warehouse; Agency Negotiators: Kimberly Cole and Janna Aldrete; Negotiating Parties: Art Seavey, Monterey Abalone Company; Under Negotiation: Terms and Conditions for New Lease (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)
16. Appoint Agency Negotiators for Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8; Property: 601 Wave Street, Suite 500; Agency Negotiators: Kimberly Cole and Janna Aldrete; Negotiating Parties: Richard Miller; Under Negotiation: Price and Terms for Lease Amendment (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

*** End of Consent Agenda ***

Adjourn to Ocean View Community Services District Meeting: Consent Agenda

This is a separate legal body of the City that oversees the operations of the Ocean View Community Services District desalinization plant. CONSENT AGENDA consists of those items which are routine and for which a staff recommendation has been prepared. A member of the public or a CSD Board Member may request that an item be placed on the regular agenda for further discussion.

17. Receive Ocean View Community Services District Quarterly Report (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

Adjourn to City Council Meeting**PUBLIC HEARING**

PUBLIC HEARINGS are held to receive public comment on certain items pending Council action. You are welcome to offer your comments after being recognized by the Mayor. The Council may limit the time allocated to each speaker.

18. 1st Reading by Title Only of an Ordinance to Repeal Monterey City Code Section 38-26(G) and Add Monterey City Code Section 38-108 to Allow Home Occupations without a Permit Process (Exempt from CEQA Article 19, Section 15305, Class 5) -
- Recommended for Continuance to July 7, 2020
19. 1st Reading – Rezone 603-605 Hoffman Avenue from R-3-5 to R-3-5-H2 as a City Historic Resource and Authorize a Mills Act Contract (Property Tax Savings Program for Historic Structures (Exempt from CEQA per Article 19, Section 15305, Class 5) -- Recommended for Continuance to July 7, 2020
20. Levy Assessment to Fund the Cannery Row, New Monterey, and North Fremont Business Improvement Districts (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

PUBLIC APPEARANCE

PUBLIC APPEARANCE items are reports on non-routine issues that might stimulate public discussion, but that do not require formal noticing as public hearings. You are welcome to offer your comments after being recognized by the Mayor. The Council may limit the time each speaker is allocated.

21. Provide Direction Regarding Negotiating with Monterey City Disposal Service for an Exclusive Waste Hauling Franchise Agreement Until 2030 (Not a project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)

***** Adjourn to Closed Session (See additional agenda) *****

Council will adjourn to closed session no later than 5:00 p.m.

RECESS 5:30 p.m.**RECONVENE******* Evening Session Agenda *****

7:00 - 11:00 p.m.

No discussion of a new item will be started after 10:30 p.m.

PLEDGE OF ALLEGIANCE

CONTINUED PUBLIC COMMENTS

PUBLIC COMMENTS allows you, the public, to speak for a maximum of three minutes on any subject which is within the jurisdiction of the Monterey City Council and which is not on the agenda. Any person or group desiring to bring an item to the attention of the City Council may do so by addressing the Council during Public Comments using the method described in the Important Notice regarding COVID-19 at the top of the agenda. NOTE: Public Comments are taken during the afternoon session and continued at the evening session. Individuals may choose to speak once for up to three minutes at either session, but not both.

ANNOUNCEMENTS FROM CLOSED SESSION

PUBLIC APPEARANCE (EVE)

PUBLIC APPEARANCE items are reports on non-routine issues that might stimulate public discussion, but that do not require formal noticing as public hearings. You are welcome to offer your comments after being recognized by the Mayor. The Council may limit the time each speaker is allocated.

22. Amend Resolution 19-115 Authorizing Changes to the Fiscal Year 2020-21 Budgets for the General Fund, Equipment/Vehicle Replacement Fund, Neighborhood and Community Improvement Program Fund , Information Service Internal Service Fund Revenue and Economic Uncertainty Reserve (Not a Project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)

COUNCIL COMMENTS

Councilmembers may ask a question for clarification, make a brief announcement or make a brief report on his or her activities. In addition, Council may provide a referral to staff or other resources for factual information, or request staff to report back to the body at a subsequent meeting concerning any City matter.

CITY MANAGER REPORTS

The City Manager may make a brief report on his activities or a brief announcement. He may also ask for clarification or direction regarding scheduling of Council meetings and study sessions.

ADJOURNMENT

Members of the public have the right to address the City Council on any item on the Agenda, before or during its consideration [G.C. §54954.3(a)]. The Mayor will formally open the floor for public comment on items such as "Public Appearance" and "Public Hearings." Comment may be made via the method described in the Important Notice (re: COVID-19) at the top of the agenda.

Writings distributed for discussion or consideration on these matters within 72 hours of the meeting, pursuant to Government Code § 54957.5, are available at the following link:
<https://monterey.org/SubmittedComments>

Information distributed to the Council at the Council meeting becomes part of the public record. A copy of written material, pictures, etc. should be provided for this purpose.

City Council Meetings are cable cast live and videotaped for replay on Monterey's Government Access Channel 25 by Access Monterey Peninsula (AMP).

CITY OF MONTEREY'S 24-HOUR SUGGESTION HOTLINES:

Voicemail: (831) 646-3799

Fax: (831) 646-3793

Email: suggest@monterey.org

WebPage: <http://www.monterey.org>



The City of Monterey is committed to including the disabled in all of its services, programs and activities. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (831) 646-3935.

Notification 30 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting [28 CFR 35.102-35.104 ADA Title II]. Later requests will be accommodated to the extent feasible. For communication-related assistance, dial 711 to use the California Relay Service (CRS) to speak to City offices. CRS offers free text-to-speech, speech-to-speech, and Spanish-language services 24 hours a day, 7 days a week. If you require a hearing amplification device to attend a meeting, dial 711 to use CRS to talk to the City Clerk's Office at (831) 646-3935 to coordinate use of a device.

Upcoming city meetings are listed at <http://isearchmonterey.org>
More information is available by calling (831) 646-3935

MINUTES
CITY COUNCIL REGULAR MEETING
CITY OF MONTEREY
Tuesday, May 19, 2020
4:00 PM 7:00 PM
MONTEREY, CALIFORNIA

Date: 6/16/2020

Item No.: 1.

Councilmembers

Present: Albert, Haffa, Smith, Williamson, Roberson

Absent: None

City Staff

Present: City Manager, Assistant City Manager, City Attorney, Community Development Director, Public Works Director, Police Chief, Finance Director, Parks and Recreation Director, Acting City Clerk, Human Resources Director, Dir. of Information Resources/City Clerk, Assistant Director of Information Resources, Associate Planner, Administrative Analyst (Housing), Deputy Human Resources Manager, Fire Chief, Assistant Finance Director, Parking Superintendent, Principal Planner

*****Afternoon Session Agenda *****

CALL TO ORDER

Mayor Roberson called the meeting to order at 4:02 p.m. Assistant City Manager Rojanasathira provided information about how to participate by calling in to give public comment on the live web meeting.

PRESENTATIONS

1. Recognize National Public Works Week 2020 (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

Action: Recognized National Public Works Week 2020

Public Works Director Wittry gave a brief introduction and played a video about the work of the Public Works team during the Shelter in Place order due to the COVID-19 pandemic. He answered Councilmembers' questions.

2. Presentation on Public Banking (Not a project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)

Action: Received presentation

Councilmember Williamson introduced the matter and Brett Garrett, People for Public Banking in Santa Cruz, gave an oral presentation and answered Councilmembers' questions.

The Council discussed the matter. It was suggested that it might help to pass a resolution of support requesting that the County provide leadership. It was noted that access to low-interest funding would be of interest. It was requested to know more about governance and oversight of public banks, and about the scope of the City's potential involvement. Concern was noted about the potential of jeopardizing the City's bond rating or assets. It was stated that there are a lot of questions and this is the first dialogue in a conversation.

Mayor Roberson opened public comments. Duane Peterson, Villa Del Monte, echoed concerns about the City's assets with regard to public banking, and asked if there would be a risk of being raided by the State. Kevin Dayton expressed support for interest and fees being retained

locally, and agreed with the concept that local bankers should have the opportunity to weigh in. He expressed concern about special interests and favoritism, but concluded that public banking is worth pursuing. James McIntosh referred to Wells Fargo's actions in the past and said that they may not serve the advantage of the community, and spoke in favor of the City's rental assistance program. With no further requests to speak, Mayor Roberson closed public comments.

PUBLIC COMMENTS

Mayor Roberson opened public comments. Curt Tipton, Downtown Neighborhood Association, referring to Item 9, requested that City staff look for grants to make the Pearl District a historic district instead of designating each property individually. With no further requests to speak, Mayor Roberson closed public comments.

CONSENT ITEMS

City Manager Uslar, Public Works Director Wittry, and Parking Superintendent Steffy answered Councilmembers' questions on Items 5, 6, 7, and 8.

On a motion by Mayor Roberson, seconded by Councilmember Smith, and carried by the following vote, which was conducted by roll call, the City Council approved the CONSENT ITEMS except Item 6:

AYES:	5	COUNCILMEMBERS:	Albert, Haffa, Smith, Williamson, Roberson
NOES:	0	COUNCILMEMBERS:	(None)
ABSENT:	0	COUNCILMEMBERS:	(None)
ABSTAIN:	0	COUNCILMEMBERS:	(None)
RECUSED:	0	COUNCILMEMBERS:	(None)

Approval of Minutes

3. April 29, 2020 (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

Action: Adopted

4. May 5, 2020 (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

Action: Adopted

Ordinances

5. Introduce, Read by Title Only, and Pass a First Reading of an Ordinance Repealing Monterey City Code 33-29 Park and Recreation Dedication and Fees

Action: Passed Ordinance to print

Resolutions

6. Amend Resolution 15-215 to Revise the Master Fee Schedule to Adjust Parking Division Rates and Fees (Not a Project Under CEQA, Per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

Action: Pulled from Consent; Adopted Resolution No. 20-060 C.S. as amended to keep Monterey Sports Center (MSC) parking fees as they currently stand, and Directed staff to bring MSC parking fees to Council at a later date

Mayor Roberson opened public comments. Curt Tipton referred to the downtown overlay, commenting that downtown garages will be used at night, which he said may not allow residents to use the structure without undue burden. Duane Peterson asked if the increases can be applied gradually in smaller increments, or suggested that if the full increase is put in place at once, there be a longer time period for parking. Kevin Dayton, Monterey Peninsula Chamber of Commerce, echoed a Councilmember suggestion to better share information about local parking deals. DeAnn Brady recommended that the Council increase the flat rate in the Cannery Row garage during peak season and keep employee vouchers the same. She asked Council to wait until January 2021 to implement the fee increases. With no further requests to speak, Mayor Roberson closed public comments.

The Council discussed the matter. Regarding the idea of waiting until January to implement the increases, it was stated that instead perhaps staff could come back to Council in January with a report on the impact of increasing the fees.

On a motion by Mayor Roberson, seconded by Councilmember Haffa, and carried by the following vote, which was conducted by roll call, the City Council adopted Resolution No. 20-060 C.S. as amended to keep Monterey Sports Center (MSC) parking fees as they currently stand, and directed staff to bring MSC parking fees to Council at a later date:

AYES:	5	COUNCILMEMBERS:	Albert, Haffa, Smith, Williamson, Roberson
NOES:	0	COUNCILMEMBERS:	(None)
ABSENT:	0	COUNCILMEMBERS:	(None)
ABSTAIN:	0	COUNCILMEMBERS:	(None)
RECUSED:	0	COUNCILMEMBERS:	(None)

7. Amend Resolution 19-115 Changing the Position Control List for the Information Services Department by Reclassifying the Senior Assistant City Clerk Position to City Clerk ; and Amend Resolution 17-150 Changing the Salary Schedule to Add the Full-time Salary Schedule for the City Clerk (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

Action: Adopted Resolution No. 20-061 C.S.

Other

8. Appoint Agency Negotiators for Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8; Property: 330-350 Alvarado Street (Osio Plaza); Agency Negotiators: Kimberly Cole and Janna Aldrete; Negotiating Parties: Patrick Prindle (MCM Diversified as agent for Green Valley Corporation); Under Negotiation: Terms and Conditions for Lease Termination (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

Action: Appointed Kimberly Cole and Janna Aldrete as agency negotiators

*** End of Consent Agenda ***

PUBLIC HEARING

9. 1st Reading - Rezone 490 Camino El Estero as a City Historic Resource from PC-D-ES to PC-D-ES-H-2 (Exempt from CEQA per Article 19, Section 15305, Class 5)

Action: Passed Ordinance to print

Senior Associate Planner Roveri gave the staff presentation.

Mayor Roberson opened public comments. Pastor Ted Esaki spoke in support of the historic rezone. With no further requests to speak, Mayor Roberson closed public comments.

On a motion by Councilmember Albert, seconded by Councilmember Smith, and carried by the following vote, which was conducted by roll call, the City Council passed the ordinance to Rezone 490 Camino El Estero as a City Historic Resource from PC-D-ES to PC-D-ES-H-2:

AYES:	5	COUNCILMEMBERS:	Albert, Haffa, Smith, Williamson, Roberson
NOES:	0	COUNCILMEMBERS:	(None)
ABSENT:	0	COUNCILMEMBERS:	(None)
ABSTAIN:	0	COUNCILMEMBERS:	(None)
RECUSED:	0	COUNCILMEMBERS:	(None)

10. Adopt a Substantial Amendment to the 2019/2020 Annual Action Plan for Community Development Block Grant Funds and the Citizen Participation Plan, and Authorize Submittal to the U.S. Department of Housing and Urban Development to Receive \$152,845 in CARES Act Funding for Emergency Housing Assistance (Exempt from NEPA per 24 CFR Part 58 and from CEQA per Article 19, Section 15301, Class1, 15306, Class 6 and 15326, Class 26).

Action: Adopted Resolution No. 20-062 C.S.

Housing Analyst Leonard gave a brief staff presentation and answered Councilmembers' questions.

Mayor Roberson opened public comments. James McIntosh expressed concern about whether people who have lost their jobs due to COVID-19 will be covered by the program. With no further requests to speak, Mayor Roberson closed public comments.

Council discussed the matter. It was stated that this program would be important for the renter community, which accounts for a high percentage of Monterey residents. On question, City Manager Usler confirmed that the program applies to people who live and/or work in Monterey.

On a motion by Councilmember Williamson, seconded by Councilmember Haffa, and carried by the following vote, which was conducted by roll call, the City Council adopted Resolution No. 20- to adopt a Substantial Amendment to the 2019/2020 Annual Action Plan for Community Development Block Grant Funds and the Citizen Participation Plan.:

AYES:	5	COUNCILMEMBERS:	Albert, Haffa, Smith, Williamson, Roberson
NOES:	0	COUNCILMEMBERS:	(None)
ABSENT:	0	COUNCILMEMBERS:	(None)
ABSTAIN:	0	COUNCILMEMBERS:	(None)
RECUSED:	0	COUNCILMEMBERS:	(None)

PUBLIC APPEARANCE

11. Authorize the Mayor to Send Letters to Monterey One Water, Monterey Peninsula Unified School District, Monterey Peninsula Water District, and Transportation Agency for Monterey County on behalf of the City Requesting these Agencies Consider Revising Fee Schedules for Residential Development to a Square Footage Basis and to Collect Fees at Certificate of Occupancy (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

Action: Tabled

This item was continued by Mayor Roberson to be heard as the last item in the evening session and was at that time tabled by Mayor Roberson.

RECESS 5:30 p.m.

Council recessed at 5:35 p.m.

RECONVENE

The Council reconvened at 7:03 p.m.

***** Evening Session Agenda *******PLEDGE OF ALLEGIANCE**

Mayor Roberson led the Pledge.

CONTINUED PUBLIC COMMENTS

Mayor Roberson opened public comments. Esther Malkin said that the housing assistance program needs to be creative to help renters, including those who may not be party to a formal lease. Lorna Moffat expressed appreciation for improvements at the sidewalk at Figueroa Street, and expressed concern about lack of social distancing on the wharf and about dangerous additives in a future COVID-19 vaccine. Curt Tipton referred to concerns about sea level rise and stated that the proposed overlay (Item 12) is projected to be under water in the future.

Wendy Brickman thanked the City for its responsiveness to the COVID-19 crisis. Katrina Hintze thanked the City for recent repairs on the Recreational Trail, and asked for considerations for those with disabilities regarding access to the Rec Trail and the beaches. With no further requests to speak, Mayor Roberson closed public comments.

City Manager Uslar said that City staff is looking into the question about rental assistance for those who are renting a room without being party to a formal lease.

PUBLIC HEARING (EVE)

12. Amend Resolution 19-211 to Include 650 East Franklin Street and 437 Figueroa Street In, and Remove 450 Camino El Estero from, the Boundaries of the Density Cap Overlay District in the Downtown Specific Plan; Exempt from CEQA per Government Code Section 65457 and CEQA Guidelines Section 15182

Action: Adopted Resolution No. 20-063 C.S.

Principal Planner Flower gave the staff presentation and answered Councilmembers' questions.

Mayor Roberson opened public comments. Lorna Moffat said that the area is not appropriate for four story buildings. Mallory Mickel expressed concern about four story buildings in the area and said it would be an eyesore with associated traffic and parking concerns. Barbara Meister, Monterey Bay Aquarium, spoke in support of the staff recommendation. With no further requests to speak, Mayor Roberson closed public comments.

The Council discussed the matter. It was suggested to include the Mission Mortuary location (450 Camino El Estero) with the sites proposed in the resolution.

A motion was introduced by Councilmember Williamson to approve the staff recommendation as amended to include 450 Camino El Estero site. The motion died for lack of a second.

It was noted by Council that the City needs to meet current and pent-up housing needs. Regarding height, it was stated that the increased height is needed for density and won't stand out in the area, and that Council desires height modulation and significantly designed buildings in the area. Regarding density, it was noted that this action does not increase the number of units in the area by a huge number, and it was stated that downtown is an appropriate area for housing density and that other areas in the City need to do their part toward the housing crisis as well. It was stated that both proposed properties make sense to add, that the area is in need of attention and redevelopment, and that mixed use development in the area will benefit everyone and increase property values. It was stated that the entire area has historic value and may make sense to acknowledge as a historic district.

On a motion by Councilmember Albert, seconded by Councilmember Smith, and carried by the following vote, which was conducted by roll call, the City Council staff recommendation to adopt Resolution No. 20-063 C.S. to Amend the Downtown Specific Plan to Include 650 East Franklin Street and 437 Figueroa Street in, and remove 450 Camino El Estero from, the Boundaries for the Density Cap Overlay District in the Downtown Specific Plan:

AYES:	5	COUNCILMEMBERS:	Albert, Haffa, Smith, Williamson, Roberson
NOES:	0	COUNCILMEMBERS:	(None)
ABSENT:	0	COUNCILMEMBERS:	(None)
ABSTAIN:	0	COUNCILMEMBERS:	(None)
RECUSED:	0	COUNCILMEMBERS:	(None)

13. Deny Appeal 20-083 and Approve the Personal Wireless Facility Use Permit UP-20-0039, to Allow a New Verizon Wireless Facility at the Community Hospital of the Monterey Peninsula Building located at 23265 Holman Highway; Applicant: Ben Hackstedde Sequoia Deployment Services for Verizon Wireless; Owner: Montage Health; PC – Planned Community Zoning District; Commercial General Plan Land Use Designation; Exempt from CEQA per Article 19, Section 15303, Class 3

Action: Adopted Resolution No. 20-064 C.S.

Mayor Roberson explained the procedural process for a fair hearing. He asked the Council if any member had any ex parte communications, and if so, to please disclose those communications. None were disclosed.

Jerry Hittleman, contract planner with Rincon Consultants, gave the staff presentation. He explained the project location and history, and said that staff acknowledges the reasons for the appellant's appeal, but said that The proposed project complies with all local (Monterey Municipal Code), state (CEQA) and FCC radiofrequency regulations. He went through the points that were the basis for the appeal and addressed them, and explained the findings recommended by staff and the recommendation to deny the appeal and approve the use permit. He answered Councilmembers' questions.

Applicant Paul Albritton, Verizon Wireless, on the phone with seven colleagues, spoke on behalf of the project application and the importance to the hospital of obtaining improved access to the Verizon network. He said that the appellant's principal position relates to RF exposure, but environmental concerns were raised as well. He addressed the appellant's environmental and property value concerns, noting that Federal law states that once the applicant has shown

that the facility complies with FCC guidelines, there can be no environmental regulation on the effects of radiofrequency emissions. He said that electromagnetic sensitivity is not a protected disability under the Americans with Disabilities Act (ADA). He said that the appellant is mistaken on the law with regard to ADA, the Fair Housing Act, and the California Environmental Quality Act (CEQA). He indicated that the medical professionals are currently unable to communicate with their "click system" using Verizon coverage and noted that wireless services can serve as backup when broadband services fail. Duane Bonham, RF engineer for Verizon Wireless, described the small coverage (one quarter to one half mile in any direction) designed to be reached by the site, and said that the request for coverage came from the hospital. Bill Hammett, P.E., Hammett & Edison Consulting Engineers, said that the maximum RF exposure associated with the proposed facility was well below the federal allowed amount. He said that the circle diagram by CTC showed the exposure at the height of the antenna, not at ground level or inside the building. He said that the exposure inside the building will be less than ground level outside the building. On question from Council, Mr. Hammett said that RF exposure produced by the three carriers at the site is experienced cumulatively, and confirmed that the cumulative total is still substantially below the FCC limit.

Appellant Nina Beety stressed the points that make up the basis of her appeal and stated that she stands by their accuracy. She went through statements made by Mr. Albritton in his letter and rejected his statements, saying that ADA and NEPA are not proxy arguments and must be complied with by the City. She stated that the Telecommunications Act (TCA) requires enforcement of other laws, and alleged that Mr. Albritton was cherry-picking the TCA. She stated that Mr. Albritton's claim about electromagnetic sensitivity (EMS) not being protected by the ADA goes against federal acknowledgement of EMS persons, and said that there must be balancing of vulnerable humans with machine environments. She said that Mr. Albritton's statement about WHO should be disregarded and that there are thousands of studies that link EMS symptoms to EMF exposure. Regarding the report by Mr. Hittleman on behalf of the City, she said that the recommendation to deny the appeal represents a breakdown in community relations. She called into question Mr. Hittleman's qualifications on ADA and FHA topics. She stated that the significant change posed by the project should trigger NEPA review as measured by peak decibels at her home, and stated that the City can invoke FCC statutes and require NEPA review due to significant alteration of her home environment. She said that earlier materials indicated a larger area of RF exposure than the area stated by the applicant at this time. She said that this project does not comply with the City's wireless ordinance due to noncompliance with ADA. She said that if the Council denies the appeal, it is her request that Verizon not activate its facility in a phased manner, and asked for notification when it will be activated to be given to the City and from the City to her. City Attorney Davi stated that the Council could ask questions of Ms. Beety, and no questions were asked.

Mayor Roberson opened public comments. Tim Nylen, Montage Health, said that the wireless facility is needed to increase connectivity at the hospital and that the decision to add the tower is not a business decision but a decision to support the medical community. Lorna Moffat, citing health concerns relating to cellular technology, asked City Council to postpone the project and read the book *Cell Phones: Invisible Hazards of the Wireless Age* by George Carlo.

Susan Foster referred to a 2004 study of six firefighters who she said were found to have measurable brain damage due to five years of exposure to a tower in front of their station that she said emitted frequencies measured at 1/1000th of the amount allowable by the FCC, at 2G levels. She said that Ms. Beety has every right to request ADA accommodations and asserted that the ADA is not preempted by the Telecommunications Act of 1996. Kevin Dayton said that it is notable that the medical professionals have requested the coverage. With no further requests to speak, Mayor Roberson closed public comments.

Mr. Albritton, Applicant, said in rebuttal to the appellant that Verizon Wireless is always in compliance with RF regulations set by the FCC. He said that the courts have never been acknowledged EMS as a disability requiring accommodations under the ADA. He said that Verizon Wireless complies with all NEPA requirements and that this project does not qualify for NEPA review. Mr. Hammett said that the 10% referred to by Mr. Hittleman is based on figures provided by a City-obtained report and that the 3% is on the conservative end of the calculation. He said that his April 1 letter addressed Ms. Beety's concerns. He said that at a half mile away, at Ms. Beety's home, exposure would be at a thousandths-of-a-percent level.

Council recessed at 9:14 p.m. and reconvened at 9:30 p.m.

A motion was introduced by Councilmember Smith, and seconded by Councilmember Haffa, to accept the staff recommendation and find that the Planning Commission's vote should be upheld to Deny Appeal 20-083 and Approve the Personal Wireless Facility Use Permit UP-20-0039.

It was stated by Council that the points of the appeal were studied carefully and that the Planning Commission's questions and decisions were thorough and made the right findings. It was stated that the Councilmembers could not find anything that the Planning Commission erred on to suggest a need to overturn their decision. It was stated that the Council appreciates the concerns of the appellant but there is nothing that would justify a denial, such as no aesthetic impacts or historic status of a building, and even though Council can't consider RF exposure, it is found that the RF exposure at the ground is less than 10% of what is allowed by FCC, and in the building the exposure is even less. It was stated that this site is a priority site since it is not a residential area, so the applicant is actually trying to do what Council is asking them to do and is well within the FCC standards.

The motion carried by the following roll-call vote:

AYES:	5	COUNCILMEMBERS:	Albert, Haffa, Smith, Williamson, Roberson
NOES:	0	COUNCILMEMBERS:	(None)
ABSENT:	0	COUNCILMEMBERS:	(None)
ABSTAIN:	0	COUNCILMEMBERS:	(None)
RECUSED:	0	COUNCILMEMBERS:	(None)

PUBLIC APPEARANCE (EVE)

14. City Manager Report on Covid-19 Response Efforts (Not a project under CEQA per Article 20 Section 15378 and under General Rule Article 5 Section 15061)

Action: Received report

City Manager Uslar gave the presentation. On question, he said that there are inquiries considering closing streets to allow pedestrian traffic and outdoor seating, and that the business community has not spoken yet with one voice on this matter. A Councilmember requested that business people who are hesitant try to become open to the idea.

Mayor Roberson opened public comments. Esther Malkin said she has concerns about the lack of enforcement of current policies such as requiring masks and social distancing. She said that that it is important not to undo the progress the area has made to keep COVID-19 numbers low. With no further requests to speak, Mayor Roberson closed public comments.

15. Adopt a Resolution Ratifying the Order of the Director of Emergency Services (Monterey City Manager) Directing Limited Beach and Park Closures to Prevent the Spread of COVID-19, Amended May 8, 2020 (Exempt from CEQA Per Article 18, Section 15269.c)

Action: Adopted Resolution No. 20-065 C.S.

Assistant City Manager Rojanasathira gave the staff presentation. He and City Manager Usler answered Councilmembers' questions.

Mayor Roberson opened public comments. Lorna Moffat asked how the City would enforce the regulations, and said that people need to wear masks on the beach. Thomas cited a KION report that Monterey Police are not enforcing COVID-19 regulations. Esther Malkin said that it is unfair to place the burden for the lack of enforcement on the front-line staff; she said that education is not a substitute for enforcement, it is an invitation for more disobedience. Leslie Svetich said that asking police officers to enforce the regulations would put them in harm's way. With no further requests to speak, Mayor Roberson closed public comments.

The Council discussed the matter. It was stated that the City team is handling the situation well. The Council addressed the police officers and thanked them for the work they are doing. It was stated that public health and safety and personal liberty are both valid, serious concerns, and that the Council and staff are trying to find the balance. It was emphasized that we have a responsibility to each other to observe social distancing and wear masks in public.

On a motion by Councilmember Smith, seconded by Councilmember Albert, and carried by the following vote, which was conducted by roll call, the City Council adopted Resolution No. 20-065 C.S. Ratifying the Order of the Director of Emergency Services (Monterey City Manager) Directing Limited Beach and Park Closures to Prevent the Spread of COVID-19, Amended May 8, 2020:

AYES:	5	COUNCILMEMBERS:	Albert, Haffa, Smith, Williamson, Roberson
NOES:	0	COUNCILMEMBERS:	(None)
ABSENT:	0	COUNCILMEMBERS:	(None)
ABSTAIN:	0	COUNCILMEMBERS:	(None)
RECUSED:	0	COUNCILMEMBERS:	(None)

COUNCIL COMMENTS

Council comments were not heard, in the interest of time.

CITY MANAGER REPORTS

City Manager reports were not heard, in the interest of time.

Mayor Roberson opened public comments on the closed session, and received none.

ANNOUNCEMENTS FROM CLOSED SESSION

cs1. Closed Session Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8

Property: 330-350 Alvarado Street (Osio Plaza)

Agency Negotiators: Kimberly Cole and Janna Aldrete

Negotiating Parties: Patrick Prindle (MCM Diversified, as agent for Green Valley Corporation)

Under Negotiation: Terms and Conditions for Lease Termination (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

Action: Not heard

cs2. Conference with Labor Negotiators Pursuant to Government Code Section 54957.6
Agency Negotiators: Allyson Hauck and Gina Russo; General Employees of Monterey (GEM),
Management Employees' Association (MEA), Police Lieutenants' Management Association
(PLMA), Monterey Fire Chief Officers' Association (MFCOA), Monterey Police Association
(MPA), Monterey Fire Fighters' Association (MFFA) Monterey Executive Management
Employees' Association (MEMEA) (Not a Project under CEQA Article 20, Section 15378 and
under General Rule Article 5, Section 15061)

Action: On a unanimous roll call vote, the Council gave confidential direction to their labor negotiators

cs3. BECERRA MARQUEZ, PEDRO vs. CITY OF MONTEREY, et al. WCAB No.:
ADJ11340948: Fwd: Conference with Legal Counsel - Existing Litigation Pursuant to
Government Code section 54956.9(d)(1) Name of Case: BECERRA MARQUEZ, PEDRO vs.
City of Monterey (Workers' Compensation Appeals Board) (Not a Project under CEQA Article
20, Section 15378 and under General Rule Article 5, Section 15061)

Action: On a unanimous roll call vote, the Council gave confidential direction to their legal counsel

ADJOURNMENT

The Council adjourned at 11:27 p.m.

Respectfully Submitted,

Approved,

Clementine Bonner Klein
Acting City Clerk

Clyde Roberson
Mayor

**MINUTES
CITY COUNCIL SPECIAL MEETING
CITY OF MONTEREY
Wednesday, May 27, 2020
4:00 PM
MONTEREY, CALIFORNIA**

Date: 6/16/2020

Item No.: 2.

Councilmembers

Present: Albert, Haffa, Smith, Williamson, Roberson

Absent: None

City Staff

Present: City Manager, Assistant City Manager, City Attorney, Community Development Director, Public Works Director, Police Chief, Finance Director, Parks and Recreation Director, Human Resources Director, Dir. of Information Resources/City Clerk, Library Director

CALL TO ORDER

Mayor Roberson called the meeting to order at 4:00 p.m.

PLEDGE OF ALLEGIANCE

Mayor Roberson led the Pledge.

STUDY SESSION

- 1 FY20/21 Financial Report on Structural Deficit and Coronavirus (COVID-19) Deficit on the City General Fund and Proposed Budget Reductions and Revenue Enhancements (Not a Project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)

Mayor Roberson gave a brief introduction, saying that the format for this meeting is a Study Session and this topic will be on the June 2 meeting for deliberation. He reviewed recent actions and asked that anyone who has ideas to increase revenue or decrease spending to submit them.

City Manager Usler explained that staff would be presenting a report for FY 20-21, including a package of solutions to the anticipated budget deficit, noting the unprecedented crisis that the City is in. He outlined the course of the presentation for this evening. Mr. Usler reviewed the City's priorities during the pandemic and noted that most of the focus on the reductions that will be presented are operationally focused rather than additional staff cuts.

Finance Director Lai presented a fiscal overview, big picture, strategies/policies, and the proposed departmental solutions.

Assistant City Manager Rojansathora presented the departmental proposals for Recreation and the Library.

Ms. Lai presented strategies requiring decision in the next 1-2 months, 2-3 months, and mid and long term strategies. She reviewed next steps, asking for Council and public feedback today, additional strategies on June 2, with direction regarding the November 2020 Election, and final adoption of the budget on June 16.

City Manager Uslar clarified that there are potential layoffs in the Fire Department. He noted that this pandemic and its effects have been a wake-up call. He said that the City must use it to get our house in order. He said that it is up to the stakeholders to help with the decisions. He said that there is simply not time to go through an iterative process, due to the current fiscal situation and upcoming deadlines.

Mayor Roberson said that there are still a lot of unknowns, such as how long this will last before we are back to normal. He said that Council has to take immediate action.

Councilmember Haffa asked if the staff has considered selling any City assets, and Mr. Uslar said that staff has not done that, as many of the properties are revenue generators. Mr. Haffa suggested looking at the sale of assets, looking at adjusting TOT or the Conference Center task. He said that reducing programs such as CIP and NCIP should be considered. He asked if there could be more cuts in legal and worried about the cuts in Parks and Recreation, as some programs might be self funding. He said he does not want to look at charging for basic public safety. He noted that the paramedic is a luxury. He agreed with looking at Fire Department staffing is important. He said that he does not support changing binding arbitration. He said he would not be comfortable outsourcing custodial or harbor services.

Councilmember Albert thanked the staff for their work. Are we basing TOT projections for July, August, & September, and Finance Director Lai explained the process and that TOT is paid 2 months in arrears. He asked how binding arbitration reduce the budget, and Mr. Uslar explained the process, but he asked to look at what we can actually afford and possibly establish a cap, which would make it more palatable. Mr. Albert said that he would like to see a budget presented with a more of a worse case scenario and plan to reduce now rather than have to come back with more reductions. He said that he is not really in favor of changing the Charter at this time. He said that he is not in favor of closing facilities, unless rental income is a possibility. He said that these are very tough time to make these decisions because he doubts that we will have adequate community feedback.

Councilmember Smith thanked staff for the information. He reminded everyone that there are sunsets on the current tax measures. He asked about the basis for the TOT estimates. Assistant Finance Director reviewed the modeling used for TOT. Mr. Smith said that TOT would be a real heavy lift and he voiced concerns about hurting tourism's recovery and that there might not be support. He said he would like to review the partnership with the CVB to have a robust marketing opportunity. He said that if the City Manager believes that we're wasting money by having offices open every day, he would consider it. He said that he would only want to do it if absolutely necessary. He said that he would be willing to look at consolidating offices. He asked if there is a study already underway to review staffing in Fire and said he would like to see more data. He voiced concerns about reducing marketing. He said that at this time of staffing reductions is not a good time to look at changing binding arbitration, but he is willing to learn more.

Councilmember Williamson thanked the staff for the detailed report and proposed solutions. He asked what happens if we lose more than the average. City Manager Uslar said that yes, staff would come back if more cuts are needed. He noted that adjustments to expenditures could be made. He asked if the charts were correct or the paragraph below, as there are discrepancies. Ms. Lai said that the chart is correct, as the numbers are ever changing. He encouraged creating another option greater than the average, but not on the highest estimate. On question staff clarified the estimated revenues from sales tax and the proposal reduce CIP to \$500,000 solely for greenbelt fuel reduction and no NCIP.

Councilmember Williamson said that while the budget should be conservative, he would like staff to plan for any increased revenues that come in above estimates. He asked to have a Finance Update in the Friday folder. He asked to add an element to the priority based strategy, and that is to add a transparency item to engage the community to provide dialogue beyond the 3-minute comment period. He voiced concerns regarding the suspension of the vehicle replacement fund. He suggested the implementation of a rental registry, a vacancy tax, labor agreement that guarantees employment with increased performance and efficiencies. He asked to avoid privatizing services and supported looking at a TOT increase. He said the MCCVB points, consolidation of staff, fee increases, reduced office hours, more self services, developer deposit, risk pool plans and public-private partnerships should be on the table. Standards of coverage is worth studying and we need to work harder to engage with the public.

Mayor Roberson said that fees are more palatable because they are not taxes and people who use the service pay the fee. He said that with regard to the MCCVB, public safety and cleanliness are the key to promoting the City, so he suggested having the MCCVB contribution to go to Police. He suggested reducing Fire overtime. He asked what other cities are doing, such as Pacific Grove working with labor to get a 20% cut across the board with furloughs. He asked employees to consider what they can do to help the situation.

Mayor Roberson opened public comments on the item with a two-minute limit for each caller. Lorna Moffat said that the past weekend visitors crowded Fisherman's Wharf and did not wear masks. She encouraged limiting the number of people allowed on the Wharf and require masks. Neal Hurd, Monterey Firefighters Association, said that binding arbitration has never been used and has not cost the City a penny. He noted that the Fire Department has already consolidated with other cities and reduced costs and any further cuts risks citizens' safety. He suggested using more of the reserve to save positions. Kevin Ellis, General Manager at Hyatt Regency, said that jobs cannot be restored until the business is restored and he supported MCCVB marketing.

Mimi Hahn, Marketing Officer for the Monterey Bay Aquarium, supported maintaining marketing funding. She said that her organization has had to make difficult decisions to cut and furlough staff, but has retained funds for marketing. Dennis McCarthy, Parks & Recreation Commissioner, said that people heavily rely on the City's P&R programs and essential services and voiced concerns regarding the depth of the cuts. He asked that Council listen to the Parks & Rec staff and he hopes to give input to the Council in June. Jeff Gorman commended the Council and staff for being forward looking and he asked to tamp down the fear. Esther Malkin said that you could not tell that the City is still sheltering in place from this weekend. She said that there is not enough publish outreach and she asked that the Mornings with the Manager be held in the afternoon and evening. She objected to using CIP funds for fire reduction. She said that the Old Capitol Site only adds expenses and she supported adding TOT to the ballot.

Rob O'Keefe, Monterey County CVB President, said that his organization has developed a task force to encourage a speedy recovery and will need the City's support. Rick Aldinger said that he is heavily invested in the hospitality industry and many in the industry will likely offer incentives to bring back visitors. He opposed increasing TOT or reducing marketing funding to MCCVB because those will discourage visitors from coming back. John Turner, General Manager of the Intercontinental Clement, said that raising TOT now would hamper the ability to effectively compete and reducing MCCVB funding would have a similar result. Rick Heuer, resident of Monterey, he said that the proposed Charter Amendments would be contentious and he opposed moving forward with them at this time. Carol Chorbajian said that recovery of room rate is important and it is important do marketing and not raise TOT.

Silas Fischer, Monterey Fire Captain, opposed cuts to levels of services in the Fire Department, particularly the paramedics program, especially during a health crisis. Kayla Fossum, president of Villa Del Monte Neighborhood Association, voiced support for the balanced approach of reducing costs and increasing revenues. She said that keeping the City safe and clean is very important and we need to increase TOT in order to maintain services. Adam Rust, Firefighter, opposed changing binding arbitration because Fire employees work without the right to strike and it has never been used. Tom Rowley said that Monterey has a natural beauty and that is why people come, and we must maintain the greenbelt. He said that it is time to eliminate stipends for the City Council and Commissions. Having no further requests to speak, Mayor Roberson closed public comments.

On question City Manager Usler said that the City is not suggesting reducing greenbelt fuel reduction.

Mayor Roberson talked about the "Monterey Way" and coming to consensus and disagreeing agreeably. He asked the public to help the City find the funding for programs. Councilmember Smith noted that there will be another meeting on Tuesday. Councilmember Williamson said that the Cannery Row Business District is working on plans to close the street so businesses could take advantage of social distancing, as well as downtown and he asked to consider North Fremont. He suggested allowing remote public comments as we start having in-person meetings. He said the Council has done a really good job providing direction, but little regarding enforcement of shelter in place.

ADJOURNMENT

Mayor Roberson thanked everyone for loving Monterey and adjourned the meeting at 6:44 p.m.

Respectfully Submitted,

Approved,

Bonnie L. Gawf
Dir. Of Information Resources/City Clerk

Clyde Roberson
Mayor

MINUTES
CITY COUNCIL REGULAR MEETING
CITY OF MONTEREY
Tuesday, June 2, 2020
4:00 PM 7:00 PM
MONTEREY, CALIFORNIA

Date: 6/16/2020

Item No.: 3.

Councilmembers

Present: Albert, Haffa, Smith, Williamson, Roberson

Absent: None

City Staff

Present: City Manager, Assistant City Manager, City Attorney, Community Development Director, Public Works Director, Police Chief, Finance Director, Parks and Recreation Director, City Clerk, Human Resources Director, Library Director, Fire Chief, Assistant Director of Information Resources, Assistant Finance Director, Administrative Analyst/Public Information Officer, Principal Planner, Deputy Human Resources Manager

*****Afternoon Session Agenda *****

CALL TO ORDER

Mayor Roberson called the meeting to order at 4:03 p.m. City Clerk Klein called the roll. Assistant City Manager Rojanasathira provided details on how to phone in to the meeting to participate and provide public comment.

PUBLIC COMMENTS

Mayor Roberson opened public comments on non-agendized matters. Esther Malkin, referring to recent protests relating to policing, spoke positively about the Monterey Police Department. Jeroen Gerrese, Monterey County Hospitality Association, stressed the economic importance of reopening to non-essential travel as soon as possible. Frank Geisler, Monterey Peninsula Chamber of Commerce, thanked the City for supporting small businesses and said that a first batch of 228 applications have come in requesting assistance. With no further requests to speak, Mayor Roberson closed public comments.

CONSENT ITEMS

Mayor Roberson opened public comments on the Consent Items. Kayla Fossum, Villa Del Monte Neighborhood Association, spoke in support of Item 3 and said that the neighborhood supports improvements to the intersection. With no further requests to speak, Mayor Roberson closed public comments.

On a motion by Mayor Roberson, seconded by Councilmember Smith, and carried by the following vote, which was conducted by roll call, the City Council approved the CONSENT ITEMS except Item 6 and 12:

AYES:	5	COUNCILMEMBERS:	Albert, Haffa, Smith, Williamson, Roberson
NOES:	0	COUNCILMEMBERS:	(None)
ABSENT:	0	COUNCILMEMBERS:	(None)
ABSTAIN:	0	COUNCILMEMBERS:	(None)
RECUSED:	0	COUNCILMEMBERS:	(None)

Award of Construction Contracts

1. Award a Construction Contract in the Amount of \$1,818,555.25 to Granite Rock Company for the USAG POM Pavement Repair 2019 Project for Presidio Municipal Services Agency Projects ***PMSA*** (Categorically Excluded from NEPA 32 CFR, Not a Project Under CEQA per Pub. Resource Code, § 21080)
Action: Adopted Resolution No. 20-066 C.S.
2. Award Municipal Improvements Job Order Contract 2020-2021 for Presidio Municipal Services Agency (PMSA) Projects in the Amount of \$1,000,000 to The Don Chapin Co., Inc. ***PMSA*** (Not a Project under CEQA per Article 20, Section 15378 and under General Rule Article 5, Section 15061; Excluded from NEPA per Title 32 CFR 651 Appendix B Categorical Exclusion (e) (1))
Action: Adopted Resolution No. 20-067 C.S.
3. Award a Construction Contract to Monterey Peninsula Engineering in the Amount of \$550,749 for the Casa Verde / Helvic / Portola / McNear Intersection Improvements Project (Exempt from CEQA Article 19, Section 15301, Class 1) *** NCIP***
Action: Adopted Resolution No. 20-068 C.S.

Resolutions

4. Authorize an Agreement with the City of Seaside to Recognize Seaside as the Fort Ord Reuse Authority (FORA) Environmental Services Cooperative Agreement, Economic Development Conveyance Agreement, and Local Redevelopment Authority Successor-in-Interest (Not a Project under CEQA per Article 20, Section 15378 and under General Rule Article 5, Section 15061)
Action: Adopted Resolution No. 20-069 C.S.
5. Authorize the City Manager to Enter into a New Agreement Among Monterey County Public Agencies for the County of Monterey to Provide 9-1-1 Emergency Communications and Dispatch Services (Not a Project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)
Action: Adopted Resolution No. 20-070 C.S.
6. Adopt a Resolution Authorizing the City Manager to Enter into an Agreement with the Monterey Peninsula Chamber of Commerce to Administer Grants for the Covid-19 Local Economic Stimulus Plan (LESP) Utilizing Appropriated Funds (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)
Action: Pulled from Consent; Action: Adopted Resolution No. 20-071 C.S.

Principal Planner Flower gave the staff presentation.

Mayor Roberson opened public comments. Rick Johnson spoke about the need to increase revenue throughout all of the businesses in Monterey and thanked the City for taking this action. With no further requests to speak, Mayor Roberson closed public comments.

It was requested by Council to receive a report after the grants are given.

On a motion by Councilmember Haffa, seconded by Councilmember Albert, and carried by the following vote, which was conducted by roll call, the City Council adopted Resolution No. 20-071 C.S. Authorizing the City Manager to Enter into an Agreement with the Monterey Peninsula

Chamber of Commerce to Administer Grants for the Covid-19 Local Economic Stimulus Plan (LESP) Utilizing Appropriated Funds:

AYES: 5 COUNCILMEMBERS: Albert, Haffa, Smith, Williamson, Roberson
 NOES: 0 COUNCILMEMBERS: (None)
 ABSENT: 0 COUNCILMEMBERS: (None)
 ABSTAIN: 0 COUNCILMEMBERS: (None)
 RECUSED: 0 COUNCILMEMBERS: (None)

7. Adopt the Annual Reports and Approve Resolutions to Set a Public Hearing Date to Levy the Annual Assessment for the Cannery Row Business Improvement District, the New Monterey Business Improvement District, and the North Fremont Business Improvement District (Not a project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)

Action: Adopted Resolution Nos. 20-072, 20-073, and 20-074 C.S.

8. Authorize the City Manager to Execute a Contract with POM Incorporated for the Purchase of Single Space Solar Smart Meters for On-Street Parking in the Amount of \$339,692 (Exempt per CEQA Guidelines Article 19, Section 15301, Class 1)

Action: Adopted Resolution No. 20-075 C.S.

9. Authorize an Escrow Agreement with the Fort Ord Reuse Authority (FORA) and City of Del Rey Oaks in order for FORA to transfer \$7,269,813 for the South Boundary Road Project into an Escrow Account (Not a Project under CEQA per Article 20, Section 15378 and under General Rule Article 5, Section 15061)

Action: Adopted Resolution No. 20-076 C.S.

10. Authorize a Supplemental Appropriation from the Parking Fund Ending Balance of \$336,895 and Amend Resolution 19-147 Awarding a Contract with TIBA Parking Systems, LLC for the Purchase, Installation and Maintenance of Parking Access and Revenue Control Systems (PARCS) for Off-Street Parking Facilities to Increase the Total Contract Amount from \$1,888,372 to \$2,225,267 (Exempt per CEQA Guidelines Article 19, Section 15301, Class 1)
 CIP

Action: Adopted Resolution No. 20-077 C.S.

11. Appropriate \$8,941 in Donated Funds to the 2019-20 Library Trust Fund Budget (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

Action: Adopted Resolution No. 20-078 C.S.

Other

12. Authorize the Mayor to Send Letters to Monterey One Water, Monterey Peninsula Unified School District, Monterey Peninsula Water Management District, and Transportation Agency for Monterey County on behalf of the City Requesting these Agencies Consider Revising Fee Schedules for Residential Development to a Square Footage Basis and to Collect Fees at Certificate of Occupancy (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

Action: Pulled from Consent; Authorized the letter as amended to remove MPUSD from the list of recipients and send only to M1W, MPWMD, and TAMC

Community Development Director Cole gave the staff presentation.

Mayor Roberson opened public comments. Kevin Dayton said that these suggestions are worth trying and would be reasonable changes to encourage affordable housing. With no further requests to speak, Mayor Roberson closed public comments.

It was commented by the Council that going from units to square footage makes a lot of sense. Support was noted, and further information was provided, regarding Monterey Peninsula Unified School District (MPUSD)'s receipt of development impact fees as soon as they can, and it was stated that waiting for a certificate of occupancy could affect the district and students if zoning is changed to allow larger projects such as on Garden Road. It was stated that the letter would be acceptable if amended not to ask MPUSD to wait until occupancy.

It was noted by Council that the intent of this is to try to promote more development and to try to make the fee structure more fair to incentivize building more housing units. Language from the Monterey Bay Economic Partnership (MBEP)'s white paper was read aloud to explain the proposed policy changes.

On a motion by Mayor Roberson, seconded by Councilmember Albert, and carried by the following vote, which was conducted by roll call, the City Council authorized the letter, as amended to remove MPUSD from the list of recipients:

AYES:	5	COUNCILMEMBERS:	Albert, Haffa, Smith, Williamson, Roberson
NOES:	0	COUNCILMEMBERS:	(None)
ABSENT:	0	COUNCILMEMBERS:	(None)
ABSTAIN:	0	COUNCILMEMBERS:	(None)
RECUSED:	0	COUNCILMEMBERS:	(None)

***** End of Consent Agenda *****

PUBLIC HEARING

13. Amend the City General Plan and Municipal Code Section 38-107 to Prioritize and Require Utility Undergrounding and Amend the Cannery Row Conservation District and Old Town Area Plan to Delete References to Undergrounding (Exempt from CEQA Per Article 19, Sections 15202, 15304, 15305, and 15308 Classes 2, 4, 5, and 8 and Sections 15061(b)(3))
1st Reading by Title Only of an Ordinance Amending Monterey City Code Section 38-107 to Require Utility Undergrounding

Action: Adopted Resolution No. 20-079 C.S. and passed Ordinance to print

Community Development Director Cole gave the staff presentation and answered Councilmembers' questions.

Mayor Roberson opened public comments. Pat Venza said that she hopes another agenda soon will include approval for the Wireless Ordinance. Jean Rasch echoed Ms. Venza's comment and thanked Council for their support. Carol Chorbajian, Measure P & S Committee, asked where the City would find the type of money that would be required to underground utilities. Susan Nine spoke in favor of the matter, saying that it doesn't require the Council to move ahead with undergrounding until or unless there is funding available, and clarified that it allows for funding by way of assessment districts. With no further requests to speak, Mayor Roberson closed public comments.

The Council discussed the matter. Community Development Director Cole and City Attorney Davi answered Councilmembers' questions and concerns regarding development projects that may be partially in progress at the time when the ordinance is adopted.

On a motion by Councilmember Williamson, seconded by Councilmember Albert, and carried by the following vote, which was conducted by roll call, the City Council approved the staff recommendation to adopt Resolution No. 20-079 C.S. and pass the Ordinance to print:

AYES:	5	COUNCILMEMBERS:	Albert, Haffa, Smith, Williamson, Roberson
NOES:	0	COUNCILMEMBERS:	(None)
ABSENT:	0	COUNCILMEMBERS:	(None)
ABSTAIN:	0	COUNCILMEMBERS:	(None)
RECUSED:	0	COUNCILMEMBERS:	(None)

***** Adjourn to Closed Session (See additional agenda) *****

Mayor Roberson opened public comments on the closed session and received none.

RECESS 5:30 p.m.

The Council adjourned to closed session at 5:18 p.m.

RECONVENE

The Council reconvened at 7:04 p.m.

***** Evening Session Agenda *****

PLEDGE OF ALLEGIANCE

Mayor Roberson led the Pledge.

CONTINUED PUBLIC COMMENTS

Mayor Roberson opened continued public comments on non-agendized matters, and received none.

ANNOUNCEMENTS FROM CLOSED SESSION

City Attorney Davi said that a report was received on Item cs2, the labor negotiations item.

PUBLIC APPEARANCE (EVE)

14. City Manager Report on Covid-19 Response Efforts (Not a project under CEQA per Article 20 Section 15378 and under General Rule Article 5 Section 15061)

Action: Received report

City Manager Usler gave an update on the City's response efforts to COVID-19. Police Chief Hober shared his outrage and heartbreak about the death of George Floyd. He gave a report on law enforcement as relates to the various orders issued to manage the COVID-19 pandemic crisis and explained the department's focus on community policing.

Mayor Roberson opened public comment. Esther Malkin cited a Grand Jury report regarding the Monterey Police Department working in understaffed circumstances with underfunded facilities. Chelsea Lee suggested using laid off employees to hand out masks and provide education regarding COVID-19 safety instead of police officers and referred to police as intimidating. Tommy Tiefer echoed concerns raised by Ms. Lee and encouraged the Council not to be cynical about the community protesting recent police incidents. With no further requests to speak, Mayor Roberson closed public comments.

The Council encouraged residents to comment by email as well.

15. Provide Direction Regarding the COVID-19 FY20/21 General Fund Deficit, Proposed Budget Reductions, Strategies and/or Revenue Enhancements (Not a Project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)
Action: Received presentation; On consensus, directed staff to incorporate the following proposed budget savings into the budget to be presented at the June 16, 2020 meeting: One-year reduction of CIP (without cutting fire suppression and greenbelt maintenance); One-year suspension of Other Post-Employment Benefits (OPEB) payments; One-year suspension of vehicle replacement savings; and One-time ISD savings; all with the intent to give relief toward program cuts.

City Manager Usler gave an update, and shared that the most recent quarterly distribution of sales tax was down significantly from the same period in the previous calendar year.

Finance Director Lai gave the staff presentation and answered Councilmembers' questions. It was requested to know what a 2% increase in transient occupancy tax (TOT) could look like over a period of two to three years. On question, City Attorney Davi gave a brief explanation about possibilities for a sales tax measure. On question, Police Chief Hober explained the impact that the proposed 8.2% budget reduction would have on the police department. It was noted by Council that the flow of tourists and attendees of special events increases the number of people that the police and fire departments service daily. It was requested by Council to have alternatives available at the next Council meeting, including averages between presented scenarios.

Mayor Roberson opened public comments. Jeff Noven, River Navaille, Dimitri Meyerko, Alisha Marie Ragland, Christine Kregg, and A. J. Hungridge asked the Council to prioritize social and community-oriented services and programs over the Police Department in the City's budget. Chelsea Lee said that the budget is the time for Monterey to act against racism. Charlotte Arnold and Liz Schrier spoke in favor of a shared sacrifice across all departments. Jennifer Combs and Sidney Harris spoke against the proposed budget as it stands and urged Council to fund community services, raise the TOT, and reduce executive salaries. A coalition called Community Before Cops was referenced by several callers.

Kayla Fossum, Villa Del Monte Neighborhood Association, said that revenue should be increased by raising TOT, and that there should be more stringent penalties for not paying TOT timely. Esther Malkin echoed Ms. Fossum's comments and said that the City should look into how to receive sales tax based on the sales of vehicles sold during car events. Nelson Vega said that the time to raise TOT is when businesses are doing better financially, and said that Police and Fire should be the City's first concerns at all times.

Rob O'Keefe, Monterey County Convention and Visitors Bureau, encouraged investing in destination marketing and said that the City benefits from this service due to its quantity of hotels. Sarah Nolan recommended that the executive leaders extend their salary cut over the full extent of the COVID-19 crisis instead of the short period of time that they have offered. Fernanda Roveri, City employee, encouraged the City to increase TOT, increase service rates, and to take advantage of employees' telecommuting capabilities and look into ways to make revenue from it by renting or sell City facilities to reduce the deficit. Lisa Morgan recommended against increasing Monterey Sports Center (MSC) fees, noting that fitness helps people cope with stressful circumstances. Mark Boothe spoke in support of funding the MSC. Lori Ataide, MSC employee, said that the proposed budget will not provide sufficient staffing in reopening the MSC.

Zoe Carter shared concerns about proposed cuts to public safety programs. Vanessa said that public safety is a top priority and police officers are needed, and recommended they be paid a salary to avoid overtime. Leslie Svetich stressed the need to fund essential services and said that disgraceful events taking place at a national level do not always reflect our local situation. With no further requests to speak, Mayor Roberson closed public comments.

The Council recessed at 9:21 p.m. and reconvened at 9:39 p.m.

Mayor Roberson stressed that community outreach is provided by the Police Department. On question, Police Chief Hober said that the Monterey Police Department tries to do the right thing and be progressive. He shared details about social services provided by the Multi Disciplinary Outreach Team (MDOT), the Community Action Team (CAT), School Resource Officer, and Community Academy. Addressing a few public comments, City Manager Uslar clarified about the way that sales tax is collected on cars during auction events, and Parks and Recreation Director Larson assured the Council that MSC will be kept safe and clean including through additional requirements due to the COVID-19 pandemic.

The Council discussed the matter. It was requested to add a fourth leg to the Council's COVID-19 related priorities, to reinforce the need for public participation.

The Council acknowledged the abhorrent murder of George Floyd. It was stated that there have been numerous peaceful protests in the Monterey area and that the community policing model is giving protestors space to do and say what they need to say, and is not provoking them. It was stated that the cost of living is too high for minorities to live in Monterey.

Regarding policing, it was stated that the City should think creatively about how to respond to crises in non-violent ways, such as to study common 9-1-1 calls and determine which types of calls don't require officers and could use non-armed responders. It was stated that body cameras and de-escalation training have not resulted in decreased violence by police, and that harm reduction strategies, restorative justice, and counseling services would be better than current approaches. It was proposed that a future budget amendment may be the time to consider restoring vacant police positions. It was posed that combining police departments regionally could be a solution. Another opinion given regarding consolidating programs regionally was that taking on that project would cost more money and is not the answer right now, and it was stated that safety and health have to be top priorities. It was stated that the community needs both policing and community services, and that the City's police officers are professional. It was stated that School Resource Officers can be used for community outreach.

Regarding the budget, it was stated that the Council needs data to make appropriate budget decisions, and it was requested to see the potential impact of various increases to TOT. Support was expressed for considering increasing TOT after adopting a budget, and information on the impact to the Conference Center Facilities District (CCFD) and other market information was requested. It was stated that everyone will have to contribute to get the City through these times, and that a 12% TOT along with CCFD fees would not be out of market and would go a long way toward softening the budget's blows. It was proposed to increase the TOT gradually over a period of two or three years to allow the industry to recover. It was stated that shifting the whole increase into the general fund, at least for three or four years, would be appropriate, before shifting back to giving 16% to the NCIP. It was proposed to introduce a tiered TOT rate that would be lower for hotels that are paying the CCFD rate. It was stated that the average budget scenario presented by the Finance Director was appropriate for this point in time because it will be flexible in future phases of the COVID-19 economic recovery. Support was expressed for the one-time budget cuts proposed by staff.

It was stated that the proposed cuts to Library, Sports Center, and Recreation are draconian and the Council needs to find a way to make them less draconian, more "family." Concern was expressed that cut programs would become the new normal and that current programs would not be fully restored. It was suggested to increase fees for City services. It was proposed to use the City's reserves to keep the MSC, Library, and Recreation programs afloat until finances normalize and fees start rolling in. Interest was expressed by multiple Councilmembers regarding Ms. Roveri's suggestion to utilize telework and use City facilities to generate revenue. It was stated that 2020-2021 must be the last fiscal year to use NCIP funds to balance the budget. It was stated that more of the economic reserve should be used in conjunction with labor concessions. It was requested to receive a list from staff of properties that the City could lease out or sell for revenue which would not negatively impact valued community services or programs. Concern was stated about deferred maintenance of public facilities. It was stated that the Conference Center is directly related to the City's financial future. On question, City Manager Usler said that staff can put work into a vacancy tax if the Council wishes.

Finance Director Lai requested guidance from Council regarding the proposed budget. It was stated by Council that there may be interest in increasing the amount of the reserve to use, and that the Council would like to discuss this more on June 16. On consensus, the Council agreed to the proposed one-year reduction of the Capital Improvement Program (CIP) (without cutting fire suppression and greenbelt maintenance); the proposed one-year Other Post-Employment Benefits (OPEB) savings; the proposed one-year suspension of vehicle replacement fund savings; and the proposed one-time Information Services Division (ISD) savings; all with the intent to give relief on program cuts. It was stated and agreed on consensus that the average scenario with these additions would be sufficient for a future Council discussion. It was stated by Council that there should be a surcharge at the MSC to go toward facilities maintenance.

Finance Director Lai asked to review the department-level proposed reductions. Mayor Roberson said that Library, Parks and Recreation (including MSC) were departments on which staff should report back on regarding the prognosis and timeline for reopening, at which point use of excess funds may be appropriate, but on the other hand an empty building with no services doesn't need to be fully staffed. City Manager Usler reflected that Council would like to reopen services less frugally with the use of the additional funds freed up by consensus. He said that staff will be able to show the Council on June 16, 2020 what this will mean for the Library and Recreation. It was expressed by Council that presenting the City's reserves as a flat dollar amount is preferred, as opposed to a percentage.

COUNCIL COMMENTS

Council comments were not heard in the interest of time.

CITY MANAGER REPORTS

City Manager reports were not heard in the interest of time.

ADJOURNMENT

The Council adjourned at 11:13 p.m.

Respectfully Submitted,

Approved,

Clementine Bonner Klein
City Clerk

Clyde Roberson
Mayor

DRAFT

ORDINANCE NO. ____ C.S.

AN ORDINANCE OF THE COUNCIL OF THE CITY OF MONTEREY

**REPEAL OF MONTEREY CITY CODE 33-29
PARK AND RECREATION DEDICATION AND FEES**

THE COUNCIL OF THE CITY OF MONTEREY DOES ORDAIN, as follows:

SECTION 1:

WHEREAS, the City Council requested that the City consider repeal of impact fees that impact housing production;

WHEREAS, the Monterey City Code 33-29 establishes park and recreation dedications and fees;

WHEREAS, the City Council is trying to increase housing production by eliminating barriers;

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW THEREFORE, the Monterey City Council declares as follows:

SECTION 1: Monterey City Code 33-29 is repealed.

SECTION 2: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 3: If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason declared unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or the effectiveness of the remaining portions of this chapter or any part thereof. The City Council hereby declares that it would have adopted this chapter notwithstanding the unconstitutionality, invalidity, or ineffectiveness of any one or more of its sections, subsections, sentences, clauses, or phrases.

SECTION 4: This ordinance shall be in full force and effect thirty (30) days from and after its final passage and adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this 16th day of June, 2020, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof

AN ORDINANCE OF THE COUNCIL OF THE CITY OF MONTEREY

**REZONING THE PROPERTY AT 490 CAMINO EL ESTERO
AS A CITY HISTORIC RESOURCE FROM PC-D-ES TO PC-D-ES-H-2**

THE COUNCIL OF THE CITY OF MONTEREY DOES ORDAIN, as follows:

SECTION 1:

WHEREAS, Mr. Robert McIntyre submitted an application to rezone 490 Camino El Estero to add the H-2 (City Historic Resource) overlay zoning (Exhibit A).

WHEREAS, adoption of H-2 Landmark zoning requires the Historic Preservation Commission (HPC) to recommend to the Planning Commission (PC) to recommend to the City Council to adopt an ordinance rezoning the property;

WHEREAS, as required by Monterey City Code, an intensive historic survey (DPR 523B form) prepared by Kent Seavey, a Qualified Architectural Historian, was submitted as part of the application and is on file in the City Clerk's office;

WHEREAS, the subject property qualifies as local historic resource based on California Register Criteria 1 and 2. Criterion 1: The resource is associated with events or patterns of events that have made a significant contribution to the broad patterns of local or regional history, or the cultural heritage of California or the United States. Criterion 2: The resource is associated with the lives of persons important to local, California or national history.

WHEREAS, the church is associated with the Monterey Japanese American Community and its continuous cultural and spiritual contributions to the Monterey Japanese-American community. According to Monterey's 2012 Downtown Area Historic Context Statement, the subject property was constructed in 1926 as the Japanese Church of Christ. A Japanese residential neighborhood surrounded the church. The historian reports that the Japanese settlement is gone; however, there are two icons of the neighborhood's cultural and spiritual identity remain – Japanese American Citizens League Hall and the former Japanese Church of Christ.

WHEREAS, the HPC, at a properly noticed public hearing on February 13, 2020, carefully considered all of the information presented to it, including the agenda report and information submitted at the public hearing by interested persons;

WHEREAS, the PC, at a properly noticed public hearing on March 10, 2020, carefully considered all of the information presented to it, including the agenda report and information submitted at the public hearing by interested persons;

WHEREAS, the City Council, at a properly noticed public hearing on May 19, 2020, carefully considered all of the information presented to it, including the agenda report and

information submitted at the public hearing by interested persons; and,

WHEREAS, the City of Monterey Planning Office determined the project is exempt from the California Environmental Quality Act (CEQA) Guidelines (Article 19, Section 15305, Class 5) because the addition of H-2 overlay zoning to the property will not result in significant changes to land use limitations and will help to protect the historic resource. Furthermore, the project does not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located - a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The addition of H-2 overlay zoning would not impact a resource of critical concern. The environment is not particularly sensitive (existing building and paved areas).

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. The addition of H-2 overlay zoning would add an additional layer of protection to the resource. No cumulative impacts would occur.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. No unusual circumstances exist at the site. The building is an existing structure and the surrounding environment is an established residential area. The addition of H-2 overlay zoning would add an additional layer of protection to the resource. Therefore, a significant effect would not occur.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report. The property is not located on or viewable from a state scenic highway. Therefore, impacts to scenic highways would not occur.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. The project site is not listed pursuant to Government Code Section 65962.5. The project would have no impact to hazardous waste sites.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. The building is eligible as a local historic resource and the addition of H-2 overlay zoning would add an additional layer of protection to the resource.

NOW THEREFORE, the Monterey City Council declares as follows:

SECTION 2: The property at 490 Camino El Estero is hereby rezoned as a City Historic Resource from PC-D-ES (Planned Community District - Downtown Specific Plan, Emergency Shelter Overlay) to PC-D-ES-H-2 (Planned Community District - Downtown Specific Plan, Emergency Shelter Overlay, City Historic Resource Overlay).

SECTION 3: Exhibit A is hereby adopted as part of this ordinance. Exhibit A is the map rezoning 490 Camino El Estero from PC-D-ES to PC-D-ES-H-2.

SECTION 4: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 5: This ordinance shall be in full force and effect thirty (30) days from and after its final passage and adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 2020, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof



ORDINANCE NO. ____ C.S.

AN ORDINANCE OF THE COUNCIL OF THE CITY OF MONTEREY

AMEND MONTEREY CITY CODE 38-107 TO REQUIRE UTILITY UNDERGROUNDING

THE COUNCIL OF THE CITY OF MONTEREY DOES ORDAIN, as follows:

SECTION 1:

WHEREAS, the City Council requested that the Planning Commission consider amending the General Plan to update the City's undergrounding policies;

WHEREAS, the Planning Commission considered this issue on February 11, February 24, and April 28, 2020;

WHEREAS, the Planning Commission accepted public comment on this issue at the various meetings;

WHEREAS, the Planning Commission discussed how to make the City's Municipal Code consistent with the proposed General Plan amendment;

WHEREAS, the City of Monterey Planning Office determined the project is exempt from the California Environmental Quality Act (CEQA) Guidelines (Article 19, Sections 15304 and 15305, Classes 4 and 5) because the project proposes that utilities be undergrounded, which constitutes minor alterations to land and land use limitations. Additionally, the undergrounding of utilities is categorically exempt pursuant to Section 15302, Class 2(d), which states that "conversion of overhead electric utility distribution system facilities to underground including connection to existing overhead electric utility distribution lines where the surface is restored to the condition existing prior to undergrounding." Additionally, the project is exempt from CEQA pursuant to CEQA Guidelines section 15308 (Class 8) as an action taken by a regulatory agency to assure the enhancement and protection of the environment, which includes the visual environment of the City. Furthermore, the project does not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located. A project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The project will result in more utilities undergrounded as projects are proposed. This is considered to be a minor alteration to land and land use limitations because the City is located in an urban area and many existing policies require undergrounding. Undergrounding will also occur as funded over a long period of time.

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. This is considered to be a minor alteration to land and land use limitations because the City is located in an urban area and many existing policies require undergrounding. Undergrounding will also occur as funded over a long period of time.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. No significant effect will occur because this is considered to be a minor alteration to land and land use limitations because the City is located in an urban area and many existing policies require undergrounding. Undergrounding will also occur as funded over a long period of time.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report (EIR). No impact will occur because undergrounding utilities will improve the visual character of the environment and any scenic highways. The project assures the protection of scenic resources.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. As undergrounding projects are proposed, hazardous waste sites will need to be identified and avoided.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. No impact to historical resources will occur because these are minor alterations to land and land use limitations because the City is located in an urban area and many existing policies require undergrounding. Utilities are a modern improvement and do not have historical significance. By undergrounding the utility lines, there will be less visual disruption of historic structures and sites.

Furthermore, the plan amendments are exempt under CEQA Guidelines Article 5, sections 15061(b)(3) because CEQA only applies to projects which have the potential for causing a significant effect on the environment. It can be seen with certainty that there is no possibility that the activity in question will have a significant effect on the environment for the reasons discussed above.. State law specifies the process if unexpected cultural resources are discovered during the excavation/undergrounding work.

NOW THEREFORE, the Monterey City Council declares as follows:

SECTION 1: Monterey City Code 38-107 Underground Utilities is amended to read as follows:

- (a) All electrical, telephone, CATV, and similar distribution lines providing direct service to a new building shall be installed underground within the site.
- (b) Deviation. A deviation may be granted, but shall be limited in scope to that necessary where it is shown that:

- (1) Placement underground would result in the violation of other provisions of the City Code, including the City's noise ordinances; or
 - (2) There are unusual environmental circumstances which would cause:
 1. Injury or danger to persons;
 2. Landslides, soil erosion, or exposure of trenches;
 3. Widespread, long-term, or permanent destruction of vegetation or native trees;
 4. Serious property damage, including damage to historical or archeological resources; or
 5. Hindrance to other construction or excessive relocation costs; and
 - (3) The operator seeking the deviation has proposed a plan for placement that minimizes the visual impacts; and
- (c) Along a section of roadway where the distribution lines of telephone and electric Applications for Deviations. An application for a deviation must be filed with the City Manager, or designee, and shall contain the information required to justify an exception.
- (d) Exemption. This Section does not apply to encroachments by communications facilities in the rights-of-way, which are governed by City Code, Chapter 32, Article 8, Section 32-08.01 et seq.

SECTION 2: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 3: If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason declared unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or the effectiveness of the remaining portions of this chapter or any part thereof. The City Council hereby declares that it would have adopted this chapter notwithstanding the unconstitutionality, invalidity, or ineffectiveness of any one or more of its sections, subsections, sentences, clauses, or phrases.

SECTION 4: This ordinance shall be in full force and effect thirty (30) days from and after its final passage and adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of June, 2020, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof

draft



Council Agenda Report

Date: 6/16/2020

Item No.: 7.

FROM: Steve Wittry, Public Works Director
Prepared By: Tom Harty, Senior Engineer

SUBJECT: Approve Execution of a Confidentiality and Non-Disclosure Agreement with California-American Water Company (Not a Project Under CEQA, per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

RECOMMENDATION:

That the City Council approve a Confidentiality and Nondisclosure Agreement with California-American Water Company.

POLICY IMPLICATIONS:

This action supports the City Council's value driver of "working to improve the quality of our residents" by updating the maintenance needs and financing mechanism of the sanitary sewer system.

FISCAL IMPLICATIONS:

Execution of the Agreement will allow receipt of water consumption data from California-American Water Company that will facilitate a comprehensive analysis of the City's sanitary sewer conveyance system. This analysis will be used to establish rates that will support the operation and maintenance of the system into the future.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

ALTERNATIVES CONSIDERED:

None.

DISCUSSION:

The City of Monterey owns and operates the sewage collection system that conveys wastewater from properties throughout the City into the regional wastewater treatment system operated by Monterey One Water. From time to time, the City performs an analysis of its sanitary sewer system to assess the overall function of the system and to determine whether additional repairs

or upgrades are warranted based upon existing and known future conditions. Expected maintenance and repairs can be budgeted once the needs are assessed. Anticipating future system upgrades and operating expenses allows a detailed cost analysis and rate adjustments to be made before system improvements are required, in accordance with sound fiscal planning.

In order to determine the condition of the City's existing infrastructure, an understanding of the flows that are expected to be observed throughout the system is required. Wastewater flows are a byproduct of domestic water consumption, and sewer flows can be estimated using water usage records of the properties located upstream of an observed location. If observed flows are significantly higher or lower than estimated flows, it may signal a problem within the system that needs to be addressed.

California-American Water Company is the supplier of domestic water for all properties located within the City of Monterey. California-American Water Company is willing to provide water consumption data to the City to facilitate the City's analysis of its wastewater collection system. However, prior to releasing confidential information from its customers, California-American Water Company requires the City to execute a Confidentiality and Non-Disclosure Agreement that prohibits the City from disclosing this confidential information to another party.

The Confidential and Non-Disclosure Agreement has been approved for use by California-American Water Company by the California Public Utilities Commission. This Agreement has been reviewed by the City Attorney's Office. Executing the Non-Disclosure Agreement is consistent with the Public Records Act. Even assuming that California-American Water Company's consumer records are "public" records pursuant to the Public Records Act, they are exempt from disclosure. Generally, a record is exempt if the public interest in non-disclosure clearly outweighs the public interest in disclosure. Here, the public has a clearly prevailing interest in non-disclosure because non-disclosure is the condition on which California-American Water Company can legally share the information with the City. The City requires that information to analyze water conservation and the effectiveness of its sewer system, and to minimize rates and costs to the sewer system's users, i.e., the public. Moreover, the information is otherwise generally private to the consumers. Utility companies have an obligation to keep the information private, except that the utility may share the information with a public agency (1) which has executed the Non-Disclosure Agreement and (2) if the information is for "calculating fees such as local taxes, sewer fees, miscellaneous city and county fees and/or for the facilitation of water conservation planning," as here. (Non-Disclosure Agreement, II.a.) Finally, the records are exempt under the Public Records Act because under the circumstances they constitute "official information" (information acquired in confidence in the course of performing an official duty), and because disclosing the records would chill the City's deliberative process (inability to perform a core public function because the City would not have access to the records enabling it to perform that function).

Therefore, in order to complete an analysis of the City's sewer system and conduct a rate study that will adequately fund operation and maintenance of the system, staff recommends that the City Council approve execution of a Confidentiality and Non-Disclosure Agreement with California-American Water Company and authorize the City Manager to execute said Agreement.

SW/th

Attachments: 1. Resolution

RESOLUTION NO. __- __ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**APPROVE EXECUTION OF A CONFIDENTIALITY AND NON-DISCLOSURE
AGREEMENT WITH CALIFORNIA-AMERICAN WATER COMPANY**

WHEREAS, the City of Monterey, from time to time, performs an analysis of its sanitary sewer system in order to assess its condition and to establish rates that will adequately provide for operation of the system;

WHEREAS, this analysis will be used to reevaluate the wastewater conveyance fees (sewer fees) that the City assesses individual properties for conveying wastewater through the system that it operates and maintains to the regional wastewater treatment facility;

WHEREAS, an important component of the analysis is a comparison of expected system flows against observed system flows to analyze the system capacity for all known current and future uses;

WHEREAS, wastewater flows are a byproduct of domestic water that is delivered to properties by California-American Water Company, and whose records the City desires to review in its analysis;

WHEREAS, California-American Water Company has a duty to protect the confidential information of its customers and will allow disclosure of confidential information to the City of Monterey for its sole and exclusive use to calculate sewer fees, provided all information is kept strictly confidential;

WHEREAS, the City's non-disclosure of California-American Water Company's records would be consistent with the City's obligations under the Public Records Act and the Public Record Act's exemptions because (1) the public's interest in non-disclosure (e.g., water conservation and lowering the public's costs of operating its sewer system) of the otherwise private and confidential consumer records clearly outweighs the public's interest in disclosure, (2) the records constitute "official information" under the Public Records Act, and (3) disclosure of the records would chill the City's deliberative process; and

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby approves execution of a Confidentiality and Non-Disclosure Agreement with California-American Water Company and authorizes the City Manager, or designee, to execute said Agreement.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 202_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof



Council Agenda Report

Date: 6/16/2020

Item No.: 8.

FROM: Kimberly Cole, AICP, Community Development Director
Prepared By: Grant Leonard, Administrative Analyst

SUBJECT: Authorize Application for, and Receipt of, Local Early Action Planning (LEAP) Grant Funds (Not a Project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)

RECOMMENDATION:

That the City Council Authorize Application for, and Receipt of, Local Early Action Planning (LEAP) Grant Funds.

POLICY IMPLICATIONS:

This grant will support the City Council goals regarding affordable housing and supporting housing services for its residents, including the City Council value driver of “working to improve the quality of life of our residents...ensuring that Monterey remains a safe and welcoming place to live, work, and visit.”

FISCAL IMPLICATIONS:

The potential grant amount for LEAP funding is \$150,000 in one-time funding.

ENVIRONMENTAL DETERMINATION:

The City of Monterey Housing Programs Office determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (Article 20, Section 15378). In addition, CEQA Article 5, Section 15061 includes the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action has no potential to cause any effect on the environment, this matter is not a project. Because the proposed action does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. The appropriate level of CEQA review will be conducted on the future project prior to the City taking any action and on any future development of City property. No decision is considered by the City Council at this time that could be analyzed through the CEQA process.

ALTERNATIVES CONSIDERED:

The City Council may choose to not authorize the grant application.

DISCUSSION:

The Housing Programs Office continues to pursue funding opportunities that will support the City’s goals related to developing affordable housing. To that end, the City is eligible to apply for a new funding opportunity, the Local Early Action Planning (LEAP) grant.

Increasing the availability of affordable homes statewide continues to be a top priority for the State and Gov. Gavin Newsom. To that end, in the 2019-20 Budget Act, Gov. Newsom allocated \$250 million for all regions, cities, and counties to do their part by prioritizing planning activities that accelerate housing production to meet identified needs of every community. With this allocation, the California Department of Housing and Community Development established the Local Early Action Planning Grant Program (LEAP) with \$119 million for cities and counties. LEAP provides one-time grant funding to cities and counties to update their planning documents and implement process improvements that will facilitate the acceleration of housing production and help local government prepare for their 6th cycle RHNA much like the SB2 Planning Grants.

Specifically, the Local Action Planning Grants (LEAP), provides over-the-counter grants complemented with technical assistance to local governments for the preparation and adoption of planning documents, and process improvements that:

- Accelerate housing production
- Facilitate compliance to implement the sixth-cycle Regional Housing Needs Assessment.

The City proposes to submit an application to complete the research for the City's Housing Element update. It will include an inventory of available sites for housing development.

The maximum grant amount for Monterey is \$150,000.

The grant application is due on July 1, 2020.

Conclusion

Staff recommends that the City Council Authorize Application for, and Receipt of, Local Early Action Planning (LEAP) grant funds so that Staff may continue to pursue implementation of the City's housing goals with these new funding sources.

KC/GL

e: Housing Outreach List

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.

RESOLUTION NO. __- __ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**AUTHORIZING APPLICATION FOR, AND RECEIPT OF, LOCAL GOVERNMENT PLANNING
SUPPORT GRANT PROGRAM FUNDS**

WHEREAS, pursuant to Health and Safety Code 50515 et. Seq, the Department of Housing and Community Development (Department) is authorized to issue a Notice of Funding Availability (NOFA) as part of the Local Government Planning Support Grants Program (hereinafter referred to by the Department as the Local Early Action Planning Grants program or LEAP); and

WHEREAS, the City Council of the City of Monterey desires to submit a LEAP grant application package ("Application"), on the forms provided by the Department, for approval of grant funding for projects that assist in the preparation and adoption of planning documents and process improvements that accelerate housing production and facilitate compliance to implement the sixth cycle of the regional housing need assessment; and

WHEREAS, the Department has issued a NOFA and Application on January 27, 2020 in the amount of \$119,040,000 for assistance to all California Jurisdictions;

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

Now, therefore, the City Council of the City of Monterey ("Applicant") resolves as follows:

SECTION 1. The City Manager is hereby authorized and directed to apply for and submit to the Department the Application package;

SECTION 2. In connection with the LEAP grant, if the Application is approved by the Department, the City Manager of the City of Monterey is authorized to submit the Application, enter into, execute, and deliver on behalf of the Applicant, a State of California Agreement (Standard Agreement) for the amount of \$150,000, and any and all other documents required or deemed necessary or appropriate to evidence and secure the LEAP grant, the Applicant's obligations related thereto, and all amendments thereto; and

SECTION 3. The Applicant shall be subject to the terms and conditions as specified in the NOFA, and the Standard Agreement provided by the Department after approval. The

Application and any and all accompanying documents are incorporated in full as part of the Standard Agreement. Any and all activities funded, information provided, and timelines represented in the Application will be enforceable through the fully executed Standard Agreement. Pursuant to the NOFA and in conjunction with the terms of the Standard Agreement, the Applicant hereby agrees to use the funds for eligible uses and allowable expenditures in the manner presented and specifically identified in the approved Application.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this 16th day of June, 2020, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof



Council Agenda Report

Date: 6/16/2020

Item No.: 9.

FROM: Kimberly Cole, Community Development Director
Prepared By: Karin Salameh, Assistant City Attorney

SUBJECT: Authorize the City Manager to Enter Into a Joint Community Facilities Agreement with the Fort Ord Reuse Authority (FORA) to Convey Funds to the City for Habitat Management Services (Not a Project under CEQA per Article 20, Section 15378 and under General Rule Article 5, Section 15061)

RECOMMENDATION:

That the City Council authorize the City Manager to enter into an agreement with the Fort Ord Reuse Authority (FORA) to convey funds to the City for habitat management services related to the City's former Fort Ord properties.

POLICY IMPLICATIONS:

The City of Monterey General Plan encourages economic diversification and Fort Ord is a key opportunity site. Specifically, General Plan Policy a.3. states: "Explore ways to diversify the Monterey economy to provide higher paying jobs and a balance to cyclical elements of the visitor economy."

FISCAL IMPLICATIONS:

By entering into the proposed agreement, FORA will transfer approximately \$45,000 for the City to use for habitat management-related services on its properties on the former Fort Ord.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action of entering into an agreement to transfer funds is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 ("CEQA Guidelines") Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action has no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

ALTERNATIVES CONSIDERED:

The City Council could choose to not enter into the proposed agreement; however, this is not recommended as the City would then not receive the funds for habitat management.

DISCUSSION:

FORA was established in 1994 under California law to plan, facilitate and manage the transfer of former Fort Ord property from the Army to local jurisdictions. In 2002, FORA established the Fort Ord Reuse Authority Basewide Community Facilities District (the "CFD"), pursuant to the Mello-Roos Community Facilities Act of 1982 (California Government Code Section 53311 *et seq.*), for the purpose of collecting special taxes to finance, among other things, habitat management services within the CFD or required by reason of the development of property within the CFD. Currently FORA has approximately \$17 million in unexpended funds designated for habitat management related services.

Pursuant to state law FORA will cease to exist on June 30, 2020. In light of this, FORA is in the process of distributing its remaining assets. Under the Mello-Roos Community Facilities Act, CFD funds may only be utilized for the purposes for which they were collected and may be transferred to another agency by means of a joint community facilities agreement. The FORA Board of Directors allocated CFD habitat funds based upon the acres of habitat management for which the County of Monterey and the cities of Monterey, Seaside, Del Rey Oaks, and Marina are each responsible. Under this allocation formula the City of Monterey will receive 0.3% of CFD funds designated for habitat management services upon entering into a joint community facilities agreement with FORA. Under the agreements, each of the habitat management land use jurisdictions will be named as intended third party beneficiaries of the agreements so that they each have the right to enforce the provisions that the funds be spent only for habitat management-related services. The agreement will terminate once the City expends all of the funds.

Staff recommends approval of a joint community facilities agreement with FORA to transfer funds for habitat management services to the City of Monterey.

c: Josh Metz, FORA Executive Officer

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.

RESOLUTION NO. __- __ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

AUTHORIZING THE CITY MANAGER TO ENTER INTO A JOINT COMMUNITY FACILITIES AGREEMENT WITH THE FORT ORD REUSE AUTHORITY (FORA) TO CONVEY FUNDS TO THE CITY FOR HABITAT MANAGEMENT SERVICES.

WHEREAS, the Fort Ord Reuse Authority (FORA) is a regional agency established in 1994 under California Government Code Sections 67650, *et seq.*, to plan, facilitate and manage the transfer of former Fort Ord property from the Army to local jurisdictions and pursuant to that act FORA will sunset on June 30, 2020;

WHEREAS, in 2002, FORA established the Fort Ord Reuse Authority Basewide Community Facilities District (the "CFD"), pursuant to the Mello-Roos Community Facilities Act of 1982 (California Government Code Section 53311 *et seq.*), for the purpose of collecting special taxes to finance, among other things, habitat management services within the CFD or required by reason of the development of property within the CFD;

WHEREAS, FORA has approximately \$17 million in unexpended funds designated for habitat management related services that it desires to disburse prior to its sunset;

WHEREAS, the FORA Board of Directors allocated CFD habitat funds based upon the acres of habitat management for which the County of Monterey and the cities of Monterey, Seaside, Del Rey Oaks, and Marina are each responsible. Under this allocation formula the City of Monterey will receive 0.3% of CFD funds designated for habitat management services;

WHEREAS, FORA and the City desire to enter into a joint community facilities agreement to transfer the City's allocation of the habitat management funds. Under the agreement each of the habitat management land use jurisdictions will be named as intended third party beneficiaries so that they each have the right to enforce the provisions that the funds be spent only for habitat management-related services. The agreement will terminate once the City expends all of the funds; and

WHEREAS, the City of Monterey determined that the proposed action of entering into an agreement to transfer funds is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 ("CEQA Guidelines") Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action has no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby authorizes the City Manager to enter into a joint community facilities agreement, in a final form to be approved by the City Attorney, with the Fort Ord Reuse Authority (FORA) in order for FORA to convey funds to the City for habitat management services.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 202_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof



Council Agenda Report

Date: 6/16/2020

Item No.: 10.

FROM: Lauren Lai, CPA, Finance Director
Prepared By: Stella Sandoval, Senior Accountant

SUBJECT: Adopt Resolution Certifying Compliance with State Law with Respect to Levying Assessments and Special Taxes (Not a Project under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution certifying compliance with State Law with respect to levying assessments and special taxes.

POLICY IMPLICATIONS:

The passage of this resolution will ensure the continued collection of assessments and special taxes by the County Tax Collector.

FISCAL IMPLICATIONS:

Passage of the resolution will have a positive fiscal effect on the City as the County will continue to collect assessments and special taxes on our behalf. This resolution has no effect on the amount of the assessments and special taxes.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

ALTERNATIVES CONSIDERED:

Non passage of the resolution would mean that the County would discontinue collection of assessments and special taxes for the City of Monterey. If this were to occur, the city would be in a position of (1) collecting our own assessments and special taxes from individual property owners, (2) paying our outstanding assessment obligations with General Fund monies or (3) defaulting on the outstanding obligations.

DISCUSSION:

In 1997 the County of Monterey informed each agency using their tax rolls for collection of taxes, assessments, fees and charges (other than the 1% ad valorem tax) that they will require, for the 1997-98 fiscal year and each year thereafter, a certification resolution to ensure that Proposition 218's provisions are being addressed by the agency. The City Attorney and the Finance Director have reviewed the City's assessments and special taxes that are collected by the County on the annual tax bills and have concluded that we are in compliance on all issues.

The recurring assessments and special taxes are as follows:

- 1) Emergency Medical Services – this is a special tax approved by the voters in March 2000. The tax is currently set at \$5.00 per benefit unit, and the proceeds are used to fund paramedic emergency medical service to the citizens of Monterey.
- 2) Alvarado Street Maintenance District – this is an annual assessment collected from property owners with property fronting Alvarado Street. The funds are used to repair and maintain improvements.
- 3) Calle Principal Maintenance District – this is an annual assessment collected from property owners with property fronting Calle Principal. The funds are used to repair and maintain improvements.

The resolution certifies compliance with the Proposition and includes a hold harmless and indemnification provision for administrative expenses of the County.

The resolution and the assessment information are due, and will be delivered, to the Monterey County Auditor-Controller's Office no later than August 3, 2020.

LL/ss

Attachments: 1. Resolution
2. Exhibit A

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.

RESOLUTION NO. __-__ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**RESOLUTION CERTIFYING COMPLIANCE WITH STATE LAW WITH RESPECT TO THE
LEVYING OF GENERAL AND SPECIAL TAXES, ASSESSMENTS, AND PROPERTY-
RELATED FEES AND CHARGES**

WHEREAS, the City of Monterey requests that the Monterey County Auditor-Controller enter those general or special taxes, assessments, or property-related fees or charges identified in Exhibit "A" on the tax roll for collection and distribution by the Monterey County Treasurer-Tax Collector commencing with the property tax bills for fiscal year 2020-21; and

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY:

1. The City of Monterey hereby certifies that it has, without limitation, complied with all legal procedures and requirements necessary for the levying and imposition of the general or special taxes, assessments, or property-related fees or charges identified in Exhibit "A", regardless of whether those procedures and requirements are set forth in the Constitution of the State of California, in State statutes, or in the applicable decisional law of the State of California.
2. The City of Monterey further certifies that, except for the sole negligence or misconduct of the County of Monterey, its officers, employees, and agents, with regard to the handling of the compact disc or electronic file identified as Exhibit "A", the City of Monterey shall be solely liable and responsible for defending, at its sole expense, cost, and risk, each and every action, suit, or other proceeding brought against the County of Monterey, its officers, employees, and agents for every claim,

demand, or challenge to the levying or imposition of the general or special taxes, assessments, or property-related fees or charges identified in Exhibit "A" and that it shall pay or satisfy any judgment rendered against the County of Monterey, its officers, employees, and agents on every such action, suit, or other proceeding, including all claims for refunds and interest thereon, legal fees and court costs, and administrative expenses of the County of Monterey to correct the tax rolls.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 202_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof

EXHIBIT "A"
TO
RESOLUTION CERTIFYING COMPLIANCE WITH STATE LAW WITH RESPECT TO THE
LEVYING OF GENERAL AND SPECIAL TAXES, ASSESSMENTS, AND PROPERTY-
RELATED FEES AND CHARGES

FISCAL YEAR 2020-21

GENERAL TAXES:

None

SPECIAL TAXES:

Emergency Medical Services

ASSESSMENTS:

(#528) Alvarado Street Maintenance District 85-1

(#533) Calle Principal Maintenance District 00-01

PROPERTY-RELATED FEES AND CHARGES:

None



Council Agenda Report

Date: 6/16/2020

Item No.: 11.

FROM: Lauren Lai, CPA, Finance Director
Prepared By: Stella Sandoval, Senior Accountant

SUBJECT: Establish the 2020-21 Appropriation Limit (Gann Initiative) (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

RECOMMENDATION:

That the City Council adopt a resolution, required by passage of Proposition 4, to establish the appropriation limitation for the City of Monterey for fiscal year 2020-21.

POLICY IMPLICATIONS:

At the November 6, 1979 statewide general election, the voters approved Proposition 4, also known as the Gann Initiative. This law placed a ceiling on the amount of tax revenues that governmental agencies in the State of California could spend in any fiscal year. This ceiling must be calculated each year based upon a formula, which takes into consideration the California per capita income increase, and the population increase or decrease within each governmental jurisdiction. The legislative body in each jurisdiction must set, by resolution, this appropriation limitation.

FISCAL IMPLICATIONS:

This action has no direct fiscal impact on the City. The attached resolution establishes the appropriation limit for the City of Monterey at \$133,275,311 for fiscal year 2020-21, pursuant to Article XIIB of the California Constitution.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (Article 20, Section 15378). In addition, CEQA Article 5, Section 15061 includes the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, this matter is not a project. Because this matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project.

ALTERNATIVES CONSIDERED:

None. The City must comply with State of California legislation.

DISCUSSION:

In November of 1979, the voters approved Proposition 4, an initiative that added Article XIII B to the California Constitution. This constitutional amendment, popularly known as the Gann initiative, placed limits on the growth of expenditures for publicly funded programs. In 1980, legislation was enacted to implement the limits on government appropriations established by Proposition 4. Adding Division 9 of Title 1, beginning with Section 7900, of the Government Code, this legislation specified the calculation of state and local government appropriation limits and appropriations subject to limitation. These limits were to take effect beginning with the 1980-81 fiscal year. The sections added by the constitutional and statutory amendments explain and define the appropriations limit and appropriations subject to limitation as they apply to state and local government and require that each entity of government formally “adopt” its appropriations limit for a given fiscal year.

In order for the City to calculate its appropriation limit, it was necessary to establish what the agency appropriated from tax revenues in fiscal year 1978-79, the base year of the Gann Initiative from which all the figures are calculated.

Using the base year and the annual inflation factors since the initiative passed in 1979, the allowable appropriations limit for fiscal year 2020-21 has reached \$133,275,311, as shown in the attached chart. This figure, when compared with the applicable taxes expected to be collected of \$74,721,902, shows that the City is well within its limits. The City is at approximately 56% of the allowable taxing limit.

LL/ss

Attachments: 1. Resolution
2. Findings

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.

RESOLUTION NO. __-__ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS IN COMPLIANCE
WITH SECTION XIII B OF THE CALIFORNIA CONSTITUTION (GANN INITIATIVE)**

WHEREAS, the City of Monterey is required to comply with Section XIII B of the California Constitution, enacted by Proposition 4 in 1979;

WHEREAS, the appropriations limit for the current fiscal year 2020-21 was found to be \$133,275,311;

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (Article 20, Section 15378). In addition, CEQA Article 5, Section 15061 includes the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, this matter is not a project. Because this matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby found and determined:

1. That during the fiscal year 2020-21 the California per capita income increased 3.73% and the population of the County of Monterey decreased -0.31%.
2. That the appropriations limit for fiscal year 2020-21 is \$133,275,311.
3. That the appropriations subject to limitation for fiscal year 2020-21 are \$74,721,902.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 202_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof

ARTICLE XIII B APPROPRIATION LIMIT CALCULATIONS				
(Gann Limit)				
	<u>Price Adjustment</u>	<u>Population Adjustment</u>		
Fiscal Year	The Lessor of C.P.I. or Per Capita Income (% change)	% Change in City Population	Combined Adjustment	Appropriation Limit
1978-79	Base Year	Base Year		\$ 14,797,091
1979-80	10.17	-1.17	1.0888	16,111,222
1980-81	12.11	-2.10	1.0976	17,682,983
1981-82	9.12	1.11	1.1033	19,509,853
1982-83	6.79	-0.61	1.0614	20,707,481
1983-84	2.35	2.97	1.0539	21,823,572
1984-85	4.74	1.15	1.0594	23,120,867
1985-86	3.74	2.13	1.0595	24,496,480
1986-87	2.30	2.74	1.0510	25,746,540
	Calif. Per Capita Income % change	City or County Population % Change		
1987-88	3.50	1.51	1.0506	27,050,049
1988-89	4.70	2.13	1.0693	28,924,647
1989-90	5.19	0.88	1.0612	30,693,583
1990-91	4.21	1.62	1.0590	32,503,953
1991-92	4.14	2.65	1.0690	34,746,632
1992-93	-0.64	2.29	1.0164	35,314,859
1993-94	2.72	2.53	1.0532	37,193,610
1994-95	0.71	3.69	1.0443	38,841,287
1995-96	4.72	1.97	1.0678	41,474,726
1996-97	4.67	1.51	1.0625	44,066,896
1997-98	4.67	2.63	1.0742	47,336,660
1998-99	4.15	4.70	1.0904	51,615,894
1999-00	4.53	2.93	1.0759	55,533,540
2000-01	4.91	3.32	1.0839	60,192,804
2001-02	7.82	1.73	1.0969	66,022,477
2002-03	-1.27	1.35	1.0006	66,064,071
2003-04	2.31	1.11	1.0345	68,340,639
2004-05	3.28	1.56	1.0489	71,682,496
2005-06	5.26	0.13	1.0530	75,481,668
2006-07	3.96	0.38	1.0436	78,768,895
2007-08	4.42	0.67	1.0510	82,786,109
2008-09	4.29	1.56	1.0592	87,684,563
2009-10	0.62	1.45	1.0207	89,499,633
2010-11	-2.54	1.37	0.9879	88,416,687
2011-12	2.51	0.63	1.0316	91,210,654
2012-13	3.77	0.91	1.0471	95,510,324
2013-14	5.12	0.81	1.0597	101,212,290
2014-15	-0.23	0.95	1.0072	101,941,019
2015-16	3.82	0.26	1.0409	106,110,406
2016-17	5.37	0.96	1.0638	112,881,897
2017-18	3.69	1.00	1.0473	118,217,712
2018-19	3.67	0.35	1.0403	122,985,249
2019-20	3.85	0.91	1.0480	128,882,434
2020-21	3.73	-0.31	1.0341	133,275,311



Council Agenda Report

Date: 6/16/2020

Item No.: 12.

FROM: Steve Wittry, P.E., Public Works Director
Prepared By: Cristie Steffy, Parking Superintendent

SUBJECT: Extend the Current Locals Parking Program in the Cannery Row Garage Through June 30, 2021 (Not a Project Under CEQA, per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

RECOMMENDATION:

That the City Council extend the current approved locals parking program in the Cannery Row Garage through June 30, 2021.

POLICY IMPLICATIONS:

This action is consistent with City policy and with the City Council value driver of *“working to improve the quality of life of our residents...ensuring that Monterey remains a safe and welcoming place to live, work, and visit”* by providing a parking program to encourage local resident use of the Cannery Row area during slower business times.

FISCAL IMPLICATIONS:

This program would be subsidized by the Parking Fund. The estimated value of waived parking for FY21 is \$47,000 based on previous year participation and current economic impacts.

The Parking Division is operated by the Parking Fund, an Enterprise Fund of the City of Monterey, and is not funded by the General Fund. As an Enterprise Fund, the City's Parking program must bring in enough revenue to cover all operating costs, debt payments, interdepartmental and overhead charges, and also set aside funds for all current and future maintenance and re-capitalization costs (including ADA upgrades) for 31 parking facilities, approximately 3,500 off-street parking spaces and over 3,000 on street parking spaces.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 (“CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

ALTERNATIVES CONSIDERED:

The City Council could choose to allow the locals parking program in the Cannery Row Garage to expire on June 30, 2020 as originally approved and keep the Parking revenues intact. Staff does not recommend this option as the Locals Program is a benefit to Monterey County residents and provides support to Cannery Row businesses during traditionally slower times of the week. Cannery Row Business Association has also noted the benefit of offering a Locals parking program to increase the City's sale tax revenue, which benefits the General Fund.

The Council could choose to extend the locals program for a two-year extension as requested by the Cannery Row Business Association. Staff does not recommend a two-year extension at this time due to the current pressures on the Parking Fund in addition to the planned technology upgrade in the Cannery Row Garage that may provide greater options for programs, fees or usage once installed

DISCUSSION:

The locals program in the Cannery Row Garage was established as a method to attract the local residents to visit the Cannery Row area in the evening hours to dine and shop after the majority of the day visitors to the area have left. The current approved Locals program allows Monterey County residents free parking seven days a week when they enter the Cannery Row Garage after 4:00 p.m. Monterey County residents must present their ticket and a driver's license with a local ZIP Code to the Parking Attendant to receive the benefits of the program.

For the period of January 1, 2019 through December 31, 2019, there were 7,293 vehicles that received free parking after 4:00 p.m. in the Cannery Row Garage. The value of the waived parking revenue was \$57,478.

For the period of January 1, 2020 through May 31, 2020, there were 763 vehicles that received free parking after 4:00 p.m. in the Cannery Row Garage. The value of the waived parking revenue was \$4,915. The decline in program participation during this time period is due to Cannery Row Garage currently unattended since March 17, 2020 as a result of Covid-19.

The current program expires on June 30, 2020. On June 1, 2020 the Cannery Row Business Association sent a letter to the City requesting that the City extend the locals parking program for an additional two years. Staff supports an extension of the existing program, however recommends a one-year renewal period through June 30, 2021. Staff believes that it will be useful and necessary to revisit the program in light of current economic realities, as well as new technology upgrades that are planned in the Cannery Row Garage with the installation of the TIBA Parking System. This technology upgrade will change the current operation of the Cannery Row Garage from an attended cashier pay at entrance garage to a semi-automated self-pay at exit garage. Transitioning to the new system will introduce a number of added efficiencies and staff recommends exploring different validation opportunities available with the technology due to the level of automation it can provide.

This program is intended to stimulate locals to patronize the businesses in the Cannery Row District. The Cannery Row Business Association, its members and the Cannery Row Marketing Association will be responsible for promoting the locals program in their media promotions. This program cannot be combined with any other discounted or free parking programs and is not valid or honored for employees of Cannery Row District and surrounding businesses.

In addition to the Monterey County resident's locals parking program, the City of Monterey offers a resident Discounted Parking permit available only to the residents of City of Monterey and active military. The annual resident Discounted Parking permit allows the resident the first two hours free parking, seven days a week in the Waterfront Lot, Cannery Row Garage and the Downtown West Garage. The resident can purchase the annual permit for their vehicle for \$10.00 through December 31, 2020. Council has recently authorized rate and fee increases for the Parking Division, which will increase the resident Discounted Parking permit to \$20.00 effective January 1, 2021 and the permit will also be valid in East Garage. The Parking Division currently promotes this permit on the City website and military personnel receive the information as new arrivals. To support the Cannery Row Business Association's goal to entice locals, the Parking Division will actively promote the resident Discounted Parking permit for City of Monterey residents through various social media outlets, as well as to the Neighborhood Associations.

Staff recommends to Council approval to extend the Locals Parking Program in the Cannery Row Garage through June 30, 2021.

SW/cs

Attachments: 1. Resolution
2. Request Letter from CRBA dated June 1, 2020

e: DeAnn Brady, CRBA President

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.

RESOLUTION NO. __-__ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**EXTEND THE CURRENT LOCALS PARKING PROGRAM IN THE CANNERY ROW GARAGE
THROUGH JUNE 30, 2021**

WHEREAS, the Cannery Row Business Association has requested to extend the Locals Parking Program ("Program") which provides Monterey County residents free parking after 4:00PM daily in the Cannery Row Garage through June 30, 2021. The Council approved Program was established in 2009 to attract local residents to Cannery Row during non-peak times;

WHEREAS, the Cannery Row Business Association requested that the City extend the Program for an additional two years;

WHEREAS, staff recommended a one-year extension of the Program through June 30, 2021;

WHEREAS, it will be useful and necessary to revisit the Program in light of current economic realities, as well as new technology upgrades that are planned in the Cannery Row Garage with the installation of the TIBA Parking System; and

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby approves extending the Locals Parking Program for Monterey County residents in the Cannery Row Garage, which offers free parking after 4:00 p.m. daily to Monterey County Residents through June 30, 2021.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 202_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof



Cannery Row Business Association
Founded 1960

June 1, 2020

Mayor Roberson and City Council members
City of Monterey
City Hall
Monterey, CA 93940

Dear Mayor Roberson:

We are writing to you to request the extension of the free parking for locals after 4:00 program that is currently in place in the Cannery Row garage through 2022.

Our Association has consistently supported these programs. We believe that the parking programs in the garages and lots in all the business districts of the City should be consistent and should continue to encourage our residents to come down to all of our City's unique areas for entertainment, shopping and dining. These programs are well received and we, as a business association, really appreciate the willingness of the City to work with us to help encourage the economic vitality of our area through the continuation of these programs.

Sincerely yours,

DeAnn Brady
President
Cannery Row Business Association



Council Agenda Report

Date: 6/16/2020

Item No.: 13.

FROM: Steve Wittry, P.E., Public Works Director
Prepared By: Cristie Steffy, Parking Superintendent

SUBJECT: Extend the Current Locals Parking Program in the Waterfront Lot through June 30, 2021 (Not a Project Under CEQA, per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

RECOMMENDATION:

That the City Council extend the current approved locals parking program in the Waterfront Attendant Lot through June 30, 2021.

POLICY IMPLICATIONS:

This action is consistent with City policy and with the City Council value driver of “working to improve the quality of life of our residents...ensuring that Monterey remains a safe and welcoming place to live, work, and visit” by providing a parking program to encourage local resident use of Waterfront area.

FISCAL IMPLICATIONS:

This program would be subsidized by the Parking and Marina Funds. The estimated value of waived parking for FY21 is \$75,000 based on previous year participation and current economic impacts.

The Parking Division is operated through the Parking Fund, an Enterprise Fund of the City of Monterey, and is not funded by the General Fund. As an Enterprise Fund, the City's Parking program must generate revenue to cover all operating costs, debt payments, inter-departmental and overhead charges, and also set aside funds for all current and future maintenance and re-capitalization costs (including ADA upgrades) for 31 parking facilities, approximately 3,500 off-street parking spaces and over 3,000 on street parking spaces.

Twenty-two percent of the total revenue from the Waterfront Lot is deposited into the Marina Fund, which is the percentage of the lot that is within the Marina Boundary area. The Marina Fund reimburses the Parking Fund, through inter-fund transfer, for their percentage of operating expenses.

Therefore, no General Fund revenues are expended to offer this Locals Parking Program.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to

CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

ALTERNATIVES CONSIDERED:

The City Council could choose to allow the existing locals parking program in the Waterfront Lot to expire on June 30, 2020 as originally approved and keep the Parking and Marina revenues intact. Staff does not recommend this option as the local's program is a benefit to Monterey County residents as an incentive to patronize and stimulate local businesses on Fisherman's Wharf. Fisherman's Wharf Association (FWA) has also noted the benefit of offering a locals parking program to increase the City's sale tax revenue, which benefits the General Fund.

The Council could choose to expand the locals parking program, either by days of the week or hours of day, as requested by the Fisherman's Wharf Association. Staff does not recommend an expansion or extension at this time due to the current pressures on the Parking and Marina Funds in addition to the planned technology upgrade in the Waterfront Lot that may provide greater options for programs, fees or usage once installed.

DISCUSSION:

The current approved Waterfront Lot locals parking program provides Monterey County residents with free parking for the first two hours, Monday through Thursday, in the Waterfront Lot when an hourly rate is charged. Upon exiting, Monterey County residents must present the attendant with their ticket and driver's license with a local zip code to receive free parking.

The locals program is intended to stimulate Monterey County residents to patronize the businesses, museums and historical State properties in the Waterfront area. The Fisherman's Wharf Association will be responsible for marketing and promoting the locals parking program. The program cannot be combined with any other discounted or free parking programs and is not intended or honored for the employees of Fisherman's Wharf or surrounding businesses.

In addition to the Monterey County resident's locals parking program, the City of Monterey offers a discounted parking permit program available only to the residents of City of Monterey and active military. The annual Discounted Parking permit allows the resident the first two hours free parking, seven days a week in the Waterfront Lot, Cannery Row Garage and the Downtown West Garage. The resident can purchase the annual permit for their vehicle for \$10.00 through December 31, 2020. Council has recently authorized rate and fee increases for the Parking Division, which will increase the discounted parking permit to \$20.00 effective January 1, 2021 and the permit will also be valid in East Garage. The Parking Division currently promotes this permit on the City website and military personnel receive the information as new arrivals. To support the Fisherman's Wharf Association's goal to entice locals, the Parking Division will actively promote the resident discounted parking permit for City of Monterey residents through various social media outlets, as well as to the Neighborhood Associations.

For the period of January 1, 2019 through December 31, 2019, there were 26,235 vehicles that received the first two hours free parking valid Monday through Thursday. The value of waived parking revenue was \$82,705.

For the period of January 1, 2020 through May 31, 2020, there were 4,370 vehicles that received the first two hours free parking valid Monday through Thursday. The value of waived parking revenue was \$13,656. The decline in program participation during this time period was due to Waterfront Lot being unattended March 17, 2020 through May 22, 2020 as a result of COVID19.

The current program expires June 30, 2020. On June 1, 2020 the Fisherman's Wharf Association sent a letter to the City requesting an expanded and extended locals parking program requesting the first four hours free parking in the Waterfront Lot, seven days a week, year-round. The request to expand the local's program is recommended by the FWA in effort to attract locals to the Wharf and jump start the business and economy in Monterey. In addition, the FWA also suggested first two hours free parking for all visitors to the Waterfront Lot to entice visitors from other areas, such as the Bay Area and Fresno, with the benefit of free parking.

Staff is sympathetic to this request, however with the implementation of new technology within the parking lot, there will additional tools available to address economic parking incentives (such as validations) that were not available with the current technology. The new system is expected to be fully operational in the Waterfront lot this summer. Staff will work the community to explore potential changes to the locals program that could offer win-win alternatives to current program. However, that will take some time. Therefore, Staff recommends that Council approve the extension of the existing locals parking program in the Waterfront lot through June 30, 2021

SW/cs

Attachments: 1. Resolution
2. Request letter from Fisherman's Wharf Association dated June 1, 2020

e: John Haynes, Harbormaster
Janna Aldrete, Property Manager
Gina Aldrete, President, Fisherman's Wharf Association

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.

RESOLUTION NO. __- __ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**EXTEND THE CURRENT LOCALS PARKING PROGRAM IN THE WATERFRONT LOT
THROUGH JUNE 30, 2021**

WHEREAS, the Fisherman's Wharf Association has requested to extend and expand the current Locals Parking Program (Program) which currently provides Monterey County residents the first two hours free parking Monday through Thursday when an hourly rate is charged in the Waterfront Attendant Parking Lot through June 30, 2021;

WHEREAS, the Fisherman's Wharf Association requested that the City make significant changes and expansion to the locals parking program requesting the first four hours free parking in the Waterfront Lot, seven days a week, year-round for locals. In addition, Fisherman's Wharf Association also suggested first two hours free parking for all visitors to the Waterfront Lot to entice visitors from all areas to jump start business and economy in Monterey;

WHEREAS, while staff is sympathetic to the request for increased parking subsidization, the installation of new technology will allow more options to better meet the needs of the City while still supporting the community;

WHEREAS, staff recommend a one-year extension of the current Program which offers locals the first two hours free parking Monday through Thursday in the Waterfront Lot through June 30, 2021;

WHEREAS, it will be useful and necessary to revisit the Program in light of current economic realities, as well as new technology upgrades that are planned in the Waterfront Lot with the installation of the TIBA Parking System;

WHEREAS, the Parking Division will promote the Council authorized discounted parking permit program available to City of Monterey residents and active military for \$10.00 per year (\$20 per year effective on January 1, 2021); and,

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby approves extension of the current Locals Parking Program in the Waterfront Lot, which offers the first two hours free parking Monday through Thursday to Monterey County Residents through June 30, 2021.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 202_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof



June 1, 2020

Cristie Steffy
City of Monterey Parking Division
340 Tyler Street
Monterey, CA 93940

Dear Cristie,

As you know, we're in very challenging times. On behalf of Fisherman's Wharf Association, we would like to request the expansion of the City's two-hour free parking to **four hours free parking 7 days a week for Monterey County Locals with ID in the Waterfront Parking Lot.**

Now more than ever, with a huge decrease in tourism, we need to jump-start the businesses and economy of Monterey. We need to make all Wharf visitors feel as welcome as possible.

As restaurants are now reopening for dine-in, having more time to enjoy the Wharf with longer free parking will be much appreciated and will generate more revenue for both the Wharf merchants and the City of Monterey.

In addition, it would also be helpful to have **two hours free parking for all visitors to the Wharf** because our Bay Area and Fresno area visitors and beyond will be more vital than ever to the City of Monterey's economy.

Thanks so much for your time and consideration!

Best regards,

Mary Alice Cerrito Fettis, President
Fisherman's Wharf Association



Council Agenda Report

Date: 6/16/2020

Item No.: 14.

FROM: Clementine Bonner Klein, City Clerk

SUBJECT: Call and Consolidate General Municipal Election for November 3, 2020 (Not a Project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)

RECOMMENDATION:

That the City Council:

1. Adopt a resolution calling the election for November 3, 2020; and
2. Adopt a resolution requesting the Board of Supervisors consolidate the General Municipal Election with the Statewide General Election.

POLICY IMPLICATIONS:

Staff recommendation carries out the City of Monterey Charter requirements for General Municipal elections.

FISCAL IMPLICATIONS:

After the election the County Election Department will invoice the City of Monterey for its proportionate share of costs. The City's portion will be influenced by the number of registered voters within the City of Monterey, the number of candidates filing for elected office and corresponding Candidate Statements, and the addition of any City measures to the ballot.

The County Elections Department has estimated the cost of the election to range between \$6 and \$8 per registered voter. The City of Monterey had 15,493 voters at the time of the March 3, 2020 election as certified by the Registrar of Voters. Accordingly, a total estimated cost of \$123,944, reflecting the maximum of the range, is proposed in the FY 2020-21 budget to conduct the November 3, 2020 election for the Mayor, two four-year Councilmember seats and any potential ballot measures. Any necessary budget adjustments will be made at midyear once the actual cost is known.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment,

this matter is not a project. Any subsequent projects resulting from this action will be assessed for CEQA applicability.

ALTERNATIVES CONSIDERED:

No alternatives were considered. Elections Code section 10402.5 requires any municipal election held on a statewide election date to be consolidated with the statewide election. The City of Monterey Charter Section 2.3 and California Elections Code Section 1000 both call for elections to be held on the first Tuesday after the first Monday in November this year; therefore the November 3, 2020 election must be consolidated.

DISCUSSION:

Section 2.3 of the City Charter establishes November of even-numbered years as our General Municipal Election date for the election of the Mayor and two Councilmembers. The ballot may also include Charter Amendments and measures from the City Council or citizens. None has been submitted to date, but the Council has the option to include one or more measures on the November ballot. Any proposed measure for that ballot must be submitted via Council resolution to the Monterey County Supervisors and the Registrar of Voters by August 7, 2020.

Consolidating the election allows the City to combine its election with the statewide election and avoid duplication of printing and mailing of sample ballots, computer tabulation, precinct workers and canvassing results. Other requirements will be performed by the City Clerk's Office. For example, all filings, such as Nomination Papers, Statement of Qualifications, Conflict of Interest and State financial reporting, will be handled through the City Clerk's Office.

CBK

Attachments: 1. Resolution Calling the Election
2. Resolution Requesting Consolidation

c: Monterey County Registrar of Voters
Monterey County Board of Supervisors

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.

RESOLUTION NO. __- __ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**CALLING FOR AND GIVING NOTICE OF A GENERAL MUNICIPAL ELECTION
TO BE HELD ON NOVEMBER 3, 2020**

WHEREAS, pursuant to the Charter of the City of Monterey and the Elections Code of the State of California, the City Council must call for an election to be held on November 3, 2020 for the purpose of electing municipal officers; and

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that:

SECTION 1. Pursuant to Section 2.3 of the City Charter, a General Municipal Election shall be held Tuesday, November 3, 2020 to fill the following elective offices:

- a. Mayor — two (2) year term;
- b. Two (2) Council Members — four (4) year terms each;

SECTION 2. The ballots to be used at the election shall be in form and content as required by law.

SECTION 3. The City Clerk is authorized, instructed and directed to coordinate with the County of Monterey Registrar of Voters to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment, and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

SECTION 4. For purposes of this election the polls shall be open from 7:00 a.m. on the day of the election until 8:00 p.m. on that same day when the polls shall be closed, pursuant to Elections Code § 10242, except as provided in §14401 of the Elections Code of the State of California, or as may otherwise be provided pursuant to Governor Newsom's Executive Order N-64-20, as may be amended, which provides, "Nothing in this order shall be construed to limit the extent to which in person voting opportunities are made available in connection with the November 3, 2020 General Election. It is the intent of this Order that my administration continue

to work with the Legislature and the Secretary of State to determine how requirements for in-person voting opportunities and other details of the November election will be implemented – Guided by California’s longstanding commitment to making its elections accessible, as enshrined in existing California law, while recognizing the exigencies of the COVID-19 pandemic.”

SECTION 5. In all particulars not recited in this resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 6. The notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

SECTION 7. In the event of a tie vote (if any two or more persons receive an equal and the highest number of votes for an office) as certified by the County of Monterey Registrar of Voters, the City Council, in accordance with Election Code Section 15651(a), shall set a date and time and place and summon the candidates who have received the tie votes to appear and will determine the tie by lot.

SECTION 8. The City Clerk shall certify to the passage and adoption of this resolution.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 202_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof

RESOLUTION NO. __-__ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**REQUESTING THAT THE MONTEREY COUNTY BOARD OF SUPERVISORS
CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY,
NOVEMBER 3, 2020, WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THAT
DATE, PURSUANT TO §10403 OF THE CALIFORNIA ELECTIONS CODE**

WHEREAS, the Council of the City of Monterey called a General Municipal Election to be held on Tuesday, November 3, 2020 for the purpose of electing a Mayor and two Members of the City Council; and

WHEREAS, it is desirable that the General Municipal Election be consolidated with the Statewide General Election to be held on the same date and that within the City the precincts, polling places and elections officers of the two elections be the same and that the County elections department of the County of Monterey canvass the returns of the General Municipal Election and that the election be held in all respects as if there were only one election; and

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONTEREY that:

SECTION 1. Pursuant to the requirements of §10403 of the California Elections Code, the Board of Supervisors of the County of Monterey is hereby requested to order the consolidation of the General Municipal Election with the Statewide General Election to be held on Tuesday, November 3, 2020 for the purpose of the election of a Mayor and two Members of the City Council.

SECTION 2. The County Elections Department is hereby authorized to canvass the returns of the election called and the election shall be held in all respects as if there were only one election, and only one form of ballot shall be used. The precincts, polling places and officers of election for the General Municipal Election hereby called shall be the same as those provided for said Election and as set forth in §10410 of the Elections Code of the State of California, or as may otherwise be provided pursuant to Governor Newsom's Executive Order N-64-20, as may be amended, which provides, "Nothing in this order shall be construed to limit the extent to

which in person voting opportunities are made available in connection with the November 3, 2020 General Election. It is the intent of this Order that my administration continue to work with the Legislature and the Secretary of State to determine how requirements for in-person voting opportunities and other details of the November election will be implemented – Guided by California’s longstanding commitment to making its elections accessible, as enshrined in existing California law, while recognizing the exigencies of the COVID-19 pandemic.” The election will be held and conducted in accordance with the provisions of law regulating the statewide or special election.

SECTION 3. The Registrar of Voters is requested to certify the results of the canvass of the returns of the General Municipal Election to the Council of the City of Monterey, which shall thereupon declare the results thereof.

SECTION 4. The Board of Supervisors is hereby requested to issue instructions to the Registrar of Voters to take any and all steps necessary for the holding of said General Municipal Election. The City will pay its pro rata share of extra costs incurred by the County in consolidating the elections pursuant to § 51350 of the Government Code.

SECTION 5. The City Clerk is hereby directed to file certified copies of this resolution with the Board of Supervisors and the Registrar of Voters of the County of Monterey.

SECTION 6. The City Clerk shall certify to the passage and adoption of this resolution.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 202_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof



Council Agenda Report

Date: 6/16/2020

Item No.: 15.

FROM: Kimberly Cole, AICP, Community Development Director
Prepared By: Janna Aldrete, Property Manager

SUBJECT: Appoint Agency Negotiators for Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8; Property: 160 Municipal Wharf #2 and Approximately 3,238 Square Feet of Area Located Under the Wharf #2 Warehouse; Agency Negotiators: Kimberly Cole and Janna Aldrete; Negotiating Parties: Art Seavey, Monterey Abalone Company; Under Negotiation: Terms and Conditions for New Lease (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

RECOMMENDATION:

That the City Council appoint agency negotiators for conference with real property negotiators pursuant to Government Code Section 54956.8 to discuss and provide confidential direction for terms and conditions for a new lease with the Monterey Abalone Company.

POLICY IMPLICATIONS:

City Council approval is required for real estate transactions. Closed session confidential review of real estate matters is allowed.

FISCAL IMPLICATIONS:

There are no fiscal implications related to the recommendation to appoint agency negotiators.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 CEQA Guidelines Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

ALTERNATIVES CONSIDERED:

The City Council could decide not to appoint negotiators or to appoint different negotiators. This is not recommended by staff. It is appropriate that the City Council appoint agency negotiators and authorize a confidential discussion regarding a new lease.

DISCUSSION:

Monterey Abalone Company currently leases a total of 3,686 square feet at Municipal Wharf #2. This includes 448 square feet in the warehouse and 3,238 square feet of area located underneath the warehouse. The area underneath the warehouse consists of catwalks and cages, where the abalone are raised in their natural environment.



Monterey Abalone Company (“Monterey Abalone”) is a well-established aquaculture business owned by Mr. Trevor Fay and Mr. Art Seavey. Mr. Fay will be transitioning out of the business and his daughter, Ms. Amanda Fay, will become a co-owner of the company.

The company provides a unique use at Wharf #2 and has been able to survive a declining business sector. In 1995, there were 13 permitted abalone farms in California. Today, there are three. Monterey Abalone is a popular Wharf #2 business supplying fresh seafood to local residents, restaurants, and tourists. In addition, Monterey Abalone ships nationwide and abalone may be ordered through their website.

Monterey Abalone has been on a month-to-month lease for many years and City Council approval is required for a new lease. Closed session discussions are allowed and appropriate for confidential direction in real estate matters of this type.

JA/ad

e: Art Seavey, Monterey Abalone Company
Trevor Fay, Monterey Abalone Company
Amanda Fay, Monterey Abalone Company

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.



Council Agenda Report

Date: 6/16/2020

Item No.: 16.

FROM: Kimberly Cole, AICP, Community Development Director
Prepared By: Janna Aldrete, Property Manager

SUBJECT: Appoint Agency Negotiators for Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8; Property: 601 Wave Street, Suite 500; Agency Negotiators: Kimberly Cole and Janna Aldrete; Negotiating Parties: Richard Miller; Under Negotiation: Price and Terms for Lease Amendment (Not a Project Under CEQA per Article 20, Section 15378 and Under General Rule Article 5, Section 15061)

RECOMMENDATION:

That the City Council appoint agency negotiators for a conference with real property negotiators pursuant to Government Code Section 54956.8 to discuss and provide confidential direction for price and terms for a requested lease amendment.

POLICY IMPLICATIONS:

City Council approval is required for real estate transactions. Closed session confidential review of real estate matters is allowed.

FISCAL IMPLICATIONS:

There are no fiscal implications related to the recommendation to appoint agency negotiators.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CCR, Title 14, Chapter 3 CEQA Guidelines Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

ALTERNATIVES CONSIDERED:

The City Council could decide not to appoint negotiators or appoint different negotiators. This is not recommended by staff. It is appropriate that the Council appoint agency negotiators and authorize a confidential discussion regarding price and terms for a requested lease amendment.

DISCUSSION:

Mr. Richard Miller, doing business as Two Wheel Tours, operates the space located at 601 Wave Street, Suite 500. The business currently provides eco-friendly electric scooter rentals for visitors to explore the Monterey Peninsula. Mr. Miller is requesting a lease amendment to allow motorcycle rentals, in addition to the electric scooters, and to add Mr. Kenneth Lampton of Big Sur Sport Bike as a co-tenant. Mr. Miller is also requesting additional revisions to the lease terms.

Closed session discussions are allowed and appropriate for confidential direction in real estate matters of this type.

JA/ad

e: Richard Miller, Two Wheel Tours
Kenneth Lampton, Big Sur Sport Bike

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.



Community Services District Agenda Report

Date: 6/16/2020

Item No.: 17.

FROM: Christine Davi, City Attorney

SUBJECT: Receive Ocean View Community Services District Quarterly Report
(City Attorney 706-09)

RECOMMENDATION:

That the Community Services District Board of Directors receive a report on the Ocean View Community Services District.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

DISCUSSION:

The City of Monterey approved the Ocean View Plaza Project ("Project") located at 457, 465, 470, 484, 565, and 570 Cannery Row in June 2004. The California Coastal Commission requires that the water supply for the Project be provided for by a public entity (See, Public Resources Code section 30250, which requires adequate public services be available to serve new development). The Coastal Commission determined that a Coastal Development Permit could not be filed without the necessary government approvals from other agencies. Subsequently, the City of Monterey requested that the Local Agency Formation Commission (LAFCO) review the establishment of a Community Services District (CSD) for the project site that would own, operate, and maintain the proposed desalination plant once constructed. This CSD was formed pursuant to Community Services District Law (Government Code section 61000 et seq.) to own and operate a desalination plant to provide residential and commercial water to the Project.

LAFCO adopted Resolution No. 05-27 on December 27, 2005, approving the formation of this CSD. The Monterey City Council was subsequently appointed as the District Board and must meet quarterly according to requirements of Government Code section 61044. The CSD has contracted with the City for administrative support services on behalf of the CSD, on a reimbursed basis.

In November 2019, the California Coastal Commission denied requests for coastal development permit extensions. The Coastal Commission voted that there were changed circumstances from its original coastal development permit issued in 2008 related to water supply and coastal hazards/sea level rise. In January 2020, Ruby Falls Fund, LLC, sued the Coastal Commission over its denial of the permit extension request as described in Monterey County Superior Court Case No. 20CV000165.

The City originally approved the vesting tentative map for the project on June 1, 2004. The map approval has been extended by operation of law to August 10, 2020, and may be further tolled.

cc: Save Our Waterfront, 781 Terry Street, Monterey, CA 93940
Cannery Row Association
LAFCO of Monterey County – Local Agency Formation Commission
New Monterey Neighborhood Association
David Balch, Esq.
Anne Mudge, Esq.
Neill Bower, Esq.
Paul James Beard, Esq.
Bob Faulis

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.



Council Agenda Report

Date: 6/16/2020

Item No.: 18.

FROM: Kimberly Cole, AICP, Community Development Director

SUBJECT: 1ST Reading by Title Only of an Ordinance to Repeal Monterey City Code Section 38-26(G) and Add Monterey City Code Section 38-108 to Allow Home Occupations without a Permit Process (Exempt from CEQA Article 19, Section 15305, Class 5) – Recommended for Continuance to July 7, 2020

RECOMMENDATION:

That the City Council introduce, read by title only and pass a first reading of an Ordinance to repeal Monterey City Code section 38-26(G) and Add Monterey City Code section 38-108 to allow home occupations without a permit process.

POLICY IMPLICATIONS:

The existing Municipal Code (Section 38-26.G) requires home occupation permits for every home occupation in the “R” Residential Districts. The proposal is to make home occupations principally permitted uses subject to the existing regulations in all districts. No permit will be required.

FISCAL IMPLICATIONS:

The City will continue to collect business license fees for home occupations.

In addition to the business license, home occupation land use permits currently cost applicants \$67 each. This permit cost covers the cost of sending notices, printing permits and mailing permits. The City gains only \$5,000 annually in home occupation permit revenue.

By eliminating the permit process, the City could incentivize small businesses, address the transformation of how business is conducted, and protect neighborhoods from nuisance home occupation uses.

ENVIRONMENTAL DETERMINATION:

The City of Monterey Planning Office determined the project is exempt from the California Environmental Quality Act (CEQA) Guidelines (Article 19, Section 15305, Class 5) because the project proposes minor alterations to land and land use limitations. Furthermore, the project does not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located. A project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. This is considered to be a minor

alteration to land and land use limitations because the City is located in an urban area and home occupation businesses will occur within existing homes and operate under regulations that eliminate impacts to adjoining uses.

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. This is considered to be a minor alteration to land and land use limitations because the City is located in an urban area and home occupation businesses will occur within existing homes and operate under regulations that eliminate impacts to adjoining uses.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. No significant effect will occur because this is considered to be a minor alteration to land and land use limitations because the City is located in an urban area and home occupation businesses will occur within existing homes and operate under regulations that eliminate impacts to adjoining uses.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report (EIR). No impact to scenic highways will occur because the City is located in an urban area and home occupation businesses will occur within existing homes.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. No impact to hazardous waste sites will occur because the City is located in an urban area and home occupation businesses will occur within existing homes.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. No impact to historical resources will occur because these are minor alterations to land and land use limitations, and because the City is located in an urban area and home occupation businesses will occur within existing homes.

ALTERNATIVES CONSIDERED:

The purpose of the meeting is to consider alternatives.

DISCUSSION:

The existing Municipal Code (Section 38-26(G)) requires home occupation permits for every home occupation in the R Residential Districts. Staff recommends making home occupations principally permitted uses in all districts subject to the existing regulations. This approach would make it easier for people to establish home occupations by only requiring a business license fee. The planning process, fee, and time needed for home occupation permits would be eliminated. This approach incentivizes small businesses, addresses the transformation of how business is conducted and protects neighborhoods from nuisance home occupation uses.

Home occupations would continue to be subject to some of the existing regulations as shown below:

1. No person other than a resident of the dwelling unit shall be engaged or employed in the home occupation and the number of residents employed in the home occupation shall not exceed two.
2. A home occupation shall not create significant additional vehicular or pedestrian traffic to the residence.
3. No sign for the home occupation shall be displayed on the house or property.
4. No advertisement shall be placed in any media (newspaper, magazine, telephone directory, radio, television, social media) containing the address of the property.
5. There shall be no visible storage or display of materials or products.
6. There shall be no exterior evidence of the conduct of a home occupation. A home occupation shall be conducted only within the dwelling unit or any accessory structure. Home occupations shall not be permitted out of doors on the property.
7. The conduct of any home occupation shall not reduce or render unusable areas provided for the required off-street parking for the residents nor prevent the number of cars intended to be parked in the garage from being parked.
8. There shall be no process used in the home occupation which is hazardous to public health, safety, or welfare. No toxic, explosive, radioactive, or other restrictive materials not normally used in a single-family dwelling shall be used or stored on the site.
9. There shall be no significant increase in use of utilities such as water, sewer, gas, and electricity beyond that normal to the use of the property for residential purposes.
10. No home occupation shall create noise, odor, dust, vibration, fumes or smoke readily discernible at the exterior boundaries of the parcel on which the occupation is located.
11. A home occupation on rented or leased property must have permission from the owner.
12. A home occupation shall comply with all applicable local, state, and federal laws and regulations.

The failure to comply with the conditions set forth in above is a public nuisance.

In summary, the Planning Commission reviewed this proposed change and recommended the City Council allow Home Occupations without a permit process.

Attachments: 1. Draft Ordinance
2. Existing Municipal Code

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.

ORDINANCE NO. ____ C.S.

AN ORDINANCE OF THE COUNCIL OF THE CITY OF MONTEREY

REPEALING MONTEREY CITY CODE SECTION 38-26(G) AND ADDING MONTEREY CITY CODE SECTION 38-108 TO ALLOW HOME OCCUPATIONS WITHOUT A PERMIT PROCESS

THE COUNCIL OF THE CITY OF MONTEREY DOES ORDAIN, as follows:

SECTION 1:

WHEREAS, home occupations provide jobs for city residents;

WHEREAS, home occupations can be managed in a way to have no impact on surrounding uses;

WHEREAS, the City has proposed restrictions to ensure home occupations are compatible with adjoining uses;

WHEREAS, the City of Monterey Planning Office determined the project is exempt from the California Environmental Quality Act (CEQA) Guidelines (Article 19, Section 15305, and 5) because the project proposes minor alterations to land and land use limitations. Furthermore, the project does not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located. A project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. This is considered to be a minor alteration to land and land use limitations because the City is located in an urban area and home occupation businesses will occur within existing homes and operate under regulations that eliminate impacts to adjoining uses.

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. This is considered to be a minor alteration to land and land use limitations because the City is located in an urban area and home occupation businesses will occur within existing homes and operate under regulations that eliminate impacts to adjoining uses.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. No significant effect will occur because this is considered to be a minor alteration to land and land use limitations because the City is located in an urban area and home occupation businesses will occur within existing homes and operate under regulations that eliminate impacts to adjoining uses.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report (EIR). No impact to scenic highways will occur because the City is located in an urban area and home occupation businesses will occur within existing homes.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. No impact to hazardous waste sites will occur because the City is located in an urban area and home occupation businesses will occur within existing homes.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. No impact to historical resources will occur because these are minor alterations to land and land use limitations because the City is located in an urban area and home occupation businesses will occur within existing homes.

NOW THEREFORE, the Monterey City Council declares as follows:

SECTION 2: Chapter 38, Section 38-26(G) is repealed in its entirety.

SECTION 3. Chapter 38, Section 38-108 is added to read as follows:

A. Home Occupations.

1. Purpose. A home occupation is a business activity conducted in a residential unit that is clearly subordinate and secondary to the primary residential use of the unit. The purpose of the home occupation provision is to allow for minor business activities in residences in such a manner as to be compatible with their neighborhood.

B. Conditions. Home occupations are principally permitted uses subject to the following conditions:

1. No person other than a resident of the dwelling unit shall be engaged or employed in the home occupation and the number of residents employed in the home occupation shall not exceed two.
2. A home occupation shall not create significant additional vehicular or pedestrian traffic to the residence.
3. No sign for the home occupation shall be displayed on the house or property.
4. No advertisement shall be placed in any media (including, but not limited to, newspaper, magazine, telephone directory, radio, television, social media) containing the address of the property.
5. There shall be no visible storage or display of materials or products.

6. There shall be no exterior evidence of the conduct of a home occupation. A home occupation shall be conducted only within the dwelling unit or any accessory structure. Home occupations shall not be permitted out of doors on the property.

7. The conduct of any home occupation shall not reduce or render unusable areas provided for the required off-street parking for the residents nor prevent the number of cars intended to be parked in the garage from being parked.

8. There shall be no process used in the home occupation which is hazardous to public health, safety, or welfare. No toxic, explosive, radioactive, or other restrictive materials not normally used in a single-family dwelling shall be used or stored on the site. 9. There shall be no significant increase in use of utilities such as water, sewer, gas, and electricity beyond that normal to the use of the property for residential purposes.

10. No home occupation shall create noise, odor, dust, vibration, fumes or smoke readily discernible at the exterior boundaries of the parcel on which the occupation is located.

11. A home occupation on rented or leased property must have permission from the owner.

12. A home occupation shall comply with all applicable local, state, and federal laws and regulations.

C. The failure to comply with the conditions set forth in Section 38-108(B) is a public nuisance.

SECTION 3: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 4: If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason declared unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or the effectiveness of the remaining portions of this chapter or any part thereof. The City Council hereby declares that it would have adopted this chapter notwithstanding the unconstitutionality, invalidity, or ineffectiveness of any one or more of its sections, subsections, sentences, clauses, or phrases.

SECTION 5: This ordinance shall be in full force and effect thirty (30) days from and after its final passage and adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 202_, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof

G. Home Occupations.

1. Purpose. A home occupation is a business activity conducted in a residential unit that is clearly subordinate and secondary to the primary residential use of the unit. The purpose of the home occupation provision is to allow for minor business activities in residences in such a manner as to be compatible with their neighborhood.

2. Procedure. The procedure for processing of home occupations shall include:

a. Application by the property owner or agent of the owner to the Department of Plans and Public Works on a form prescribed for that purpose by the City of Monterey that includes submittal requirements developed, maintained, and adopted by the Department of Plans and Public Works and made available to the public at City Hall.

b. Payment of a filing fee as established by resolution of the City Council.

c. Review by the Department of Plans and Public Works to determine if the application is complete and appropriate. If deemed incomplete, the Department of Plans and Public Works shall notify the applicant what additional information is required.

d. A decision by the Department of Plans and Public Works to approve, approve with conditions, or deny the application within 14 days of the application being deemed complete.

e. The Department of Plans and Public Works will mail notice to adjacent property owners and tenants indicating the action taken and providing 10 days from the date the notice was mailed for filing an appeal of the decision.

f. The decision may be appealed to the Planning Commission. The notice of appeal shall be in writing and shall be filed in the Department of Plans and Public Works on forms provided by the City.

3. Restrictions. The following restrictions shall apply to the conduct of any home occupation unless specific modifications are made at the time approval is granted. Such modifications shall be made only on the basis of unusual or special circumstances associated with the intended use.

a. No person other than a resident of the dwelling unit shall be engaged or employed in the home occupation and the number of residents employed in the home occupation shall not exceed two.

b. A home occupation shall not create significant additional vehicular or pedestrian traffic to the residence.

c. No sign for the home occupation shall be displayed on the house or property.

d. No advertisement shall be placed in any media (newspaper, magazine, telephone directory, radio, television) containing the address of the property.

- e. There shall be no visible storage or display of materials or products.
- f. There shall be no exterior evidence of the conduct of a home occupation. A home occupation shall be conducted only within the dwelling unit or any accessory structure. Home occupations shall not be permitted out of doors on the property.
- g. The conduct of any home occupation shall not reduce or render unusable areas provided for the required off-street parking for the residents nor prevent the number of cars intended to be parked in the garage from being parked.
- h. There shall be no process used in the home occupation which is hazardous to public health, safety, or welfare. No toxic, explosive, radioactive, or other restrictive materials not normally used in a single-family dwelling shall be used or stored on the site.
- i. There shall be no significant increase in use of utilities such as water, sewer, gas, and electricity beyond that normal to the use of the property for residential purposes.
- j. If at any time the home occupation becomes a nuisance to the neighborhood or the City of Monterey, the permit shall be reopened for review and possible revocation pursuant to [Section 38-219](#).
- k. The property owner must agree in writing to all proposed uses, if the applicant is a renter and not a property owner. (Ord. 3429 § 3, 2009)



Council Agenda Report

Date: 6/16/2020

Item No.: 19.

FROM: Kimberly Cole, AICP, Community Development Director
Prepared By: Christy Sabdo, AICP, Associate Planner

SUBJECT: 1st Reading – Rezone 603-605 Hoffman Avenue from R-3-5 to R-3-5-H2 as a City Historic Resource and Authorize a Mills Act Contract (Property Tax Savings Program for Historic Structures (Exempt from CEQA per Article 19, Section 15305, Class 5) – Recommended for Continuance to July 7, 2020

RECOMMENDATION:

That the City Council approve:

1. 1st – Reading to Rezone 603-605 Hoffman Avenue as a City Historic Resource from R-3-5 to R-3-5-H2;
2. Resolution Authorizing a Mills Act Contract (Property Tax Savings Program for Historic Structures) for 603-605 Hoffman Avenue.

POLICY IMPLICATIONS:

The City of Monterey is one of the most historic cities in the United States; therefore, the City has placed value on these resources by identifying the preservation of historic resources as a goal in the Historic Preservation Element. One of the ways this goal is achieved is through the implementation of General Plan Program a.1.7, which states: “Maintain and update the City’s historic incentive programs to support historic property owners, including grant programs, land use incentives, flexible zoning and parking standards, property tax relief, Historic Building Code, and expedited processing for historic resources” (City of Monterey 2005, Amended 2019, pg. 109).

H-2 zoning is intended to identify and protect historic resources in the City that would be recognized as resources of local historic importance, and their significance would not be generally recognized outside the immediate area of the Monterey Peninsula.

Mills Act contracts provide a financial benefit to property owners to offset the additional maintenance costs associated with ownership of a historic property. Through the contract, the City is assured that the historic property will be maintained.

FISCAL IMPLICATIONS:

Each property owner pays approximately 1% annually of the assessed value of their property in property taxes and approximately 20% of those property taxes are passed through to the City. Most Mills Act contract properties recognize 40-60% savings in taxes, depending on how the County Assessor estimates the site’s rental rate.

The following chart represents the approximate reduction in property taxes that would be passed to the City under the Mills Act:

Property Address	Standard Property Tax	Standard Tax Passed to City	Mills Act Rate Tax Passed to City (40-60% Reduction)
603-605 Hoffman Ave	\$7,395	\$1,479	\$592 - \$887

ENVIRONMENTAL DETERMINATION:

The City of Monterey Planning Office determined the project is exempt from the California Environmental Quality Act (CEQA) Guidelines (Article 19, Section 15305, Class 5) because the addition of H-2 overlay zoning to the property will not result in significant changes to land use limitations and will maintain a designated historic building consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties. Mills Act contracts require that all work performed subsequent to entering into a contract is consistent with those standards. Furthermore, the project does not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located - a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The addition of H-2 overlay zoning would not impact a resource of critical concern. The project proposes maintenance of historic buildings consistent with the Secretary of Interior's Standards. The project will have a positive impact in that historic resources will be maintained. The environment is not particularly sensitive (existing building and paved areas).

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. The addition of H-2 overlay zoning would add an additional layer of protection to the resource. No cumulative impacts would occur.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. No unusual circumstances exist at the site. The building is an existing structure and the surrounding environment is an established residential area. The addition of H-2 overlay zoning would add an additional layer of protection to the resource. The project proposes to maintain the structures consistent with the Secretary of Interior's Standards for Rehabilitation. Therefore, a significant effect would not occur.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report. The property is not located on or viewable from a state scenic highway. Therefore, impacts to scenic highways would not occur.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. The project site is not listed pursuant to Government Code Section 65962.5. The project would have no impact to hazardous waste sites.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. The building is eligible as a local historic resource and the addition of H-2 overlay zoning would add an additional layer of protection to the resource, and the building maintenance will be consistent with the Secretary of Interior's Standards for Rehabilitation.

ALTERNATIVES CONSIDERED:

The City Council could choose not to rezone or approve a Mills Act Contract for the property.

DISCUSSION:

Background

The owner of 603-605 Hoffman Avenue is requesting designation of the H-2 (City Historic Resource) overlay zoning for 603-605 Hoffman Avenue and to enter into a Mills Act Contract with the City of Monterey.

Historic Zoning

The residence is significant under California Criterion 3, a resource that embodies the distinctive characteristics of a type, period, region or method of construction or represents the work of a master or possesses high artistic values, because it embodies the unique aesthetic of early Monterey building contractor-designer Douglas Knox Fraiser. The home style is consistent with the 1900-1916 period of significance, within the theme of the Early Expansion of New Monterey (1902-1923) found in the 2013 New Monterey Historic Context Statement, and has the following character defining features: irregular plan, complex intersecting roof system and the Queen Anne Stick-work detail on the principal entry porch.

As required by Monterey City Code, an intensive historic survey was submitted as part of the application. According to the intensive survey prepared by qualified architectural historian Kent Seavey and submitted on August 21, 2018, the subject property contains a 1900-1916 one-story, wood-framed Queen Anne Cottage single-family residence on Hoffman Avenue at the southwest location of the intersection with Belden Street.

In its current condition, missing the majority of its original Queen Anne Cottage Style fenestration, the subject property has lost considerable historic integrity. However, it appears to retain sufficient historical significance as the work of a significant building designer, and in anticipation of further rehabilitation, to be qualified as a historic resource, at the local level of significance, as defined by the California Environmental Quality Act (CEQA).

The historian indicates that the property retains enough integrity, particularly once the 1950's aluminum siding is removed, that the residence should be listed on the Monterey Historic Resources Inventory because it evokes a sense of time and place and feeling and association of the 1900 -1916 period of significance. The City Council will be considering a Mills Act Contract to reduce property taxes and help pay for the building rehabilitation.

Photographs of the subject property have been included as Attachment 4.

On May 12, 2020, the Planning Commission recommended to the City Council adoption of an ordinance rezoning the property at 603-605 Hoffman Avenue from R-3-5 to R-3-5-H-2 with the following condition of approval:

1. That the applicant shall remove the aluminum siding to expose the redwood siding, replace the aluminum windows with wood sash windows, and replace the exterior doors with appropriate wood doors.

Mills Act Contract

A Mills Act contract is an agreement between the City of Monterey and the property owner of a City-designated historic building. The property owner benefits from a reduction in property taxes and the City is assured that the historic building will be preserved. The City's contract requires that the historic building be maintained in good condition. The contract includes the following conditions of approval:

1. An identification plaque shall be installed describing the building as a historic resource. The plaque text, design, and materials shall be approved by the Planning, Engineering and Environmental Compliance Division prior to installation;
2. The building shall be made available for an annual tour that is open to the public; and,
3. The property owner shall maintain the property in good general repair and make any or all repairs as necessary. The roof, exterior and interior walls, and electrical and plumbing systems will be inspected by the City on a regular basis.

At its regular meeting on September 12, 2019, the Historic Preservation Commission (HPC) reviewed the Mills Act proposal. After discussion, the HPC voted to recommend that the City Council approved the Mills Act contract.

CAS

- Attachments:
1. Ordinance with Exhibit A (Map)
 2. Resolution Authorizing a Mills Act Contract with Exhibit A (Legal Description) and Exhibit B (Maintenance Schedule)
 3. Historic Survey
 4. Site Photos

e: Test of Tyme LLC, Owner/Applicant
Susana DeFatima Silva, Applicant
Kent Seavey, Architectural Historian
New Monterey Neighborhood Association

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.

ORDINANCE NO. __- __ C.S.

AN ORDINANCE OF THE COUNCIL OF THE CITY OF MONTEREY

**REZONING THE PROPERTY AT 603-605 HOFFMAN AVENUE FROM R-3-5 TO R-3-5-H-2
AS A CITY HISTORIC RESOURCE**

WHEREAS, Susana DeFatima Silva, representative of the owner of the residence at 603-605 Hoffman Avenue (See Exhibit A), requested H-2 (City Historic Resource) overlay zoning;

WHEREAS, adoption of H-2 Landmark zoning requires the Historic Preservation Commission (HPC) to recommend to the Planning Commission (PC) to recommend to the City Council to adopt an ordinance rezoning the property;

WHEREAS, as required by Monterey City Code, an intensive historic survey (DPR 523B form) prepared by Kent Seavey, a Qualified Architectural Historian, was submitted as part of the application;

WHEREAS, the subject property qualifies as local historic resource because it is significant under California Register Criterion 3, architecture, as an example of Queen Anne Cottage design of early Monterey building contractor-designer, Douglas Knox Frasier;

WHEREAS, the HPC, at a properly noticed public hearing on September 12, 2019, carefully considered all of the information presented to it, including the agenda report and information submitted at the public hearing by interested persons;

WHEREAS, the PC, at a properly noticed public hearing on May 12, 2020, carefully considered all of the information presented to it, including the agenda report and information submitted at the public hearing by interested persons;

WHEREAS, the City of Monterey Planning Office determined the project is exempt from the California Environmental Quality Act (CEQA) Guidelines (Article 19, Section 15305, Class 5) because the addition of H-2 overlay zoning to the property will not result in significant changes to land use limitations and will maintain a designated historic building consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties. Mills Act contracts require that all work performed subsequent to entering into a contract is consistent with those standards. Furthermore, the project does not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

Exception a - Location. Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located - a project that is ordinarily insignificant in its impact on the environment may in a particularly sensitive environment be significant. Therefore, these classes are considered to apply in all instances, except where the project may impact an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies. The addition of H-2 overlay zoning would not impact a resource of critical concern. The environment is not particularly sensitive (existing building and paved areas).

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. The addition of H-2 overlay zoning would add an additional layer of protection to the resource. No cumulative impacts would occur.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. No unusual circumstances exist at the site. The building is an existing structure and the surrounding environment is an established residential area. The addition of H-2 overlay zoning would add an additional layer of protection to the resource. The project proposes to maintain the structures consistent with the Secretary of Interior's Standards for Rehabilitation. Therefore, a significant effect would not occur.

Exception d - Scenic Highways. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway. This does not apply to improvements which are required as mitigation by an adopted negative declaration or certified Environmental Impact Report. The property is not located on or viewable from a state scenic highway. Therefore, impacts to scenic highways would not occur.

Exception e - Hazardous Waste Sites. A categorical exemption shall not be used for a project located on a site which is included on any list compiled pursuant to Section 65962.5 of the Government Code. The project site is not listed pursuant to Government Code Section 65962.5. The project would have no impact to hazardous waste sites.

Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. The building is eligible as a local historic resource and the addition of H-2 overlay zoning would add an additional layer of protection to the resource, and the building maintenance will be consistent with the Secretary of Interior's Standards for Rehabilitation.

THE COUNCIL OF THE CITY OF MONTEREY DOES ORDAIN, as follows:

SECTION 1: The property at 603-605 Hoffman Avenue is hereby rezoned from R-3-5 (Medium Density Residential) to R-3-5-H-2 (Medium Density Residential City Historic Resource Overlay).

SECTION 2: All ordinances and parts of ordinances in conflict herewith are hereby repealed.

SECTION 3: This ordinance shall be in full force and effect thirty (30) days from and after its final passage and adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this 16th day of June 2020, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof

603-605 Hoffman Avenue



RESOLUTION NO. __- __ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**AUTHORIZING A MILLS ACT CONTRACT FOR THE PROPERTY
AT 603-605 HOFFMAN AVENUE**

WHEREAS, Susana DeFatima Silva, representative of the owner of the residence at 603-605 Hoffman Avenue, submitted the required application and information to enter into a Mills Act Contract with the City of Monterey, including a detailed legal description (Exhibit A) and maintenance schedule that covers the life of the contract (Exhibit B);

WHEREAS, a Mills Act Contract is an agreement between the City of Monterey and the property owner of a City-designated historic building;

WHEREAS, the property owner benefits from a reduction in property taxes and the City is ensured that the historic building will be preserved;

WHEREAS, granting the contract will serve to offset the costs of maintaining the resource;

WHEREAS, the City could expect to receive reduced tax revenue as a result of the Mills Act Contract in the amount of approximately \$384 - \$577 annually;

WHEREAS, the City Council finds that the property meets the eligibility requirements for the Mills Act Program in that it meets the eligibility requirements for H-2 overlay zoning and the property owners have applied to rezone the property; and granting the contract will serve to offset the costs of maintaining the resource;

WHEREAS, the authorization of the Mills Act contract will be in effect 30 days after City Council approval of the rezone; and,

WHEREAS, the City of Monterey Planning Office determined the project is exempt from the California Environmental Quality Act (CEQA) Guidelines (Article 19, Section 15305, Class 5) because the addition of H-2 overlay zoning to the property will not result in significant changes to land use limitations and will maintain a designated historic building consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties. Mills Act contracts require that all work performed subsequent to entering into a contract is consistent with those standards. Furthermore, the project does not qualify for any of the exceptions to the categorical exemptions found at CEQA Guidelines Section 15300.2.

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impact in that historic resources will be maintained. The environment is not particularly sensitive (existing building and paved areas).

Exception b - Cumulative Impact. All exemptions for these classes are inapplicable when the cumulative impact of successive projects of the same type in the same place, over time is significant. The addition of H-2 overlay zoning would add an additional layer of protection to the resource. No cumulative impacts would occur.

Exception c - Significant Effect. A categorical exemption shall not be used for an activity where there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. No unusual circumstances exist at the site. The building is an existing structure and the surrounding environment is an established residential area. The addition of H-2 overlay zoning would add an additional layer of protection to the resource. The project proposes to maintain the structures consistent with the Secretary of Interior's Standards for Rehabilitation. Therefore, a significant effect would not occur.

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Exception f - Historical Resources. A categorical exemption shall not be used for a project which may cause a substantial adverse change in the significance of a historical resource. The building is eligible as a local historic resource and the addition of H-2 overlay zoning would add an additional layer of protection to the resource, and the building maintenance will be consistent with the Secretary of Interior's Standards for Rehabilitation.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby authorizes the City Manager, or designee, to execute a Mills Act Contract for the property at 603-605 Hoffman Avenue.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this 16th day of June, 2020, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof

603-605 Hoffman Ave., Monterey, CA 93940

9660 2000000

Subdivision: LITTLES NEW MONTEREY

Legal Brief Description: LITTLES NEW MONTEREY GREENS SUB OF LOTS 1 2 3 & 4 BLK 7 NELY 46FT OF LOT

EXHIBIT A

The land referred to is situated in the County of Monterey, City of Monterey, State of California, and is described as follows:

The Northeasterly 45 feet of Lot 1, as said Lot is shown on that certain Map entitled "Map of H.A. Green's Subdivision Lots, 1, 2, 3, 4, Block 7, Littles's Survey of New Monterey, Monterey County, Cal.," filed for record February 17, 1893 in the Office of the County Recorder of the County of Monterey, State of California, in Volume 1 of Maps, "Cities and Towns", at Page 12. Said property fronting 46 feet of Hoffman Avenue, with a uniform depth of 50 feet according to said Map.

APN: 001-095-001-000

RECEIVED
AUG 24 2018
City of Monterey
PEEC DIVISION

Exhibit B to Resolution

Table 1

Property Address		603-605 Hoffman Ave. Monterey, California 93940																	
Owner name		Test of Tyne (831)655-2008																	
Work Description		Cost Estimate		year 1		year 2-5		year 6-10		year 11-15		year 16-20							
Yard Maintenance		\$250.00				\$1000.00		\$1250.00		\$1250.00		\$1250.00							
Termite Inspection								\$150.00				\$150.00							
Maintain Storage area under Staircase		\$1500.00						\$750.00				\$750.00							
Chimney		\$150.00																	
Plumbing + video + clean out to BPV to city line		\$240.00						\$240.00											
Plumbing/ general maintenance		\$680.00																	
Roof Inspection																			
Gutter Cleaning		\$250.00																	
Stairway entry Repair/ Railing and balusters		\$7500.00				\$1000.00		\$1250.00											
2 side stairs repair/ railing and balusters		\$5000.00																	
Replace vinyl windows with period wood windows		\$15000.00																	
Replace entry doors with period doors																			
Fencing and gates		\$1500.00																	
Water heater replacement																			
Exterior painting																			
Gardening service		\$1200.00																	
Electrical upgrade		\$2500.00																	
French Drain																			
Remove Alum. Sliding replace w/period wood																			
Totals				\$35770.00		\$56800.00		\$21640.00		\$18830.00		\$21640.00							

PEEC

MAY 30 2019

City of Monterey
PEEC DIVISION

State of California • The Resources Agency
DEPARTMENT OF PARKS AND RECREATION
PRIMARY RECORD

Primary #
HRI #
Trinomial
NRHP Status Code 5S2

Other
Review Code

Reviewer

Date

Listings

Page 1 of 3

*Resource Name or #: (Assigned by recorder) 603-605 Hoffman Avenue

P1. Other Identifier: APN# 001-095-001

*P2. Location: ☐ Not for Publication ☒ Unrestricted

*a. County Monterey and (P2c, P2e, and P2b or P2d. Attach a Location Map as necessary.)

*b. USGS 7.5' Quad _____ Date _____ T _____; R _____; _____ of _____ of Sec _____; B.M. _____

c. Address 603-605 Hoffman Avenue City Monterey Zip 93940

d. UTM: (Give more than one for large and/or linear resources) Zone _____, _____ mE/ _____ mN

e. Other Locational Data: (e.g., parcel #, directions to resource, elevation, decimal degrees, etc., as appropriate)
APN# 001-095-001

*P3a. Description: (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

A one-story, wood-framed Queen Anne cottage, irregular in plan, resting on a concrete foundation with a partial basement garage conversion. The exterior wall-cladding is a 1950s horizontal aluminum siding with a wide band of vertical board-and-batten aluminum siding, as well as the board-and-batten detailing in the gable apexes. The complex intersecting roof system is gable-on-hip, with a small, lower projecting bay on the SW side of the facade. The slightly overhanging eaves have a closed soffit. The raised, partial-width open entry porch, centered on the facade has a shed-roof, as does a second raised entry porch at the SE cr. of the building envelope facing Belden Street, with an added bay on the NE cr. of the same elevation.

*P3b. Resource Attributes: (List attributes and codes) multiple family property (HP3)

P5a. Photograph or Drawing (Photograph required for buildings, structures, and objects.)



*P4. Resources Present: ☒ Building
☐ Structure ☐ Object ☐ Site ☐ District
☐ Element of District ☐ Other (Isolates, etc.)

P5b. Description of Photo: (view, date, accession #)

Looking south at the NW facing facade & NE side-elevation, Kent Seavey, July, 2018

*P6. Date Constructed/Age and Source:
1900-Mo. Co. Assessor's records

☒ Historic ☐ Prehistoric ☐ Both

*P7. Owner and Address:

Test of Tyme Llc., 2074 Sunset Drive, Pacific Grove, CA 93950-3729

*P8. Recorded by: (Name, affiliation, and address)
Kent Seavey, 310 lighthouse Ave., Pacific Grove, CA 93950

*P9. Date Recorded: 8/21/18

*P10. Survey Type: (Describe)

Intensive-owner requested review

*P11. Report Citation: (Cite survey report and other sources, or enter "none.")
2009 New Monterey Reconnaissance Survey, Page & Turnbull: San Francisco

*Attachments: ☐ NONE ☐ Location Map ☒ Continuation Sheet ☒ Building, Structure, and Object Record
☐ Archaeological Record ☐ District Record ☐ Linear Feature Record ☐ Milling Station Record ☐ Rock Art Record
☐ Artifact Record ☐ Photograph Record ☐ Other (List): _____

DPR 523A (9/2013)

*Required information

State of California • The Resources Agency
 DEPARTMENT OF PARKS AND RECREATION HRI#
BUILDING, STRUCTURE, AND OBJECT RECORD

*Resource Name or # (Assigned by recorder) 603-605 Hoffman Avenue

*NRHP Status Code 5S2

Page 2 of 3

B1. Historic Name: _____

B2. Common Name: _____

B4. Present Use: residential

B3. Original Use: residential

*B5. Architectural Style: Queen Anne Cottage

*B6. Construction History: (Construction date, alterations, and date of alterations)

Constructed c. 1900, Mo. Co. Assessor's records; new aluminum wall cladding and windows added in the 1950s; Monterey Deeds.

*B7. Moved? ☐ No ☒ Yes ☐ Unknown Date: c. 1916

Original Location: Unknown

*B8. Related Features: _____

B9a. Architect: designer-Douglas Knox Frasier

b. Builder: Douglas Knox Frasier

*B10. Significance: Theme Early Expansion of New Monterey Area Monterey

Period of Significance 1900-1916

Property Type duplex (HP3)

Applicable Criteria CR3

(Discuss importance in terms of historical or architectural context as defined by theme, period, and geographic scope. Also address integrity.)

The subject property is significant, at the local level, under California Register Criterion 3, in the area of architecture, as an example of the Queen Anne Cottage design of early Monterey contractor, Douglas Knox Frasier. This is a moved building that has had its exterior wall-cladding covered in an aluminum siding since the 1950s, when converted from a single family dwelling to a duplex. There are few remaining examples of Frasier's important design work outside of the Oak Grove neighborhood, should be saved. The subject property is proposed for rehabilitation to its former historic appearance by its current owners, and should be saved.

B11. Additional Resource Attributes: (List attributes and codes) _____

*B12. References:

Monterey building files, Monterey Building Office, City Hall, Monterey
 Monterey County Assessor's records, Mo. Co. Assessor's office, Salinas.

B13. Remarks:

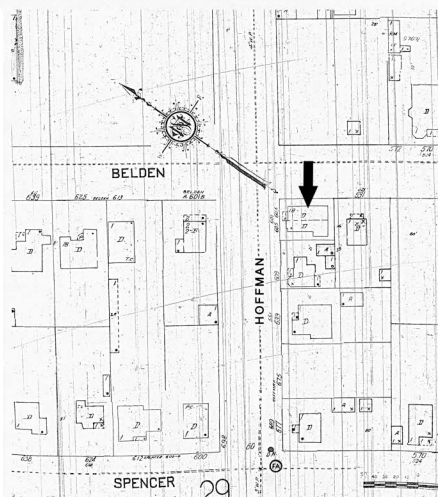
Moved and altered (see above) but proposed of rehabilitation.

*B14. Evaluator: Kent Seavey

*Date of Evaluation: 8/21/2018

(This space reserved for official comments.)

(Sketch Map with north arrow required.)



State of California - The Resources Agency
DEPARTMENT OF PARKS AND RECREATION

Primary#
HRI #
Trinomial

CONTINUATION SHEET

Property Name: 603-605 Hoffman Avenue

Page 3 of 3

P3 (cont.) There is one brick chimney present, located in the stepped ridge line below the rear top gable of the main building block. All roof covering is in composition shingles. The principal entry, facing Hoffman Ave. is characterized by the raised open porch with original simple Queen Anne stick-work detailing, framing the landing. Fenestration is irregular, with a combination of single, fixed, and 1/1 double-hung aluminum windows, added when the house was converted to a duplex in the 1950s, as were the shed-roofed features along the Belden St. side-elevation. The residence is sited on the SW corner of Hoffman Ave. and Belden Street. A high, shaped hedge frames the Belden St. elevation, fronting a concrete access path to the rear entry. The Hoffman Ave. elevation abuts the sidewalk with a narrow strip of lawn. The subject property is located in a residential neighborhood of one and two-story homes of varying ages, sizes and styles. Character-defining features include the irregular plan, complex intersecting roof system and the Queen Anne stick-work detailing on the principal entry porch.

NOTE, According to available Sanborn maps of Monterey, the subject property appears to have been moved to this site sometime between 1912 and 1926. Assessor's records note the 1900 build date, and an effective date of 1916, which correspond with the Sanborn dating spread, and make the owner during the building move Mr. Roy Barton, a plumber. The inappropriate aluminum siding and windows were added in the 1950s during the ownership of Mr. Johnnie A. Baptista, who appears to have been responsible for the duplex conversion. The aluminum siding and windows are reversible.

B10 (cont.) Douglas Knox Frasier (1888-1933) was a native of New York who arrived in Monterey in 1886. He was a significant building contractor who drew all his own plans. In 1890 he was hired to design and build speculative housing in the new Oak Grove subdivision adjacent to the Hotel Del Monte. His large Queen Anne Style home for Dr. John Heintz, the hotel's physician, was illustrated as promotion for the development. Frasier remained in Monterey until 1901 when he relocated to San Francisco. In 1892 he designed and built the French Second Empire Style carriage house on Hawthorne St. in New Monterey for Harry A. Greene, and in 1896 he did the Horatio Parmelee House on Archer Street. As noted, contractor Frasier drew all his own plans. The Queen Anne Cottage was a style in vogue during his short, but productive tenure in Monterey, and several of his designs can still be seen in Monterey and Pacific Grove.

The subject residence was built on speculation for New Monterey realtor, Fred C. Gould, of the Gould Realty Co., and sold to plumber, Roy Barton in 1907. As noted above, about 1916 Barton moved the property to its present location. Although now clad in an aluminum siding, with aluminum windows, the basic form, massing, and overall design of the Frasier designed Queen Anne Cottage is still visible. It is the owners intent to return the residence much closer to its former historic appearance. The Queen Anne (1880-1910) was one of the most eclectic styles of the late Victorian period. Originating in England, through the work of Richard Norman Shaw and others, it was inspired by late medieval manor houses, and was introduced to America at the Philadelphia Centennial Exposition in 1876. The style represented the culmination of a picturesque romantic period of architectural design in the 19th century. The form is based on "decorative excess" made possible, in part by advances in woodworking tools during the industrial revolution. The variety of detailing options seemed endless, with no apparent conformance to specific historical precedent. In Monterey between 1890 and 1901 the stylistic interpretation for the few of these properties remaining reflect the unique aesthetic of contractor Douglas Knox Frasier. The cottage examples are either one or one-and-one-half stories with an integrated or shed-roofed partial-width, and decorative front porch and front projecting gable. Contractor Frasier designed with simplicity and elegance, which can be seen in the known examples of his work. The subject property, while encumbered by a cloak of inappropriate aluminum siding, retains most of the basic character-defining features of Frasier's work. The owners intend to remove the aluminum, including the windows, and return the cottage, through rehabilitation, to the extent feasible, to its 1900 appearance. Even without full historic integrity, the cottage is a prominent feature of its New Monterey neighborhood, and still evokes a sense of time and place and of feeling and association of its 1900-1916 period of significance, within the theme of the Early Expansion of New Monterey (1902-1923 found in the 2013 New Monterey Historic Context Statement. The property should be listed in the Monterey Historic Resources Inventory.

B12 (cont.)

Monterey Area Architectural Resources Archive (MAARA), Douglas K. Frasier (biographical notes).
Monterey County Deeds (various).
New Monterey Historic Context Statement, City of Monterey, ARG; San Francisco, 2013.
Polk business directories for Monterey, 1907, 1922, 1927, 1930, 1939, 1947, 1953, 1963, 1968.
Sanborn fire insurance maps of Monterey 1912, 1926, 1926-62.
U.S. Census records, 1900 through 1940.

Photos of 603-605 Hoffman Avenue



Photo 1: Northwest (front) along Hoffman Avenue and southwest (side) elevation



Photo 2. Northwest (front) along Hoffman Avenue and northeast (side) elevation along Belden Street



Photo 3. Northeast (side) elevation along Belden Street



Council Agenda Report

Date: 6/16/2020

Item No.: 20.

FROM: Kimberly Cole, AICP, Community Development Director

SUBJECT: Levy Assessment to Fund the Cannery Row, New Monterey, and North Fremont Business Improvement Districts

RECOMMENDATION:

That the City Council adopt the attached Resolutions to levy the assessment to fund the Business Improvement Districts.

POLICY IMPLICATIONS:

This is the second of two steps required to continue the Business Improvement Districts (BIDs) Assessments for Fiscal Year 2020/2021. The first step was the adoption of the Resolution of Intent to Levy Assessment on June 2, 2020 and publication of the Resolution of Intention to Levy Assessment not less than seven days before this hearing. The second step is the public hearing.

FISCAL IMPLICATIONS:

The City has a long-standing tradition of designating some money towards each BID. Consistent with past practice, the City Council will consider a proposal to fund \$10,500 for Cannery Row, New Monterey and North Fremont BIDs as part of the 2020/2021 General Fund budget. This action does not approve the City's budgetary contribution. Due to the COVID situation and devastated City budget, these funds may or may not be approved this year.

ENVIRONMENTAL DETERMINATION:

The City of Monterey Planning Office determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (Article 20, Section 15378). In addition, CEQA Article 5, Section 15061 includes the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, this is not a project because it does not cause a direct or reasonably foreseeable indirect physical change on or in the environment, this matter is not subject to CEQA. Subsequent projects resulting from this funding will be reviewed for their CEQA status.

ALTERNATIVES CONSIDERED:

The City Council could decide not to adopt the Resolution. To disestablish the BID, the City Council would be required to adopt an ordinance after holding a public hearing on the disestablishment, as provided in Streets & Highways Code section 36550. .

DISCUSSION

The purpose of the hearing is to adopt a Resolution to levy the assessment for the next fiscal year. The New Monterey and North Fremont BIDs use the assessment funds for promotions, beautification, and business recruitment, as well as advertising. The Cannery Row BID is focused on physical and operational upgrades since the Cannery Row Marketing Council already does promotion.

Funds for each BID are collected primarily from the assessment of businesses within the district. General Fund contributions to each BID are included in the proposed 2020/2021 budget.

At the public hearing, oral and written protests will be accepted. A protest may be made orally or in writing by any interested person. California Streets and Highways Code sections 36524-36525 establish the process for protests to be considered. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made.

Written protests shall be filed with the City Clerk at or before the time fixed for the public hearing. The City Council may waive any irregularity in the form or content of any written protest and at the public hearing, may correct any minor defects in the proceedings. A written protest may be withdrawn in writing at any time before the conclusion of the hearing. If written protests are received from the owners of businesses in the proposed area which pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment shall be taken for one year from the date of the finding of a majority protest by the City Council. If the majority protest is only against the furnishing of a specified type or types of improvement or activity within the area, those types of improvements or activities shall be eliminated.

The City Council should open the public hearing, take public comment, and approve the Resolutions.

TB

Attachments: (Annual Reports are available for public review at the City of Monterey City Clerk's Office and the Community Development Department)

1. Cannery Row BID Resolution
2. New Monterey BID Resolution
3. North Fremont BID Resolution

e: Bonnie Adams, Cannery Row Business Association
Rick Johnson, New Monterey Business Association
Kelly Violini, North Fremont Business Association

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.

RESOLUTION NO. __- __ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**CONFIRMING THE REPORT OF THE CANNERY ROW BUSINESS ASSOCIATION
AND ADOPTING THE LEVY OF ASSESSMENT FOR THE 2020/2021 FISCAL YEAR**

WHEREAS, the Cannery Row Business Association Improvement District was established in 2004;

WHEREAS, a report outlining the proposed budget and work plan of the Business Improvement District has been prepared;

WHEREAS, the report is on file with the City Clerk; and,

WHEREAS, the City of Monterey Planning Office determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (Article 20, Section 15378). In addition, CEQA Article 5, Section 15061 includes the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, this is not a project because it does not cause a direct or reasonably foreseeable indirect physical change on or in the environment, this matter is not subject to CEQA. Subsequent projects resulting from this funding will be reviewed for their CEQA status.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that:

1. It is the intent of the City Council to levy and collect assessments for the Cannery Row Business Association Improvement District for fiscal year 2020/2021. District boundaries are shown in Exhibit A and are on file in the City Clerk's office.
2. Improvements and activities approved in the Resolution creating the District are to advocate and construct traffic and parking improvements; establish and meet cleanliness standards (trash pickup, etc.); improve the area's streetscape; coordinate with existing businesses and the Cannery Row Marketing Council to stimulate business through collaboration; advocate Cannery Row business needs to government agencies for infrastructure and service enhancements; improve public safety; and hire a management staff to represent Cannery Row business interests in compliance with requirements as set forth in Parking and Business Improvement Area law of 1989.
3. The program of improvements and activities are carried out by the Cannery Row Business Association. Improvements and activities proposed for 2020/2021 are consistent with those approved in the Resolution adopting the district, with no substantial changes from the original Resolution.

4. A report on the proposed program for fiscal year 2020/2021 is on file in the City Clerk's Office. The report recommends no change to boundaries or work program, and continuance of the annual assessment of 100% surcharge to the business license fee of each business, up to a maximum assessment of \$5,000 per business per fiscal year. For businesses classified as professional services, the assessment shall be 25% surcharge to the business license fee, up to a maximum of \$500.
5. Adoption of this Resolution constitutes the levy of assessments for the Business Improvement District for fiscal year 2020/2021.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 2020, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

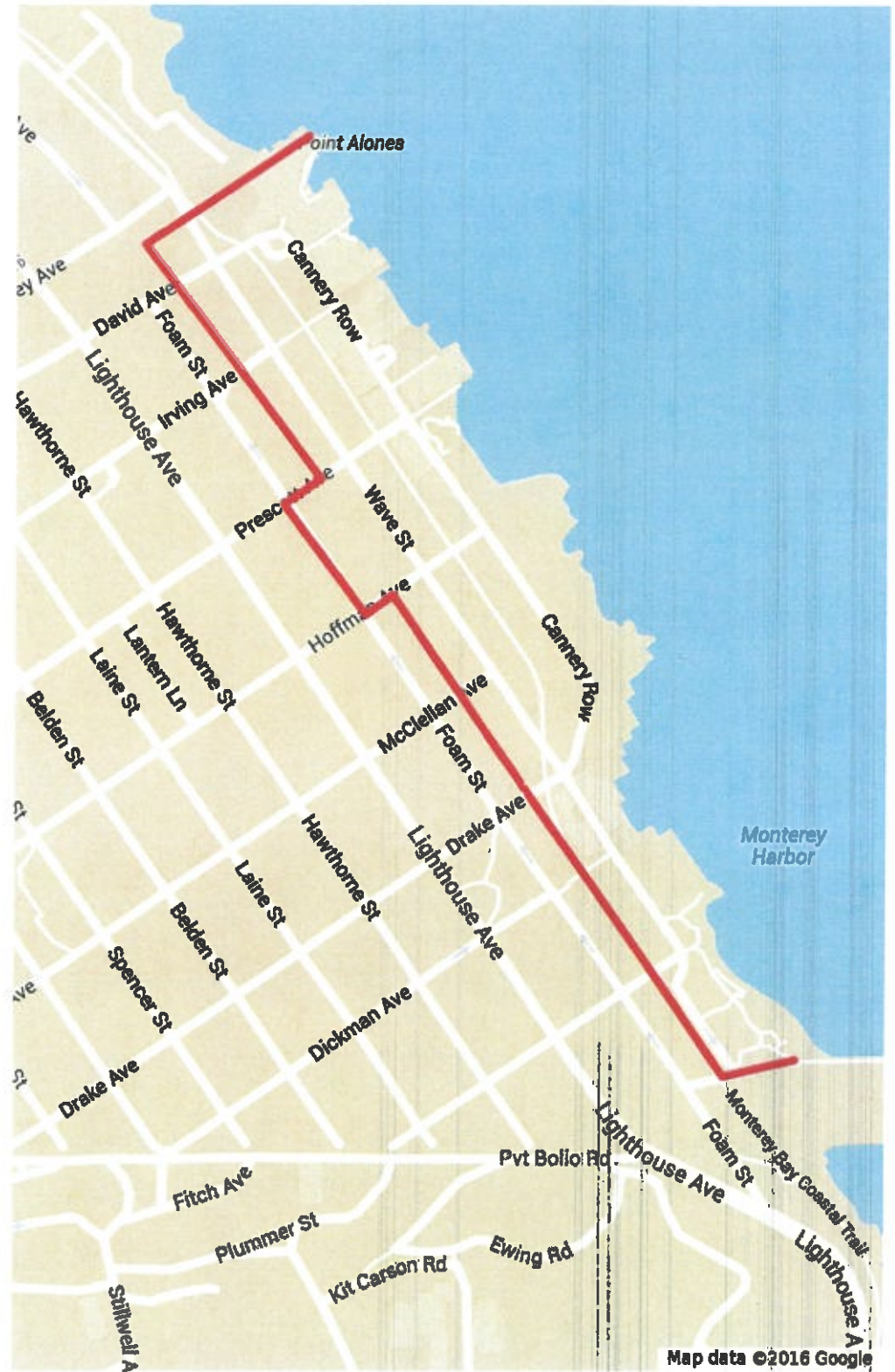
Mayor of said City

City Clerk thereof

CRBID Boundary Map

CRBID Boundary

 CRBID Boundary



RESOLUTION NO. __- __ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**CONFIRMING THE REPORT OF THE NEW MONTEREY BUSINESS ASSOCIATION
AND ADOPTING THE LEVY OF ASSESSMENT FOR THE 2020/2021 FISCAL YEAR**

WHEREAS, the New Monterey Business Association Improvement District was established in 1995;

WHEREAS, a report outlining the proposed budget and workplan of the Business Improvement District has been prepared;

WHEREAS, the report is on file with the City Clerk; and

WHEREAS, the City of Monterey Planning Office determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (Article 20, Section 15378). In addition, CEQA Article 5, Section 15061 includes the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, this is not a project because it does not cause a direct or reasonably foreseeable indirect physical change on or in the environment, this matter is not subject to CEQA. Subsequent projects resulting from this funding will be reviewed for their CEQA status.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that:

1. It is the intent of the City Council to levy and collect assessments for the New Monterey Business Association Improvement District for fiscal year 2020/2021. District boundaries are shown in Exhibit A and are on file in the City Clerk's office.
2. Improvements and activities approved in the Resolution creating the District are to fund various public improvements, administer the business improvement district, and undertake various promotional activities as set forth in Parking and Business Improvement Area law of 1989.
3. The program of improvements and activities are carried out by the New Monterey Business Association. Improvements and activities proposed for 2020/2021 are consistent with those approved in the Resolution adopting the district, with no substantial changes from the original Resolution.
4. A report proposing the work program for fiscal year 2020/2021 is on file in the City Clerk's Office. The report recommends no change to boundaries or work program, and continuance of the annual assessment of 25% of the business license fee for the City, but not to exceed \$250.

5. Adoption of this Resolution constitutes the levy of assessments for the Business Improvement District for fiscal year 2020/2021.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 2020, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof

NMBA Boundary

NMBA Boundary
NMBA Boundary



RESOLUTION NO. __- __ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**CONFIRMING THE REPORT OF THE NORTH FREMONT BUSINESS DISTRICT
OF MONTEREY AND ADOPTING THE LEVY OF ASSESSMENT
FOR THE 2020/2021 FISCAL YEAR**

WHEREAS, the North Fremont Business District of Monterey was established in 2003;

WHEREAS, a report outlining the proposed budget and workplan of the Business Improvement District has been prepared;

WHEREAS, the report is on file with the City Clerk; and

WHEREAS, the City of Monterey Planning Office determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (Article 20, Section 15378). In addition, CEQA Article 5, Section 15061 includes the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, this is not a project because it does not cause a direct or reasonably foreseeable indirect physical change on or in the environment, this matter is not subject to CEQA. Subsequent projects resulting from this funding will be reviewed for their CEQA status.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that:

1. It is the intent of the City Council to levy and collect assessments for the North Fremont Business District of Monterey for fiscal year 2020/2021. District boundaries are shown in Exhibit A and are on file in the City Clerk's office.
2. Improvements and activities approved in the Resolution creating the District are to promote the Business Improvement District, advocate for an increase of public transportation opportunities to North Fremont, improve streetscape appearance, and increase the overall safety of the area as set forth in Parking and Business Improvement Area law of 1989.
3. The program of improvements and activities are carried out by the North Fremont Business District of Monterey. Improvements and activities proposed for 2020/2021 are consistent with those approved in the Resolution adopting the district, with no substantial changes from the original Resolution.
4. A report on the proposed program for fiscal year 2020/2021 is on file in the City Clerk's Office. The report recommends no change to boundaries or work program, and continuance of the annual assessment of 25% of the business license fee for the City, but not to exceed \$500.

5. Adoption of this Resolution constitutes the levy of assessments for the Business Improvement District for fiscal year 2020/2021.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 2020, by the following vote:

AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof

NFBID Boundary

NFBID Boundary





Council Agenda Report

Date: 6/16/2020

Item No.: 21.

FROM: Kim Cole, Community Development Director
Prepared By: Ted Terrasas, Sustainability Coordinator

SUBJECT: Provide Direction Regarding Negotiating with Monterey City Disposal Service for an Exclusive Waste Hauling Franchise Agreement Through 2030 (Not a project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)

RECOMMENDATION:

That the City Council provide direction regarding whether to negotiate with Monterey City Disposal Service (MCDS) for an exclusive waste hauling franchise agreement through the year 2030.

POLICY IMPLICATIONS:

The current franchise agreement between the City and MCDS ends on December 31, 2020, requiring Council direction on whether to proceed to negotiate a new ten-year agreement or do a short one-year extension. The current franchise agreement provides the option of one final extension year until December 31, 2021. By the end of 2021, however, the City will need to have a new franchise agreement in place, either with MCDS or a new franchised hauler in order to ensure uninterrupted waste collection service in the City.

FISCAL IMPLICATIONS:

The City currently receives funding and services from MCDS through several sources, including a franchise fee of 10% of annual gross receipts, contributions to the City for staff and equipment, street sweeping services and rental revenue from the recycling operation at Ryan Ranch. A new franchise agreement with MCDS or another hauler would allow for a review and reasonable adjustment of these fees and rental rates.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 (CEQA Guidelines), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment,

this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

ALTERNATIVES CONSIDERED:

The alternatives to negotiating a new franchise agreement to MCDS through 2030 are: 1) extend the current franchise with MCDS for one additional year ending on December 31, 2021; or 2) conduct an RFP process whereby any interested waste hauling company could compete for award of the franchise. It is important to consider that if option 2 were chosen, option 1 would also need to be executed in order to provide adequate time for an RFP process.

DISCUSSION:

MCDS has been providing waste collection services for the City of Monterey since the 1960s and has been the franchised waste hauler since 1979. During that time, MCDS has partnered with the City in meeting many goals related to diverting waste from the landfill, including but not limited to implementing curbside recycling, starting a food waste collection program, operating a recycling center out of the City-owned facility at Ryan Ranch, and providing street sweeping services.

MCDS is currently offering competitive collection rates (see chart below) and is performing well at providing collection services, including for the Presidio of Monterey and the Naval Postgraduate School. MCDS also operates the recycling facility on City property on Ryan Ranch Road and, in addition to the sale of collected recyclables offsetting rates for all waste ratepayers, MCDS is paying rent to the City to operate at this location.

Rate Comparison for Common Services

Standard Residential Service (35-gallon refuse plus recycling and yard waste collected once per week)

Monthly Rate

Sand City	Marina	Seaside	Monterey	Pacific Grove	Pebble Beach	Del Rey Oaks	Carmel
\$14.68	\$16.54	\$20.79	\$21.85	\$23.74	\$24.68	\$28.44	\$32.58

Commercial / Multifamily (2 Cubic Yard Refuse and Recycling combined collected once per week)

Monthly Rate

Sand City	Monterey	Pebble Beach	Seaside	Marina	Pacific Grove	Carmel	Del Rey Oaks
\$154.89	\$180.59	\$207.91	\$216.65	\$218.77	\$237.03	\$304.17	\$341.68

20 Yard Roll Off Refuse (with 4 tons of material)

Rate Per Collection

Monterey	Sand City	Pacific Grove	Marina	Pebble Beach	Seaside	Carmel	Del Rey Oaks
\$411.46	\$629.22	\$704.26	\$705.21	\$715.65	\$721.02	\$791.61	\$1,012.79

Request for Proposals

Franchise agreements are often longer term agreements (10-15 years) and involve a significant outlay of capital by hauling companies for staffing, facilities and equipment. For this reason, franchise haulers often require longer agreements to amortize costs and offset capital expenses for large purchases, such as new waste hauling vehicles.

In 2015, most of the jurisdictions of the Monterey Regional Waste Management District (MRWMD) completed a regional franchise procurement process by the end of which each member agency was able to select a waste hauler. Such a regional process is beneficial in two main ways: (1) reducing the cost of the RFP process by distributing it among all member agencies and (2) attracting more responses from a larger pool of interested vendors. The City and County of Monterey were not able to participate in this process due to the fact that their existing respective franchise agreements did not allow for any new negotiations at that time. The next opportunity for the City to participate in a regional competitive bidding process will be in 2030 when the other regional franchise agreements expire. If the City were to pursue its own RFP separate from a regional process, it is unlikely that the City would receive many responses or improved rates.

Changing waste haulers is a time consuming process and can take 18 months from the time of issuing an RFP to introducing a new waste collection company to a city. Hiring staff, mobilizing trucking fleets and equipment, issuing new collection bins and providing education and outreach to the public is a critical process that requires a high attention to detail in order to minimize waste collection disruptions during the transition.

SB 1383

Implementation of SB 1383 requirements is also a consideration in the franchise agreement process. MCDS is currently working with the City to ensure compliance with two major statewide waste diversion requirements: AB 341 (mandatory recycling) and AB 1826 (mandatory organics diversion). In 2020, it is expected that CalRecycle will adopt regulations implementing the organics waste diversion requirements in SB 1383. This will be a significant increase in responsibilities for the City as well as waste haulers, landfills and businesses.

As currently drafted, the regulations will require several actions by the City before January 1, 2022, including additional collection and processing, edible food recovery, procurement of organic waste, education and outreach, record keeping, reporting, ordinance adoption, and additional enforcement efforts. In order to remain in compliance with State law, it is advisable for the City to begin implementing changes and working with impacted stakeholders as soon as

possible. A new 10-year franchise agreement would allow City staff the greatest opportunity to focus on compliance with the new State regulations.

Franchise Strategy

As previously stated, the current franchise agreement with MCDS ends on December 31, 2020. It includes one final option to extend the agreement for an additional year through December 31, 2021. Given the lengthy negotiation and/or RFP process, staff is requesting direction from Council regarding the waste hauling franchise at this time.

California Public Resources Code section 40059 provides that cities may enter into waste hauling franchises either with or without a competitive process. As discussed above, MCDS rates are competitive regionally and they have a track record of partnering well with the City to implement new regulations and programs. Accordingly, staff recommends that the City Council direct staff to negotiate a new franchise agreement with MCDS that will run through 2030. This option will allow the City to focus current staff resources on implementation of SB1383, while preserving the City's ability to participate in a regional waste hauler franchise procurement process in 2030.

TJT/

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.



Council Agenda Report

Date: 6/16/2020

Item No.: 22.

FROM: Lauren Lai, CPA, Finance Director

SUBJECT: Amend Resolution 19-115 Authorizing Changes to the Fiscal Year 2020-21 Budgets for the General Fund, Equipment/Vehicle Replacement Fund, Neighborhood and Community Improvement Program Fund, Information Service Internal Service Fund Revenue and Economic Uncertainty Reserve (Not a Project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)

RECOMMENDATION:

That the City Council approves the attached resolution amending the Fiscal Year 2020-21 budget.

POLICY IMPLICATIONS:

It is good fiscal and budget policy to regularly review the financial results of City operations. In addition, governmental accounting standards require that the City Council be regularly updated as to the financial condition of the City.

FISCAL IMPLICATIONS:

Staff estimates that the effects of COVID-19 pandemic will devastate the City's General Fund revenues for FY19/20 ("FY20") and FY20/21 ("FY21") by approximately \$31 million, during the 2-year period (15 months). Consequently, the FY21 budget will need to be amended accordingly.

For the General Fund, the loss through the remainder of FY20 (mid-March through June 2020) is now \$13 million (or 16.2%), which is \$3 million higher than originally estimated in April 2020. In conjunction with the Monterey County Convention and Visitors Bureau (MCCVB), staff adjusted the City of Monterey's revenue loss assumptions for Transient Occupancy Tax (TOT), bringing total FY20 COVID-19 losses from \$10M to \$13M.

For the General Fund FY21, the current estimates project a revenue loss of \$18 million (21.7%) of an \$83 million budget. Council resolved \$10M of the \$13M FY20 COVID-19 General Fund deficit in April, so the balance of \$3M should be resolved in FY21.

The FY21 proposed solutions need to address \$21M, comprising \$3M FY20 COVID-19 deficit balance and \$18M FY21 COVID-19 deficit. Moreover, the FY21 budget had a structural deficit of \$2.8M which will increase to \$3.2M due to various program and/or insurance updates, however we anticipate this deficit of \$3.2M will be resolved with the new voter-approved Measure G (½-cent per dollar sales tax).

The proposed General Fund budget amendment provides \$900,000 in Reopening and Hiring Fund to phase back valued City services.

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines"), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

ALTERNATIVES CONSIDERED:

The Council could choose to not approve budget adjustments but that is not recommended.

Purpose and Value of Periodic Budget Updates

The City's fiscal year spans July 1 to June 30 and uses the biennial budget model, which means two fiscal years are budgeted (or planned) concurrently. The current biennial budget is FY20 and FY21, so this is the second year of the biennial budget cycle.

Budgets are a compilation of estimates (i.e., economics, programs, projects, service demands, emergencies, etc.) based upon information known at the time the budget is developed. A critical feature of effective governance, transparency and financial management is budget monitoring and reporting. This FY21 amendment reflects information known about the Coronavirus (COVID-19) pandemic on the City's budget. The focus of this report is upon the General Fund and several other interrelated funds. At a later date (approximately September), Council will receive fiscal budget updates on other special funds such as Parking Fund, Gas Tax, Tideland Funds, etc.

DISCUSSION:

On April 7, April 21, May 21 and June 2, 2020, the City Council was briefed on the novel coronavirus (COVID-19) pandemic and its unprecedented and unpredictable nature and its effects on the City's budget, expenditures and service levels.

The mission of the City of Monterey during this pandemic has been to remain focused on:

- maintaining public safety as the top priority,
- keeping the core functions of our local government operational, and
- to encourage a speedy recovery of our industries, including hospitality as the community's leading economic driver.

For reference, the attached May 21 and June 2 agenda reports summarizes the COVID-19 FY21 General Fund deficit, proposed budget reductions, strategies and/or revenue enhancements. In times like these, all possible scenarios and budget reductions and service adjustments need to be put on the table. Previously, staff discussed multiple scenarios that ranged in severity of revenue loss. Council had a thoughtful discussion about the scenario assumptions and especially the need to consider the possibility of more severe economic losses. These budget amendments are based upon the "average scenario" -- which moderates the polar revenue loss scenarios.

Subsequent to the June 2 Council meeting, Staff reviewed the City real properties and does not recommend selling any property at this time. Moreover, a new law effective January 1, 2020 expands procedural requirements under the Surplus Land Act, and depending on the type of property proposed for sale, requires coordination with the Department of Housing and Community Development. Staff will compile all necessary information and return to Council in the first quarter of FY 20/21.

In recent weeks the City has received numerous calls and emails concerning the funding of Police, Social Services, Parks and Recreation, and Library services. We remain committed to serving the public, listening and being responsive.

With respect to the Monterey Police Department (MPD), our budget proposal includes reductions of more than 8% or \$1.59 million. This represents freezing and unfunding twelve positions (Six full-time and six part-time) and reductions in various program services and supplies.

A recent article published in the Monterey County Weekly compared the budgets of 14 local law enforcement agencies. The article highlighted the fact that the MPD's budget represents 13% of the City's overall budget allocation. This is the lowest among the comparable agencies.

On June 3, 2020, former President Obama called on Mayors to "take the pledge" to address police use of force policies in their cities. This can be found at <https://www.obama.org/mayor-pledge/>. Mayor Roberson has signed President Obama's commitment to action on police use of force.

Moreover, President Obama's website lists eight points surrounding police use of force policies that are drawn from the Police Use of Force Project and The Leadership Conference on Civil & Human Rights. The MPD incorporates aspects of all of the listed suggestions, and is updating policies to further address these principles.

Parks and Recreation and Library services are reopening in phases as we innovate new ways of providing our programs to our residents. As part of this agenda report, we are proposing to create a Reopening and Hiring Fund to leverage various funding sources to reopen these core services.

The City's short-term and long-term fiscal health depends on actions and difficult decisions that need to be made with the FY21 budget. Staff continues to seek input from neighborhood associations, business associations, and the public-at-large regarding cost saving and revenue-generating strategies during multiple virtual town hall meetings held in June and that will continue likely into July. On June 9th, staff met with representatives of the MCCVB to discuss various topics including MCCVB funding strategies and a potential hotel tax ballot measure.

Staff is recommending that Council adopt the resolution to amend FY21 budgets and provide direction therein. In July, we also suggest that Council discuss the potential ballot measures for the November election.

COVID-19 General Fund Revenue Reductions:

The FY21 General Fund proposed budget revenue reductions will be \$21M total, comprised of 18M for FY21 plus \$3M COVID-19 loss carryover, as shown below:

FY20/21 General Fund Revenue (\$ million)	Revenue as a % of Budget	Total Budget	Loss Due to COVID-19 Avg Scenario	% Loss
Transient Occupancy Tax	29%	\$23.8	(\$9.8)	-41%
Sales Tax	11%	\$8.9	(\$1.8)	-20%
Property Tax	16%	\$12.7	(\$0.5)	-4%
Rents (Commercial)	3%	\$2.2	(\$0.1)	-2%
Conference Center Rents, etc.	3%	\$2.2	(\$1.4)	-62%
Parks & Rec Fees	8%	\$6.5	(\$3.4)	-52%
CDD Fees/License & Permits	5%	\$4.0	(\$0.3)	-8%
Business License	5%	\$3.7	(\$0.1)	-4%
Interest Income	1%	\$0.6	(\$0.3)	-41%
Other Revenues	21%	\$17.2	(\$0.3)	-2%
Total		\$81.9	(\$18.0)	-22%

COVID-19 Departmental Reductions:

The FY21 General Fund proposed budget department budget reductions comprise reductions in positions, services and supplies. These reductions are consistent with the May 21 report except the retention of the Assistant Fire Chief and General Ledger Accountant / Auditor. There will be noticeable service implications, but hopefully, new revenues and the reopen and hiring fund (described in subsequent pages) will ease some of these challenges.

	A	B	C	D = (B+C)	E (A+D)	F	G = (E/F)
General Fund Department	General Fund Layoff	Additional Position Reductions /	Program Cuts Other Reductions	General Fund Program / Staff Cuts	Total Reduction	FY21 Adopted GF Budget	Total Reduction s as % of
	\$8,134,707	\$2,068,700	\$5,137,197	\$7,205,897	\$15,340,604	\$83,285,071	18.4%
Police	\$0	\$1,143,000	\$447,000	\$1,590,000	\$1,590,000	\$19,457,419	8.2%
Fire	\$73,414	\$327,583	\$743,202	\$1,070,785	\$1,144,199	\$23,413,852	4.9%
Parks	\$101,342	\$217,355	\$30,214	\$247,569	\$348,911	\$4,562,561	7.6%
MSC & Rec	\$3,990,263	\$0	\$1,900,000	\$1,900,000	\$5,890,263	\$9,722,721	60.6%
Library	\$1,857,021	\$0	\$83,434	\$83,434	\$1,940,455	\$3,221,469	60.2%
Museum	\$206,463	\$0	\$13,762	\$13,762	\$220,225	\$372,608	59.1%
PW	\$341,529	\$166,424	\$1,024,642	\$1,191,066	\$1,532,595	\$6,980,249	22.0%
CDD	\$0	\$72,183	\$263,100	\$335,283	\$335,283	\$3,578,088	9.4%
Conf. Center	\$1,293,280	\$0	\$120,388	\$120,388	\$1,413,668	\$4,024,515	35.1%
CMO	\$121,751	\$0	\$208,534	\$208,534	\$330,285	\$1,489,073	22.2%
ISD	\$149,644	\$0	\$40,700	\$40,700	\$190,344	\$706,770	26.9%
CAO	\$0	\$0	\$56,221	\$56,221	\$56,221	\$1,124,426	5.0%
HR	\$0	\$0	\$44,000	\$44,000	\$44,000	\$800,001	5.5%
Finance	\$0	\$142,155	\$162,000	\$304,155	\$304,155	\$3,031,214	10.0%
Non-Dept						\$800,105	
* Lay off / Freeze / Retirements – excludes PTS							

COVID-19 Budget Solutions:

In addition to the department reductions, the FY21 General Fund budget will be balanced by various budget solutions and strategies, as shown below:

#	FY21 Budget Solutions	Average Scenario
1	% of GF Budget	25.2%
2	Scenario Targets	\$21,000,000
3	COVID-19 SOLUTIONS	\$21,905,897
4	NCIP	\$3,000,000
5	Layoffs - April 2020	\$8,100,000
6	Position Reductions / Retirements - June 2020	\$2,068,700
7	Program Cuts - Other Costs	\$5,137,197
8	Economic Reserve	\$600,000
9	Revenue solutions	TBD
10	1-year Reduction of CIP (\$1.4M to \$0.5M)	\$900,000
11	1-year Suspend OPEB (pay-go only) **	\$800,000
12	1-year Suspend Savings for Vehicle Replace	\$500,000
13	ISD One Time Savings	\$800,000
	*Layoffs/Freezes/Retirements are included in Program Cuts-Other Costs	
	** OPEB: Other Post Employment Benefits	

New Reopen and Hiring Fund

On June 2, Council directed the one-time suspension of (1) other post retirement benefits (“OPEB” to be funded at “pay-go” level) and (2) vehicle replacement savings. In doing so, the Council made \$900,000 available for reopening and hiring as we phase back valued City services. This new “Reopen and Hiring Fund” will be a General Fund division with \$900,000 appropriated. During the fiscal year, the City Manager will have the authority to allocate this appropriation to various priority programs to reopen and hire. This is consistent with the existing budget control policy wherein the City Manager has the authority to amend the budgets within a fund (i.e., within or amongst the General Fund).

While the reductions in funding for Parks and Recreation, Library and Conference Center appear to significantly higher than in other Departments, Council is aware that with the reopening of California as well as the returning of residents and customers to our recreational programs and conventions the impacts will offsetting program revenues and increased revenues. The permission to reopen facilities accompanied by program revenues will for sure reduce the overall reduction percentages over the course of the next 12 months.

Moreover, as the City and labor groups agree upon concessions, such additional savings will be designated into this new “Reopen and Hiring Fund”. This new “Reopen and Hiring Fund” enables the City to consolidate and leverage resources, be responsive to reopen services, and provide transparency regarding appropriation of these funds. This fund will supplement the budget allocations already proposed for the Parks and Recreation Program as well as the Library.

Below is a summary of the \$900,000 Reopen and Hiring Fund:

Reopen and Hiring Fund	FY21
COVID-19 Revenue Reduction	\$21,000,000
COVID-19 Proposed Solutions	\$21,905,897
Available for "Reopen and Hire Fund"	\$905,897

New Revenues:

Solving the COVID-19 budget devastation requires both expenditure reductions and new revenues. To that end, Staff seeks Council and public input with the goal of scheduling more town hall meetings and several Council meetings to discuss new revenues. Continued discussion of a potential Transient Occupancy Tax ("TOT") ballot measure is scheduled for discussion with the City Council in July and include rate(s), terms, fiscal impacts, charter amendment(s) and possible ways to support the hospitality industry.

Since the beginning of the COVID-19 pandemic, Staff remains transparent and engaged with the public about the rapid pandemic development, implications and City's response. Significant new revenues are critical to reopening City services.

Structural Deficit and Measure G ½-cent per Dollar Sales Tax

Aside from COVID-19, the City General Fund had a pre-existing structural deficit which is estimated to be \$3.1 million for FY21, as summarized below:

General Fund Structural Deficit	FY21
Adopted FY 21 Structural Defecit	(\$2,800,000)
Increasing Risk Insurance Premiums	(\$147,140)
Decision Packages	(\$218,600)
Total Structural Deficit - FY21	(\$3,165,740)

On March 3, 2020, Monterey City voters approved Measure G ½ cent per dollar sales tax. The policy was to utilize Measure G to solve the General Fund structural deficit forecast for FY21, FY22 and FY23 at (\$3.1) million, (\$3.8) million and (\$5.2) million, respectively. Measure G is effective July 1, 2020 and estimated to generate \$4 million for FY21, per the City's sales tax consultant HdL Companies. Like other revenues, Measure G will be impacted by COVID-19 and we will continue to monitor and adjust accordingly.

Community support for Measure G was strong and included the many times expressed sentiment for the City to continue reforming City expenditures in a variety of areas.

MCCVB

The FY20 and FY21 budget includes General Fund appropriation to MCCVB of \$992,405 and visitor center rent of \$134,000. The net General Fund contribution to MCCVB is \$858,405 (\$992,405 less \$134,000), which is 6.14% for FY21, when COVID-19 will reduce the General Fund TOT revenues to approximately \$14 million. Even with the anticipated \$9.8 million reduction of

TOT revenues for FY21, Staff recommends maintaining retaining the visitor center rent at \$134,000 and retaining the MCCVB appropriation at \$992,405 to ensure that regional marketing for hospitality is adequately funded.

Conclusion

Staff requests the Council approve the resolution to authorize budget adjustments and provide any further direction therein.

Attachments: 1. Resolution
2. Agenda Report - May 27, 2020
3. Agenda Report - June 2, 2020

Writings distributed for discussion or consideration on this agenda item, pursuant to Government Code § 54957.5, are posted at <https://monterey.org/Submitted-Comments> within 72 hours of the meeting.

RESOLUTION NO. __-__ C.S.

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

AMEND RESOLUTION 19-115 AUTHORIZING CHANGES TO THE FISCAL YEAR 2020-21 BUDGET FOR THE GENERAL FUND, EQUIPMENT/VEHICLE REPLACEMENT FUND, NEIGHBORHOOD AND COMMUNITY IMPROVEMENT PROGRAM FUND, INFORMATION SERVICES INTERNAL SERVICE FUND AND ECONOMIC UNCERTAINTY RESERVE

WHEREAS, on June 18, 2019, the City Council adopted Resolution 19-115 adopting the fiscal year 2019-20 (FY20) and fiscal year 2020-21 (FY21) operating budgets of the City of Monterey;

WHEREAS, FY21 General Fund COVID-19 pandemic updates were summarized and presented to Council;

WHEREAS, budget adjustments are proposed to reflect information known since budget adoption;

WHEREAS, on April 29, 2020, the City Council adopted Resolution 20-053 authorizing the City Manager to reinstate eliminated positions based on the uncertainty of the duration of the COVID-19 pandemic. This authorization is to allow for the swift re-opening of City services once those services may be provided in a manner consistent with State and local shelter in place orders and in a fiscally responsible manner. The establishment of the Reopening and Hiring Fund is to implement this authority; and

WHEREAS, the City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines"), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby authorizes the Finance Director to amend Resolution 19-115 authorizing changes to the FY21:

- 1) Make the following FY21 General Fund revenue budget adjustments to reflect the reductions (% loss) as shown below:

FY20/21 General Fund Revenue (\$ million)	Revenue as a % of Budget	Total Budget	Loss Due to COVID-19 Avg Scenario	% Loss
Transient Occupancy Tax	29%	\$23.8	(\$9.8)	-41%
Sales Tax	11%	\$8.9	(\$1.8)	-20%
Property Tax	16%	\$12.7	(\$0.5)	-4%
Rents (Commercial)	3%	\$2.2	(\$0.1)	-2%
Conference Center Rents, etc.	3%	\$2.2	(\$1.4)	-62%
Parks & Rec Fees	8%	\$6.5	(\$3.4)	-52%
CDD Fees/License & Permits	5%	\$4.0	(\$0.3)	-8%
Business License	5%	\$3.7	(\$0.1)	-4%
Interest Income	1%	\$0.6	(\$0.3)	-41%
Other Revenues	21%	\$17.2	(\$0.3)	-2%
Total		\$81.9	(\$18.0)	-22%

2) Make the following FY21 General Fund appropriation budget adjustments:

	A	B	C	D = (B+C)	E (A+D)	F	G = (E/F)
General Fund Department	General Fund Layoff	Additional Position Reductions /	Program Cuts Other Reductions	General Fund Program / Staff Cuts	Total Reduction	FY21 Adopted GF Budget	Total Reductions as % of
	\$8,134,707	\$2,068,700	\$5,137,197	\$7,205,897	\$15,340,604	\$83,285,071	18.4%
Police	\$0	\$1,143,000	\$447,000	\$1,590,000	\$1,590,000	\$19,457,419	8.2%
Fire	\$73,414	\$327,583	\$743,202	\$1,070,785	\$1,144,199	\$23,413,852	4.9%
Parks	\$101,342	\$217,355	\$30,214	\$247,569	\$348,911	\$4,562,561	7.6%
MSC & Rec	\$3,990,263	\$0	\$1,900,000	\$1,900,000	\$5,890,263	\$9,722,721	60.6%
Library	\$1,857,021	\$0	\$83,434	\$83,434	\$1,940,455	\$3,221,469	60.2%
Museum	\$206,463	\$0	\$13,762	\$13,762	\$220,225	\$372,608	59.1%
PW	\$341,529	\$166,424	\$1,024,642	\$1,191,066	\$1,532,595	\$6,980,249	22.0%
CDD	\$0	\$72,183	\$263,100	\$335,283	\$335,283	\$3,578,088	9.4%
Conf. Center	\$1,293,280	\$0	\$120,388	\$120,388	\$1,413,668	\$4,024,515	35.1%
CMO	\$121,751	\$0	\$208,534	\$208,534	\$330,285	\$1,489,073	22.2%
ISD	\$149,644	\$0	\$40,700	\$40,700	\$190,344	\$706,770	26.9%
CAO	\$0	\$0	\$56,221	\$56,221	\$56,221	\$1,124,426	5.0%
HR	\$0	\$0	\$44,000	\$44,000	\$44,000	\$800,001	5.5%
Finance	\$0	\$142,155	\$162,000	\$304,155	\$304,155	\$3,031,214	10.0%
Non-Dept						\$800,105	
* Layoff / Freeze / Retirements – excludes PTS							

3) Make the following FY21 budget adjustments:

#	FY21 Budget Solutions	Average Scenario
1	% of GF Budget	25.2%
2	Scenario Targets	\$21,000,000
3	COVID-19 SOLUTIONS	\$21,905,897
4	NCIP	\$3,000,000
5	Lay offs - April 2020	\$8,100,000
6	Position Reductions / Retirements - June 2020	\$2,068,700
7	Program Cuts - Other Costs	\$5,137,197
8	Economic Reserve	\$600,000
9	Revenue solutions	TBD
10	1-year Reduction of CIP (\$1.4M to \$0.5M)	\$900,000
11	1-year Suspend OPEB (pay-go only) **	\$800,000
12	1-year Suspend Savings for Vehicle Replace	\$500,000
13	ISD One Time Savings	\$800,000
	*Layoffs/Freezes/Retirements are included in Program Cuts-Other Costs	
	** OPEB: Other Post Employment Benefits	

4) Make the FY21 General Fund budget adjustments for the structural deficit and new Measure G revenue of \$4 million, and

General Fund Structural Deficit	FY21
Adopted FY 21 Structural Defecit	(\$2,800,000)
Increasing Risk Insurance Premiums	(\$147,140)
Decision Packages	(\$218,600)
Total Structural Deficit - FY21	(\$3,165,740)

5) Establish a new Reopen and Hiring Fund (a division within the General Fund) and authorize the City Manager to re-appropriate those funds accordingly consistent with the authorization set forth in Resolution 20-053.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 202_, by the following vote:

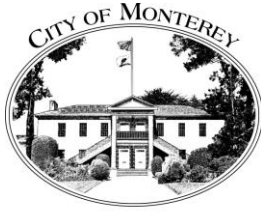
AYES:	COUNCILMEMBERS:
NOES:	COUNCILMEMBERS:
ABSENT:	COUNCILMEMBERS:
ABSTAIN:	COUNCILMEMBERS:

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof



City Council Agenda Report

FROM: Lauren Lai, CPA, Finance Director

SUBJECT: FY20/21 Financial Report on Structural Deficit and Coronavirus (COVID-19) Deficit on the City General Fund and Proposed Budget Reductions and Revenue Enhancements (Not a Project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)

RECOMMENDATION:

City Council receive Financial Report on Coronavirus (COVID-19) Impact on City General Fund Fiscal Year 2020/2021 and Various Proposed Budget Reductions and Revenue Enhancements.

POLICY IMPLICATIONS:

Monterey City Charter section 6.6(e) provides: “[i]f there are insufficient funds available to provide for the ordinary and necessary services in any budget year, they may, by an affirmative vote of four (4) members of the City Council, reduce the amount to be appropriated for Neighborhood and Community Improvements.”

FISCAL IMPLICATIONS:

Staff estimates that the effects of COVID-19 pandemic will devastate the City’s General Fund revenues for FY19/20 and FY20/21(2 years) by approximately \$31 million.

The loss is now \$13 million (or 16.2%) through the remainder of fiscal year FY 19/20 (mid-March through June 2020), which is \$3 million higher than originally estimated in April 2020.

For fiscal year FY 20/21, the current estimates project a revenue loss of \$18 million (21.7%) of an \$83 million budget. Additionally, the pandemic created significant financial losses in other funds such as Tidelands, Parking, Measure P & S, etc. The Monterey County Convention and Visitors Bureau (MCCVB) has adjusted the City of Monterey’s revenue loss assumptions for Transient Occupancy Tax (TOT) from \$10M to \$13M. Council resolved \$10M of the \$13M FY20 COVID-19 deficit in April, so the balance of \$3M should be resolved in FY21.

The FY21 proposed solutions need to address \$21M, comprising \$3M FY20 COVID-19 deficit balance and \$18M FY21 COVID-19 deficit. Moreover, the FY21 budget had a structural deficit of \$2.8M which will increase to \$3.2M due to various program and/or insurance updates, however we anticipate this deficit of \$3.2M will be resolved with the new voter-approved Measure G (½ cent per dollar sales tax).

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 (“CEQA Guidelines”), Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general

rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

ALTERNATIVES: N/A

DISCUSSION:

On April 7 and 21, Council was briefed on the Novel Coronavirus (COVID-19) pandemic and its unprecedented and unpredictable nature and its effects on the City's budget, expenditures and service levels.

Monterey's hospitality industry has nearly grinded to a halt, with dire consequences for the City of Monterey's budget. The City's revenues are dependent on tourism, which accounts for approximately 35% of the City's General Fund, 62% of Measure P and S, and almost 100% of Neighborhood Community Improvement Program (NCIP) and Parking Funds.

The mission of the City of Monterey during this pandemic has been to remain focused on

- maintaining public safety as the top priority,
- keeping the core functions of our local government operational, and
- to encourage a speedy recovery of our economic engines with a focus on our hospitality industry.

With that in mind, our City needs to be prepared to brace for a wide range of fiscal and economic damages, which are occurring and still unfolding. As staff has shared previously, temporarily shuttered facilities such as the library, museums, recreation / park centers, conference center, and sports center must reopen in a safe manner under approved social distancing measures, and in a manner that is fiscally prudent. This report presents short-, mid- and long-term considerations and solutions. The COVID-19 pandemic is causing a significant paradigm shift forcing the City Council to consider revenue, expenditures, and service levels in a compressed timeline. Staff will present a summary of this information and request Council and general public feedback.

This report should be taken in light of prior years of fiscal reform and reductions. Major prior year considerations include: (1) Fiscal Health Response Plan (FHRP) - addressing structural deficit; (2) pre-existing pension obligations; (3) pre-existing unfunded facility repairs; and (4) multiple departments made significant cuts to balance the budget, and it's imperative to consider the reduced staffing and service levels of these departments going into the deeper cuts identified in this COVID-19 report.

This report includes four major sections: (1) Fiscal Overview; (2) Big Picture Strategy / Policy; (3) Broad Service Reductions; and (4) Paradigm Shift Ideas. In terms of timeline, Staff

anticipates additional COVID-19 and budget discussions on June 2 and June 16. The goal is for the Council to adopt budget amendments on June 16th, which will be effective July 1, 2020.

The presented data and proposed solutions are made to correct the short-term budgetary shortfalls. The City of Monterey has provided continuously high service levels to our residents and businesses. It is the intent of the proposed solutions to return to these service levels as soon as it is fiscally responsible.

Labor Contracts:

The City is currently in closed contracts with all of the labor groups. Six of the labor groups have contracts expiring June 30, 2021 and one labor group (Fire) has a contract expiring in June 30, 2022, but may be reopened for negotiations on station staffing and salary in 2021. Therefore, other than layoffs, the City cannot require or impose concessions to achieve reductions in expenditures. All executives (making up a total of 12 employees) have offered and the City has implemented concessions. At this time, these savings will fund a \$1,000 severance to the 81 employees temporarily laid off. Police management and Fire management (making up a total of eight employees) have volunteered concessions.

The City must continue to engage in discussions with the other labor groups to request concessions to salary, salary-based premiums, and benefits. The City does not want to impact the ability to recruit and retain talent. But given that approximately 78% of the general fund expenditures are related to personnel (salary/benefits), the reality is that without across-the-board concessions provided by labor groups the City will need to implement additional layoffs and cuts to city services and programs, including public safety.

Fiscal Overview: Devastation of City General Fund FY 21:

Deficit Summary:

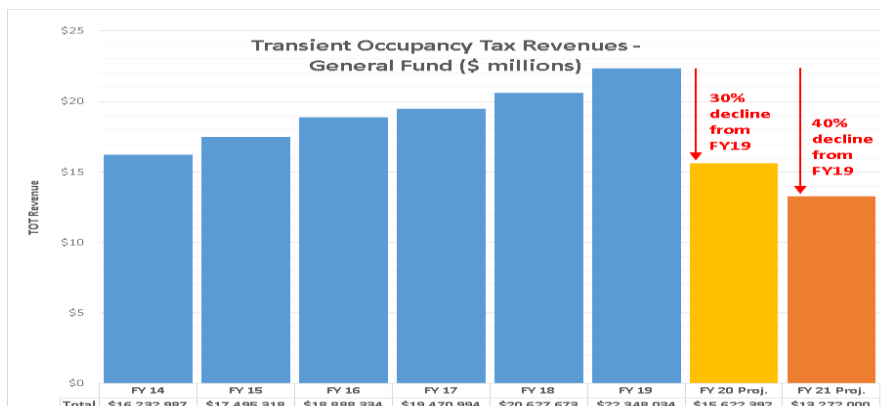
Deficits	FY Adopted	Updates	FY Amended	Proposed Solutions	Comments
FY20 COVID-19	\$0	\$13M	\$M	\$10M \$3M	\$10M of CIP/NCIP \$3M of other solutions
FY21 Structural Deficit	\$2.8M	\$0.4M	\$3.2M	\$3.2M	Measure G ½ sales tax
FY21 COVID-19	\$0	\$18M	\$18M	\$18M	Various Reductions
Total COVID-19 Loss in 2 years		\$31M			

Staff collaborated with various subject matter experts, regional leaders, staff program managers, and others, and corroborated various data resources to derive estimates. Keeping in mind this fluid financial situation, below is Staff's assessment of the FY21 City General Fund revenue losses by major categories.

Loss by Revenue Categories: The table below shows the least worst (\$15.8M) ("scenario A") and worst (\$20.9M) ("scenario B") scenarios of COVID-19 deficits by revenue categories. The scenario A assumes significant easing of the shelter-in-place order effective June 1, 2020. The scenario B assumes a second COVID-19 case spike in fall 2020. The average scenario of \$18M will be used for budgeting and operations. Staff will continue to monitor, analyze and adjust services (restoring them) as revenues improve and propose budget adjustments upwards or downwards.

FY20/21 General Fund Revenue	Revenue as a % of Budget	Total Budget	Loss Due to COVID-19 Scenario A	% Loss	Loss Due to COVID-19 Scenario B	% Loss
Transient Occupancy Tax	29%	\$23.8	(\$9.1)	-38%	(\$10.6)	-44%
Sales Tax	11%	\$8.9	(\$1.4)	-16%	(\$2.1)	-24%
Property Tax	15%	\$12.7	(\$0.4)	-3%	(\$0.6)	-5%
Rents (Commercial)	3%	\$2.2	(\$0.1)	-2%	(\$0.1)	-2%
Conference Center Rents, etc.	3%	\$2.2	(\$1.2)	-53%	(\$1.6)	-70%
Parks & Rec Fees	8%	\$6.5	(\$2.8)	-43%	(\$4.0)	-61%
CDD Fees/License & Permits	5%	\$4.0	(\$0.0)	-1%	(\$0.6)	-15%
Business License	5%	\$3.7	(\$0.1)	-3%	(\$0.2)	-5%
Interest Income	1%	\$0.6	(\$0.3)	-41%	(\$0.3)	-41%
Other Revenues	22%	\$17.8	(\$0.2)	-1%	(\$0.4)	-2%
Total		\$82.6	(\$15.5)	-19%	(\$20.4)	-25%

TOT Revenue Losses – Below is the TOT revenue historical trend and FY20 & FY21 projections.



California Pension System (CalPERS) -- As for CalPERS pension, COVID-19 caused a worldwide economic crash of stock markets resulting in significant CalPERS investment portfolio losses. Based on the CalPERS webinar on April 8th, the March 2020 year-to-date portfolio loss is 4%. CalPERS did not provide an estimated portfolio loss for FY2020 and/or any estimate for future employer higher costs. We do not know the extent of how the FY20 investment losses will increase employer pension costs starting in FY22/23 with a 5-year ramp up and 20-year level payment amortization. CalPERS plans to publish the annual valuation reports in fall 2020, which will include the FY20 actual investment loss and provide more specific COVID-19 fiscal ramifications on employer costs. The City will need to find solutions to resolve this pension obligation.

FY21 Big Picture Strategy / Policy -- This section proposes various strategies and policies to solve FY21 General Fund Budget, which Staff seeks feedback.

- Paradigm Shift Strategies -- With this strategy, the City: (1) recognizes that COVID-19 is unprecedented relative to prior City catastrophes; (2) considers solutions with the idea of "Go Big / Go Broad / Go Simple!" (Jason Furman, Harvard Professor); and (3) act swiftly -- unfortunately there is no time for a traditional reiterative community based process. The City needs to re-examine operations and consider what are core City functions and cost-recovery policies.
- Structural Deficit will be addressed with Measure G Funding Strategy -- Fixes the pre-existing General Fund structural deficit with the new voter-approved Measure G ½ cent per dollar sales tax.
- Pension and Facility Funding Strategy -- Monitoring and instituting long-term solutions to tackle pension liabilities and fix City facilities. Unfunded pension and unfunded facility repairs are pre-existing problems which magnify with COVID-19.
- Fiscal Health Response Plan (FHRP) -- CORE Strategies -- The City continues its FHRP CORE strategies to address COVID19. (1) C - Change Business (2) O - Operational Reductions (3) R - Revenue Enhancements (4) E - Employee Concessions
- Economic Uncertainty Reserve ("rainy day fund") Strategy -- The City Economic Uncertainty Reserve of \$13.7M represents 16.6% of General Fund or the equivalent of almost 2 months of City general fund operations. Some of this balance may be used to solve COVID-19 revenue losses. Keep in mind this is one-time money (not recurring) and in the future, the City will need to restore the rainy day fund and possibly set a higher reserve goal given what the City learns from this pandemic.
- One-time versus Ongoing Solutions Strategies -- The portfolio of costs and revenues will include one-time and ongoing components. To address the immediate challenges and maintain long-term financial stability, the strategies will include one-time strategies that infuse immediate dollars but do not repeat readily in future periods, while recurring strategies infuse dollars repeatedly each period. Examples of one-time strategies are unfunding CIP projects and technology projects. Examples of recurring strategies are workforce reduction, employee concessions, new tax or fee revenues, etc.
- Priority Based Strategy -- To facilitate decision making, this strategy focuses efforts on immediate and urgent priorities. Those include: (1) public safety - serve residents, save lives (2) fix the budget (3) jumpstart local economic recovery
- Labor Negotiation Strategy -- This strategy balances the City's ability to recruit and retain talented employees with the ability to pay for labor costs, and to the end, the strategy seeks employee concessions to possibly avoid some budget cuts and/or layoffs.

FY21 Big Picture Strategies of Proposed Solutions to Solve COVID-19 -- Below is a summary of the proposed COVID-19 fiscal solutions.

- The City will focus on the average scenario of \$21M, comprising \$3M FY20 COVID-19 deficit balance and \$18M FY21 COVID-19 deficit.
- NCIP projects would not be appropriated for FY21.
- Employee layoffs would reduce costs and services.
- Further program costs would be reduced to balance the budget.
- Economic reserve would be used as a one-time solution.
- One-year suspension is proposed for Other Post-Employment Benefits ("OPEB", retiree medical) savings, vehicle replacement savings, technology projects and/or CIP/facility repairs.
- Revenue solutions -- such as taxes, fees, cost-recoveries -- are all possible, and Staff seeks Council direction before making financial assumptions of additional new revenues. Revenues are discussed further in the "Paradigm Shift Ideas" section.

	Scenario A	Average Scenario	Scenario B
% of GF Budget	22.2%	25.2%	28.1%
Scenario Targets	\$18,525,530	\$21,000,000	\$23,363,980
COVID-19 SOLUTIONS	\$18,525,530	\$20,971,005	\$23,363,980
NCIP	\$3,000,000	\$3,000,000	\$3,000,000
Lay offs - April 2020	\$8,100,000	\$8,100,000	\$8,100,000
Lay offs / Freeze / Retirements - June 2020	*	\$2,433,808	*
Program Cuts - Other Costs	\$5,725,530	\$5,137,197	\$8,263,980
Economic Reserve	\$0	\$600,000	\$1,000,000
Revenue solutions	TBD	TBD	TBD
1-year Reduction of CIP (\$1.4M to \$0.5M)	\$900,000	\$900,000	\$900,000
1-year Suspend OPEB (pay-go only)			\$800,000
1-year Suspend Savings for Vehicle Replace			\$500,000
ISD One Time Savings	\$800,000	\$800,000	\$800,000
*Layoffs/Freezes/Retirements are included in Program Cuts-Other Costs			

General Fund - Broad Budget Reductions -- Staff recognizes that service (program) cuts are difficult but facing this financial devastation, significant service cuts will be necessary. Staff proposes these budget reductions and seeks feedback from the Council and general public. Some of the service reductions may be avoided with employee concessions, new revenues and/or other cost reduction strategies.

	A	B	C	D = (B+C)	E (A+D)	F	G = (E/F)
General Fund Department	General Fund Layoff (April 2020)	Additional Position Freezes/Layoff/Anticipated Retirements	Program Cuts Other Reductions	General Fund Program / Staff Cuts (June 2020)	Total Reduction	FY21 Adopted GF Budget	Total Reductions as % of FY21 GF Adopted
	\$8,134,707	\$2,433,808	\$5,137,197	\$7,571,005	\$15,705,712	\$83,285,071	18.9%
Police	\$0	\$1,143,000	\$447,000	\$1,590,000	\$1,590,000	\$19,457,419	8.2%
Fire	\$73,414	\$635,631	\$743,202	\$1,378,833	\$1,452,247	\$23,413,852	6.2%
Parks	\$101,342	\$217,355	\$30,214	\$247,569	\$348,911	\$4,562,561	7.6%
MSC & Rec	\$3,990,263	\$0	\$1,900,000	\$1,900,000	\$5,890,263	\$9,722,721	60.6%
Library	\$1,857,021	\$0	\$83,434	\$83,434	\$1,940,455	\$3,221,469	60.2%
Museum	\$206,463	\$0	\$13,762	\$13,762	\$220,225	\$372,608	59.1%
PW	\$341,529	\$166,424	\$1,024,642	\$1,191,066	\$1,532,595	\$6,980,249	22.0%
CDD	\$0	\$72,183	\$263,100	\$335,283	\$335,283	\$3,578,088	9.4%
Conf. Center	\$1,293,280	\$0	\$120,388	\$120,388	\$1,413,668	\$4,024,515	35.1%
CMO	\$121,751	\$0	\$208,534	\$208,534	\$330,285	\$1,489,073	22.2%
ISD	\$149,644	\$0	\$40,700	\$40,700	\$190,344	\$706,770	26.9%
CAO	\$0	\$0	\$56,221	\$56,221	\$56,221	\$1,124,426	5.0%
HR	\$0	\$0	\$44,000	\$44,000	\$44,000	\$800,001	5.5%
Finance	\$0	\$199,215	\$162,000	\$361,215	\$361,215	\$3,031,214	11.9%
Non-Dept						\$800,105	

- Police - anticipated retirements/hiring delays of multiple positions and reduced services, training, overtime and supplies. Core functions will be maintained but public safety services will be impacted or reduced such as the traffic officers, School Resource Officer, Community Action Team, general police presence, the Multi-Disciplinary Outreach Team (MDOT) and others. These actions will create a lag in the one-year training cycle for officers to be "street ready." The positions in police can be funded at any time as they will not be eliminated, they will just not be funded.
- Fire - freezes/layoff/anticipated retirements of multiple positions and reduces services & supplies. Core functions will be maintained but some public safety services will be impacted or reduced such as training and emergency preparedness.
- Parks - freezes/layoff/anticipated retirements, reduced services and operational supplies.
- Public Works - freezes/layoff/anticipated retirements of multiple positions and temporarily assigns multiple positions other funds. There will be an impact to the City's ability to maintain its infrastructure. Other services, supplies and utility costs were also reduced.
- Finance - freezes/layoff/anticipated retirements of multiple positions and reduces services and supplies.
- Human Resources -- reduces service, supplies and recruitment costs.
- City Attorney's Office -- reduces court costs and third party service costs.
- City Manager's Office --freezes/layoffs, labor cost allocation to other funds and reduces services and supplies.

- Museum - freezes/layoff/anticipated retirements of multiple positions and reduces services and supplies.
- Library - freezes/layoff/anticipated retirements of multiple positions and reduces services and supplies.
- Sports Center and Recreation -- freezes/layoff/anticipated retirements of multiple positions and reduces services and supplies.
- Information Services Department -- freezes/layoff/anticipated retirements of multiple positions and reduces services and supplies.
- Conference Center - freezes/layoff anticipated retirements of multiple positions and reduces services and supplies.

Paradigm Shift Ideas -- COVID-19 is causing a paradigm shift -- defined as a fundamental change to the approach or underlying assumptions. The City should consider solutions with the idea of “Go Big / Go Broad / Go Simple!”. Moreover, COVID-19 imposes swift action without time for the traditional reiterative process. Below is a list of some “Go Big / Go Broad / Go Simple” ideas in no particular order -- and such list is not all inclusive either and Staff certainly seeks more feedback. Lastly, this list is meant as a starting point for multiple analyses and evaluations. Some of these suggestions will create a robust and, probably, adversarial discussions between interest groups and stakeholders. In other words: we put everything on the table. In presenting this list, Staff has a responsibility to provide solutions / options with potential timeframes:

Decision-Making: Next 1-2 Months

- Transient Occupancy Tax (TOT)
 - Potential rate increase (August deadline for November Ballot)
 - Adjust NCIP allocation (August deadline for November Ballot)
 - Streamline reporting and collection to monthly (Introduce Ordinance in June)
- Monterey County Convention & Visitors Bureau (MCCVB)
 - Set new contribution formula @ 3% (June 2020)
 - Consider one-time infusion of funds for economic recovery (June 2020)
 - Determine one-time forgiveness of rental for Visitor Center/French Consulate (June 2020)
- Binding Arbitration
 - Meet and Consult before potentially placing a measure on the ballot to adjust a binding arbitration provision in the City’s charter (August deadline for November Ballot)
- Monterey City Disposal Service
 - Renew refuse franchise, increase franchise rate / revenues
- Consolidate Staff in Multiple Facilities/Locations
 - Reduce utility, technology, infrastructure costs

Potential Implementation: Next 2-3 Months

- Cost Recovery Analysis / Fee Increases
 - Potential fee increases to offset costs (June/July)
 - Establish facility fees to fund capital improvements/projects at Sports Center (June/July)
- Fire Department

- Discontinue Paramedic Pilot Program (June/July)
 - Explore Fire/Medical Response Fee (July - October)
- Explore Outsourcing Options
 - Conference Center - potential partnership with MCCVB
 - Veterans Memorial Park Campground
 - Harbor/Marina Operations
 - Custodial Services

Potential Implementation: Next 3-6 Months

- Reduce Hours of Services for Administrative Offices
- More Self-Services - automations, website, internet based
- Developer Deposit - approach and administration
- Internal Service Funds - reduce cost, allocation methods, enhance programs
 - Information technology cost allocations and cost reduction opportunities
 - Continue progress with return-to-work programs to reduce worker's compensation expenses
 - Re-examine general liability plans and risk pool strategies

Potential Implementation: Next 6-9 Months

- Private / Non-Profit Funding Support
 - Continued support from Friends and Foundation of the Monterey Public Library
 - "Sports & Wellness Foundation" for Sports Center
 - Partnership with Non-Profits for Senior Center Operations
 - Continued partnership with sports groups for Ballfield Operations
- Fire Department
 - Standards of Cover Study (June-October)
 - Potential reductions in staffing (Early 2021)

Conclusion -- Staff requests that the City Council receive this financial report on COVID-19 impacts on the City General Fund FY21 along with various proposed budget reductions and revenue enhancement. Staff also seeks feedback with the goal of continuing the discussion and approving elements of the FY 2020/21 Budget on June 2, final adoption of the budget on June 16, and consideration of short and mid-term budget strategies.

Monterey's economy including our City's revenues will bounce back. The recent Memorial Day weekend showed how popular the Monterey Peninsula is. However, for the foreseeable future, the short-term and long-term impacts of COVID-19 continues to remain unpredictable and impact the speed of Monterey's economic recovery.



Council Agenda Report

FROM: Lauren Lai, CPA, Finance Director

SUBJECT: Provide Direction Regarding the COVID-19 FY20/21 General Fund Deficit, Proposed Budget Reductions, Strategies and/or Revenue Enhancements (Not a Project under CEQA Article 20, Section 15378 and under General Rule Article 5, Section 15061)

RECOMMENDATION:

City Council provides direction regarding COVID-19 FY20/21 General Fund deficit, proposed budget reductions, strategies and/or revenue enhancements.

POLICY IMPLICATIONS:

It is good fiscal and budget policy to regularly review the financial results of City operations. In addition, governmental accounting standards require that the City Council be regularly updated as to the financial condition of the City.

FISCAL IMPLICATIONS:

Staff estimates that the effects of COVID-19 pandemic will devastate the City's General Fund revenues for FY19/20 and FY20/21(2 years) by approximately \$31 million.

The loss through the remainder of Fiscal Year 19/20 (mid-March through June 2020) is now \$13 million (or 16.2%), which is \$3 million higher than originally estimated in April 2020. In conjunction with the Monterey County Convention and Visitors Bureau (MCCVB), staff adjusted the City of Monterey's revenue loss assumptions for Transient Occupancy Tax (TOT), bringing total FY20 COVID-19 losses from \$10M to \$13M.

For fiscal year FY 20/21, the current estimates project a revenue loss of \$18 million (21.7%) of an \$83 million budget. Additionally, the pandemic created significant financial losses in other funds such as Tidelands, Parking, Measure P & S, etc. Council resolved \$10M of the \$13M FY20 COVID-19 General Fund deficit in April, so the balance of \$3M should be resolved in FY21.

The FY21 proposed solutions need to address \$21M, comprising \$3M FY20 COVID-19 deficit balance and \$18M FY21 COVID-19 deficit. Moreover, the FY21 budget had a structural deficit of \$2.8M which will increase to \$3.2M due to various program and/or insurance updates, however we anticipate this deficit of \$3.2M will be resolved with the new voter-approved Measure G (½-cent per dollar sales tax).

ENVIRONMENTAL DETERMINATION:

The City of Monterey determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA)(CCR, Title 14, Chapter 3 ("CEQA Guidelines")),

Article 20, Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

ALTERNATIVES:

Council could decide not to provide direction or feedback on the proposed FY 2020/21 budget. However, this is not recommended because budget reductions, strategies, and revenue enhancements are needed to balance the budget.

DISCUSSION:

On April 7, April 21 and May 21, Council was briefed on the novel coronavirus (COVID-19) pandemic and its unprecedented and unpredictable nature and its effects on the City's budget, expenditures and service levels.

The mission of the City of Monterey during this pandemic has been to remain focused on:

- maintaining public safety as the top priority,
- keeping the core functions of our local government operational, and
- to encourage a speedy recovery of our (hospitality) industries.

For reference, the attached May 21 agenda report summarizes the COVID-19 FY20/21 General Fund deficit, proposed budget reductions, strategies and/or revenue enhancements. In times like these, all possible scenarios and budget reductions and service adjustments need to be put on the table.

The City's short-term and long-term fiscal health depends on actions and difficult decisions that need to be made with the Fiscal Year 2021 budget. Staff will be seeking input from neighborhood associations, business associations, and the public-at-large regarding cost saving and revenue generating strategies during multiple virtual town hall meetings to be held on June 1st. Initial feedback from the town hall meetings will be presented to the City Council at its meeting on June 2.

Staff is suggesting that Council provides direction with respect to the proposed budget solutions including selection of the preferred scenario. Second, we also suggest that Council discusses two potential ballot measures and provides guidance and not yet direction.

Departmental Reductions:

Staff is seeking Council direction regarding the FY20/21 General Fund proposed department budget reductions, as shown below:

	A	B	C	D = (B+C)	E (A+D)	F	G = (E/F)
General Fund Department	General Fund Layoff (April 2020)	Additional Position Freezes/Layoff/Anticipated Retirements	Program Cuts Other Reductions	General Fund Program / Staff Cuts (June 2020)	Total Reduction	FY21 Adopted GF Budget	Total Reductions as % of FY21 GF Adopted
	\$8,134,707	\$2,433,808	\$5,137,197	\$7,571,005	\$15,705,712	\$83,285,071	18.9%
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Parks	\$101,342	\$217,355	\$30,214	\$247,569	\$348,911	\$4,562,561	7.6%
MSC & Rec	\$3,990,263	\$0	\$1,900,000	\$1,900,000	\$5,890,263	\$9,722,721	60.6%
Library	\$1,857,021	\$0	\$83,434	\$83,434	\$1,940,455	\$3,221,469	60.2%
Museum	\$206,463	\$0	\$13,762	\$13,762	\$220,225	\$372,608	59.1%
PW	\$341,529	\$166,424	\$1,024,642	\$1,191,066	\$1,532,595	\$6,980,249	22.0%
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CAO	\$0	\$0	\$56,221	\$56,221	\$56,221	\$1,124,426	5.0%
HR	\$0	\$0	\$44,000	\$44,000	\$44,000	\$800,001	5.5%
Finance	\$0	\$199,215	\$162,000	\$361,215	\$361,215	\$3,031,214	11.9%
Non-Dept						\$800,105	

Scenario Discussions:

Staff is also seeking Council direction regarding the proposed solutions for the Average Scenario, as shown below:

	Scenario A	Average Scenario	Scenario B
% of GF Budget	22.2%	25.2%	28.1%
Scenario Targets	\$18,525,530	\$21,000,000	\$23,363,980
COVID-19 SOLUTIONS	\$18,525,530	\$20,971,005	\$23,363,980
NCIP	\$3,000,000	\$3,000,000	\$3,000,000
Layoffs - April 2020	\$8,100,000	\$8,100,000	\$8,100,000
Layoffs / Freeze / Retirements - June 2020	*	\$2,433,808	*
Program Cuts - Other Costs	\$5,725,530	\$5,137,197	\$8,263,980
Economic Reserve	\$0	\$800,000	\$1,000,000
Revenue solutions	TBD	TBD	TBD
1-year Reduction of CIP (\$1.4M to \$0.5M)	\$900,000	\$900,000	\$900,000
1-year Suspend OPEB (pay-go only) **			\$800,000
1-year Suspend Savings for Vehicle Replace			\$500,000
ISD One Time Savings	\$800,000	\$800,000	\$800,000
*Layoffs/Freezes/Retirements are included in Program Cuts-Other Costs			
** OPEB: Other Post Employment Benefits			

Staff suggests to use the “Average Scenario” as the preferred budget projection. The average scenario results in less program cuts across City Departments (many of these cuts are already severe).

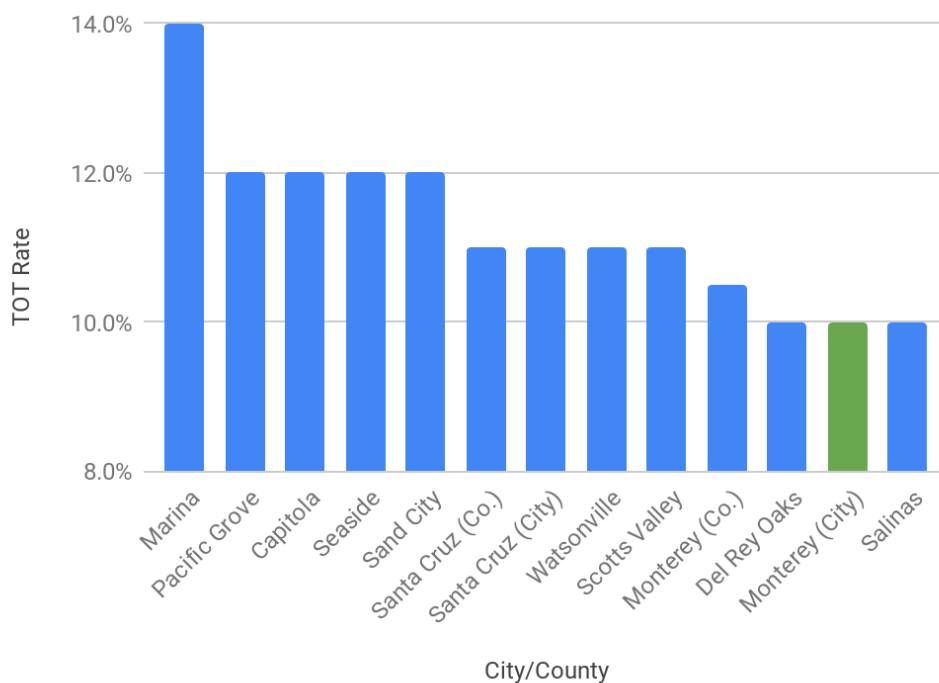
Transient Occupancy Tax (TOT):

Staff seeks Council direction on TOT as it relates to a November 2020 ballot. We are recommending to place a 2% TOT rate increase (which would increase the current rate from 10% to 12%) onto the November ballot, and would result in approximately \$4.9 million in additional revenue per year (based on 2017/18 TOT revenues):

- The Monterey County Convention & Visitors Bureau (MCCVB) and the hospitality partners expect a continued funding stream from the City using a percentage of TOT funds. Staff proposes to set the funding for the MCCVB at 3% of the TOT. This is a fair and equitable contribution model that is proportionate to the TOT revenue generated by each MCCVB member city (all other member cities, including Carmel-by-the-Sea, Pacific Grove, Salinas, Seaside, Marina, Del Rey Oaks and Sand City fund MCCVB at the 3% of TOT rate). The additional revenue generated by the TOT increase may help fund this goal.
- Timely restoration of a majority of library services is dependent on additional revenues. Pre-COVID-19 the library operated seven days-a-week at a cost of \$3.2 million.
- The opening of Scholze Park Center (Senior Center) as well as three other recreation (park) centers has been requested by our residents and users of our recreation programs. Without an infusion through an additional TOT, the programming for some or all of these facilities may not be possible.
- The Sports Center operation requires an annual contribution from the General Fund of around 25% of the collected user fees plus another contribution of the General Fund of around \$540K annually for bond payments. Combined, the Sports Center operation is supported by the General Fund beyond \$1.5 million per year.
- The Conference Center needs to build up a reserve to support facility maintenance, upkeep, and future improvements. Such a new Conference Center reserve may be funded through this additional new TOT revenue, further investing in the hospitality industry that is an economic driver for Monterey’s fiscal health, resident quality of life and essential services.
- TOT funds services that visitors and residents consume and the City provides such as roads, medians, parks, beaches, museums, police, and fire protection. Without funding mechanisms such as parking fees and TOT, visitors to Monterey consume these public services for free.
- Relative to other cities, the City of Monterey has a disproportionate amount of tax-exempt governmental agencies properties that do not pay property tax. Those include our colleges, military bases and the aquarium. These valued institutions clearly benefit the community but the City still needs tax revenues to provide services. Therefore, the City is more dependent upon other revenue sources, such as TOT, sales and fees.

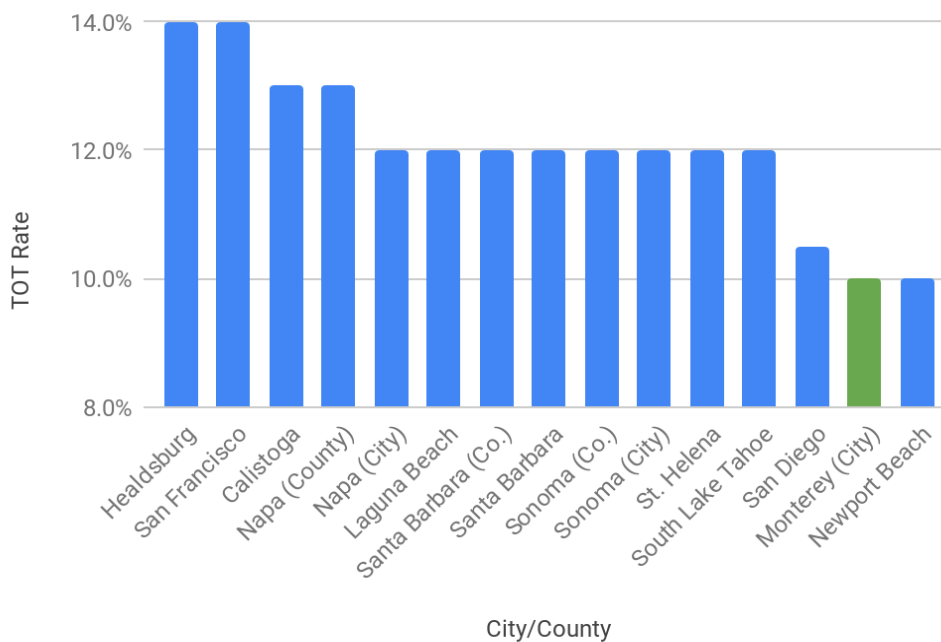
- A 2% rate increase is reasonable and consistent with other cities in the Monterey Bay Area including those participating in the Conference Community Facility District (“CCFD”) contributions, except the three hotels adjacent to the conference center. As shown in the graph below, 10 out of 13 cities surveyed have a higher TOT rate than Monterey. The City of Monterey has the lowest TOT rate in the entire Monterey Peninsula, except Del Rey Oaks which does not have hotels.

Monterey Bay Jurisdictions - TOT by City/County



- Opponents to the TOT rate increase will often cite maintaining Monterey's competitive advantage as a reason for not increasing the TOT rate. However, comparisons of Monterey's TOT rate to cities and counties representing top competitors such as Napa/Sonoma, Santa Barbara, and Lake Tahoe clearly show that Monterey's TOT rate is below our competitors.

Monterey's Competing Destinations - TOT by City/County



Conclusion

On June 2, staff will seek feedback from the City Council with the goal of adopting budget amendments at its meeting on June 16, and consideration of new revenues and/or budget reductions. In order to put the TOT before the voters on the November 2020 election, it requires a $\frac{2}{3}$ Council vote (4 out of 5) and as a general tax, it would require a simple majority of the voter (50% + 1).

ATTACHMENT:

1. May 27, 2020 Agenda Report - COVID-19 FY20/21 Financial Report on Structural Deficit and Coronavirus (COVID-19) Deficit on the City General Fund and Proposed Budget Reductions and Revenue Enhancements

Writings distributed for discussion or consideration on this matter within 72 hours of the meeting, pursuant to Government Code § 54957.5, will be made available at the following link:

<https://monterey.org/Submitted-Comments>