

MONTEREY COUNTY RESOURCE MANAGEMENT AGENCY

Carl P. Holm, AICP, Acting Director
John Guertin, Acting Deputy Director

Daniel Dobrilovic, Acting Building Official
Michael Novo, AICP, Director of Planning
Robert K. Murdoch, P.E., Director of Public Works



168 W. Alisal Street, 2nd Floor
Salinas, CA 93901
www.co.monterey.ca.us/rma

June 19, 2015

Teri Wissler Adam
City of Seaside Contract Planning Manager
c/o EMC PLANNING GROUP INC.
301 Lighthouse Avenue, Suite C
Monterey, California 93940

SUBJECT: CITY-COUNTY PRE-ANNEXATION MOU

Dear Ms. Wissler Adam:

County staff reviewed the City's draft of the City-County Pre-Annexation MOU that you emailed on May 14, 2015. We have a number of comments which are summarized in this response. As you know, much has changed since the collaboration between Monterey County and the City of Seaside on Monterey Downs when first discussed. The most notable changes are the dissolution of redevelopment agencies and the plan for the property to develop in both jurisdictions. The current plan calls for the entire project to be annexed by the City and be processed as a City project. Also, both the County's 2010 Exclusive Negotiation Rights Agreement with Monterey Downs LLC and the City-County 2012 Memorandum of Understanding expired.

As we understand the City of Seaside's proposal, the primary terms are that:

- 1) County support of actions by the City to process the Monterey Downs/Monterey Horse Park/Veteran's Cemetery project (Project) by/in the City.
- 2) County authorize the City to negotiate a Disposition and Development Agreement (DDA) with the developer.
- 3) County transfer Ord Community water that is unallocated or 187.5 acre feet per year, whichever is greater to the City for allocation to the Project.
- 4) County remains financially responsible for the maintenance of open space lands, including the 73-acre Oak Oval.

County staff's initial comments, which have not been presented or considered by the Board of Supervisors, are as follows:

1. County received allocation of 710 afy of ground water and 134 afy of recycled water (844 afy total).
 - a. Board of Supervisors formally allocated 2.2 afy to the Veterans Cemetery in April 2009, which is part of the Project.
 - b. Marina Coast Water District has not extended recycled water lines so there is 95 afy of recycled water allocated to County projects that requires use of groundwater until/unless Marina Coast Water District fulfills their obligation to provide the infrastructure.
 - c. Water allocation needs to go with land sale/transfer, not generally with the annexation. The County and Successor Agency have lands with potential for development remaining in Fort Ord. We need to assess water allocation for remaining lands held by the County and the Successor Agency.
 - i. County owns land within the project area. There is no pending sale or transfer of land.
 - ii. County Successor Agency owns undeveloped lands that are subject to State Department of Finance approval for disposition of that property.
 - iii. Staff feels that water reallocation should only be considered if the County has reserved the amount necessary for its own economic development purposes. (Triangle parcel on Reservation Road and Blanco Road, for example.) Furthermore, reallocation of water rights may warrant financial consideration to the County.
2. Development in the City rather than the County will result in Fiscal Impacts to the County. County is seeking reasonable fiscal neutrality. The County has not seen any analysis of potential fiscal impacts. We do not believe that the existing Master Property Tax Sharing Agreement (County Resolution 80-249) will address the fiscal impact adequately. Revenue considerations should include but are not limited to:
 - a. Property Tax
 - b. Sales Tax
 - c. Transient Occupancy Tax
 - d. Land sale (with 50% going to FORA)
 - e. Revenues from the proposed Monterey Downs operations (gate, parking, etc).
3. County needs to be included in negotiations of any agreement (e.g. DDA) that lands currently in the unincorporated County. County requests that other developable lands be annexed by the City such as Eastside Road and MPOC EVOC lands. County requests that the City requires the developer completes the Eastside Road as part of this project and that the final road becomes a City maintained road.
4. The Oak Oval may be designated as an HMA area in any future HCP and, if so, would require extraordinary maintenance responsibility and associated costs. Staff feels that open space maintenance costs should be the responsibility of the jurisdiction where the open space is located.
5. County requests that the City agree for County to negotiate an agreement with Monterey Peninsula Regional Parks District to manage, and possibly assume, open space and HMA lands that may be transferred into the City (e.g. Oak Oval).

When Monterey Downs was discussed initially, the nature of the development would have resulted in direct financial participation by the County. In part because a portion of the development, and revenue, would have been within the unincorporated County and we had redevelopment tax increment. In our view, the current proposal is based on a much different set of circumstances. The comments above address our immediate reactions to the proposal from the City. We are willing to discuss these issues further in the near future. Please do not hesitate to contact me if you have any questions or comments or if you want to initiate further discussions.

Sincerely;



Carl P. Holm, AICP

Acting Director

Monterey County Resource Management Agency