



12.4.17

MANIFEST

Welcome to the Manifest; a quasi-weekly summary that cares more about brevity than grammar, and what is about to or could happen in Seaside than what did or didn't. Contributions to future editions are welcome at cmalin@ci.seaside.ca.us.

▣ I Have Many Theories – And a few I actually believe. One of the latter I got to bear witness to last week. This is a big week in Seaside, with a multiple groups contributing their best efforts to multiple undertakings, all intended to move us forward on multiple fronts. On Monday, we'll be interviewing Police Chief candidates and the Plan Commission will begin the review of cannabis dispensary permits. On Tuesday, there will be more Police Chief candidate poking and prodding, and maybe a continuation of the Plan Commission meeting, and a CSUMB meeting on Campustown. On Wednesday, all the normal stuff goes on. On Thursday, there's a Council meeting with a Water Study Session, a leap forward on the golf course resort and other not so trivial stuff like how we are going to suppress illegal fireworks, acquire a new ladder truck and let a guy have his say before the actual elected officials of the community about his fence.

This big week required quite a bit of hard work last week by staff. They worked well into the evening. They worked over the weekend. They worked on their weekend evenings. They worked from home. They worked from their vacation. They worked on their sick days. They worked together when they could and alone when they had to. There's going to be winners and losers this week, and there's some chance the losers – particularly on the cannabis dispensary front – will lawyer up and have at us. That comes with the territory.

What also comes with the territory is this theory that I actually believe. Your soul is your work. Your soul is the body of work that you leave behind, and the love and care and creativity embedded in it. Your soul could be something else too if you need it to be on the spiritual front (I'm a government employee so I'll leave that to you). And I suppose your soul could be the opposite of love and care and creativity is that's the sort of thing that interests you. It don't interest me in the least, and it was very evident to me as I watched all the groups working hard last week so Seaside could leap forward this week, that it don't interest them, either.

If I had to rank my favorite moment of the work week that was, it was being lassoed into a meeting on process, and about how hard the process was. And then laying one of my favorite truths on the collected staff – we're a city. We operate 24/7/365. We're the ones responsible for life, and public safety, and general welfare and quality of life in Seaside. We're the ones with the great gift of being able to make this place better, for

the next generation in particular, and have been entrusted to do so. Everyone nodded, and my work was done.

At the other end of the continent, you have the U.S. Senate kneeling before the lobbyists and donors who own them. But in our wonderful little corner of the world, you have staff and citizen volunteers and investors and the City Council all rolling up their sleeves and working together for the common good. Your soul is your work. Make it inclusive, and innovative, and inspiring.

And now ... some details on the week ahead.

- Police Chief Interviews – We have six semi-finalists and all of them look like me. That is, if looking like me means human ... biped ... that sort of thing. If it means gender and / or race, three do and three don't. If it means routinely wearing a Cubs hat, I'm (guessing) just one. The semi-finalists will be interviewed by a 13 member panel today that includes:

Mayor Rubio	Council-member Jones	Chief Dempsey
Rec Dir. Towne	Jesse M. Perez (LULAC)	Chief Frese (City of Salinas)
Gary Craft, Chief District Attorney Investigator		Reverend Murray
Manny Fernandez, Seaside Police Officer – Seaside POA		
Eddie Enriquez, Seaside Police Corporal – Seaside POA		
Gabrielle Arreola, Seaside High Student		Ian Oglesby, (NAACP)

The panel gets to decide who are the finalists and you get to meet them, twice. Once at 4:00 PM today at City Hall for a reception. And then Tuesday morning at 9:00 AM, where the finalists will deliver presentations that you can watch, also at City Hall. After that, there's extensive background checks including on-site reference checks. Stay tuned, and stop by to help us make our choice.

- Cannabis Dispensary Permits – The Planning Commission meets today at 5:00 PM to consider applications for use permits. The staff report is interesting and represents quite a bit of hard (and collaborative) work. It's also attached. A brief staffing note – I generally try to not be present at Plan Commission meetings, except maybe sometimes when the City might be the applicant. In this case, if I'm ever called into service on an appeal, its best if I'm not present when the Plan Commission reviews the applications, so I won't be. Similarly, I didn't participate in any of the application scoring.

With understanding of the medicinal use of cannabis that stretches back more than forty years (my mom used it as she was dying of cancer) and a healthy respect for personal liberty generally, I will observe - in my best Churchill - that never have so few worked so hard so that so many ... may mellow.

- ▣ Water Study Session – Another interesting staff report, attached. I don't suspect we'll get it all solved on Thursday, but discussion's a good thing.

I have noticed this big blue liquidy thing a little bit towards the setting sun from City Hall. Not to be the pragmatic, industrious fellow who believes in civic self-determination, but cities have powers for reasons. Says the guy who was born in a city that reversed the flow of a river to secure safe drinking water.

- ▣ Resort Speed Up – More money, and more jobs, sooner. That's the essence of the switch to Tieback Holdings to construct the resort hotel and related stuff on the golf course. There's hundreds of pages of detail in the 5:00 PM agenda packet, but here's a synopsis to support a powerpoint (attached in draft form and reasonably succinct for something with so many lawyered & moving parts) that'll get presented on Thursday:

- Tieback Holdings is the new developer. They'll develop a 5 star hotel and resort, and they'll start sooner, rather than later. They'll close on the property on Feb 28 (or thereabouts), rather than 2020 under the existing DDA and expect to be in construction late next year, after improving the plans (new clubhouse / spa, better architecture, etc.). There's a TOT sharing plan that will provide an estimated \$72 million to them, over 20 years, while the City receives an estimated \$61 million in non-land sale revenue over the same timeframe. The \$3.7 million in estimated annual revenue to the City goes up to \$8.9 million after the TOT subsidy goes away.
- The City's also getting 40 acre feet of water back in the short-term, and maybe more in the long term, and \$15K a month until they start construction of the hotel. We can give a July 4th Community Fireworks show a try this next year, and see if it goes well to continue it and, after the resort's open, there will be a \$10,000 annual college scholarship for children of employees of the resort.
- There's 300+ construction jobs and 350+ full-time hospitality jobs once the resort opens.
- The school district will receive \$6.8 million and the county will get \$1.7 million so ... maybe a nice Christmas card or something?
- It will be called Seaside Resort at Monterey Bay, and will open not later than December 31, 2021.

And now ... some other stuff.

☐ CSUMB Campustown Meeting Tuesday – CSUMB students are having a meeting about the Campustown Plan Tuesday, starting at 5:00 PM in the Student Center West Lounge. See attached flyer, and show up if you're not at the Planning Commission meeting.

☐ FORA Eastside Parkway Workshop Wednesday – Wednesday from 1 – 3 PM and 6 – 8 PM, join the people who like or dislike the Eastside Parkway project at Carpenters Union Hall at 910 2nd. Ave in Marina. Or, be the one person at the meeting who hasn't made up their mind. Free country, and all.

☐ Short-Term Rentals, Draft 3 – Here's another theory. The third effort at something is, many times, the best effort. There's a whole, 2015 Davenport romantic essay about this available as optional reading here: <https://www.craigmalin.info/siftings/malin-iv>

But the more pertinent Seaside story is there's a third draft of the short-term rental ordinance that staff is preparing to send to the Planning Commission. The draft is attached. After the Planning Commission, it comes back to the City Council for at least two more meetings. February ?

☐ General Plan Draft Release Reminder – Seaside's in progress General Plan draft is open for public comments. You can get to it at the City's homepage here: <http://www.ci.seaside.ca.us>.

Read it, skim it, look at the pictures, charts and graphs (maybe see yourself in a picture?) and tell us what you think. By January 26, please.

☐ New Committees Reminder – At the November 9 meeting, the City Council created an Environmental Committee and a Committee on the Status of Homelessness. If you'd like to be on either committee, go to the City's homepage, click around a bit (it's pretty obvious) and we'll be happy to hear from you.

☐ Cutino Park Update – It'll show up again in the Council agenda on December 21. There will be a first phase we can afford.

Finally ... pay no attention to the carpet scraps in my office.



**CITY OF SEASIDE
STAFF REPORT**

Item No.: 5.A.

TO: Planning Commission

FROM: Craig Malin, City Manager

BY: Gloria Stearns, Economic Development Manager
Rick Medina, Senior Planner

DATE: December 4, 2017

**SUBJECT: CONSIDERATION OF APPLICATIONS FOR USE PERMIT AND
LICENSE TO DISPENSE ADULT USE AND MEDICAL CANNABIS
AT VARIOUS COMMERCIALLY ZONED LOCATIONS IN THE CITY
OF SEASIDE AND MAKE RECCOMENDATIONS TO THE CITY
COUNCIL**

PURPOSE

In accordance with Ordinance No.1041 , the Planning Commission is tasked with providing the City Council with a recommendation on the top rated Use Permits that have been filed to establish a Medical/Adult Recreation Cannabis Facility within the City of Seaside.

RECOMMENDATION

City staff recommends that the Planning Commission forward the following sites as being the top three rated applicants to receive a Medical/Adult Recreation Cannabis Facility Use Permit:

1. Higher Level of Care, 310 Amador Avenue (See Draft Resolution provided as Attachment 1); and
2. Sugarleaf/Pharm House, 778 Broadway Avenue (See Draft Resolution provided as Attachment 3)
3. Canopy, 1900 Fremont Boulevard (See Draft Resolution provided as Attachment 5).

BACKGROUND

On September 21, 2017, the City Council adopted Ordinance No. 1041 which established and defined the terms of the City's Cannabis activities. The Ordinance states that one year use permits may be issued for no more than 3 applicants in the following zones: CRG, MX, CMX

and future Mixed-Use High and Mixed-Use Low. Applicants must have complete information, and be rated for points on: location of business, business plan, local enterprise and community benefits, neighborhood compatibility, safety and security plan. On November 21, the City of Seaside received 17 applications - one applicant had two locations. Applications were rated based on the ordinance criteria. Since the community's interests are served in having strong and sustainable permit holders, the City allowed applicants the opportunity to amend and combine their applications, which is also specified in the ordinance. A copy of the rating sheet with application scores is in Attachment 1. The complete applications, which have been redacted to remove personal and security information, are available for review at the following link: <http://www.ci.seaside.ca.us/633/Cannabis-Dispensaries-Permits>.

During the week of scoring applications, staff was gathering information about how to handle gross sales, which on some applications appeared to be unreasonable. Those applications contain an * on the rating spreadsheet. These were deemed unreasonable because, using an example cited by the finance team, if every man, woman and child on the Monterey Peninsula bought over \$100 of cannabis products every year, the gross sales were still higher. The finance team instead proposed a gross sales cap of \$4 million. The \$4 million figure was derived two ways.

- Assuming a retail sales area measured 2,000 SF multiplied by \$2,000 sales per SF results in \$4 million. While not all applications provided retail sales area measurements, the best determination was that it approximated 2,000 SF.
- The \$2,000 sales per SF was derived as an average based on regional sampling. The CA Board of Equalization states medical cannabis sales are over \$1 billion and Monterey County sales are \$11.5 million. Double that to factor in adult recreational sales, and it becomes \$23 million. Divide that across 6 local which results in revenue of approximately \$3.8 million.

The gross sales cap of \$4 million was applied to all affected applicants. The COGS and capitalization was reconsidered for all affected applicants. Consistency in the procedure was maintained for all affected applicants.

Dispensaries must be located at least 1,000 feet apart from another dispensary and 600 feet from a school. The ordinance states that up to 3 medical and 3 adult recreational dispensary use permits may be issued in Seaside.

Applications have been carefully vetted by the Seaside Police to ensure security. The three applicants recommended received exemplary ratings from the Seaside Police for their security plans. Specific details of the security plans are limited to the Seaside Police to maximize public safety.

Summaries of the staff recommended applications follow and are in no particular order as the top 3 applications had the same scores.

1. Pharm House and Sugarleaf

Pharm House and Sugarleaf propose operating at 778 Broadway which is zoned MX. The

1,700 SF building includes an approximately 800 SF sales floor to be used as both a medical and adult recreational dispensary with hours of operation from 10 am to 10 pm daily. There are 4 parking spaces per 1,000 SF at both locations, and the requirement is 1 per 500 SF. Two principals and 8 additional employees are Seaside residents. Tenant improvements will be made on both the interior and exterior of 778 Broadway, with fewer improvements necessary at 840 Broadway. Signs will comply with 17.40. Neighboring businesses at both locations have demonstrated support. Community benefits include: 1% of profits or \$10k to parks and recreation; conducting annual food drives; and being active with local charities. This business is sufficiently capitalized for one year of operation and first year gross sales are projected to be \$4 million. The security plan for this application was deemed exemplary by the Seaside Police Department.

Specific Conditions

- Must provide 1% or \$10k – whichever is less to Parks (in addition to license fees)
- Must collect and sponsor 1 annual local food drive
- Must sponsor at least one local (Seaside-based) charity
- All standard Seaside cannabis conditions

2. Higher Level Care

Higher Level of Care proposes operating at 310 Amador, which is zoned: MX. The 1,974 SF building will be used as a medical and adult recreational dispensary with hours of operation from 10 am – 11:59 pm Monday through Sunday. There are 6 paved parking spaces, including 1 ADA space. One of the principal employees is a Seaside resident, and they propose 6 additional Seaside resident employees. The applicant has extensive cannabis experience beginning in 2010, as well as additional business experience. The tenant improvements are estimated to be \$150,000 and are both internal and external, including build-outs for the dispensary, offices, storage and receiving. Bicycle parking will be added. Signage will comply with 17.40. Neighboring businesses indicated support. Community benefits include: contributing \$15k annually to various nonprofits such as The Village Project, Boys & Girls Club, RotaCare Seaside Family Health Center, The Salvation Army, Sun Street Centers (Seaside). Applicant will also be active in City of Seaside clean-up activities. This business is sufficiently capitalized for one year of operation and first year gross sales are projected to be \$4 million. The security plan for this application was deemed exemplary by the Seaside Police Department.

Specific conditions:

- Must provide \$15k to various Seaside charities per application
- All standard Seaside cannabis conditions

3. Canopy

Canopy Monterey Bay / The Reef propose to operate at 1900 Fremont, which is zoned: CC. The 2,600 SF building, with approximately 2,000 SF of sales floor, will be used as a medical and adult recreational dispensary with hours of operation from 9 am – 9 pm Monday through Sunday. There are over 4 parking spaces per 1,000 SF, with

approximately 50 shared parking spaces adjacent. Currently one principal and 4 of 18 employees proposed are Seaside residents, with a preference for Seaside hiring. The tenant improvements are estimated to be \$250,000, with extensive internal and external improvements. Signage will comply with 17.40. Neighboring businesses indicated support. Community benefits include: Boys and Girls Club, Community Human Services, and hiring local artists for work inside. This business is sufficiently capitalized for one year of operation and first year gross sales are projected to be \$4 million. The security plan for this application was deemed exemplary by the Seaside Police Department.

Specific conditions:

\$5k to Boys and Girls Club

\$5k to Community Human Services

All standard Seaside cannabis conditions

SUMMARY

The top 3 scoring applicants are expected to make a positive impact on Seaside. They are investing in tenant improvements, in some cases fixing blighted and/or underutilized buildings. They are committing to support Seaside nonprofits and Seaside local businesses. They are creating jobs in Seaside, while maintaining high levels of security to assure public safety.

FISCAL IMPACT

None at this time.

ATTACHMENTS

1. Attachment 1: Application Rating Sheets
 2. Attachment 2: Draft Resolution Pharm House/Sugarleaf – 778 Broadway Avenue
 3. Exhibit A: Site Plan and Site Photos
 4. Attachment 3: Aerial Photo 778 Broadway Avenue (Pharm House/Sugarleaf)
 5. Attachment 4: Draft Resolution Higher Level Care – 310 Amador Avenue
 6. Exhibit A: Site Plan and Site Photos
 7. Attachment 5: Aerial Photo 310 Amador Avenue (Higher level Care)
 8. Attachment 6: Draft Resolution Canopy – 1900 Fremont Boulevard
 9. Exhibit A: Site Plan and Site Photos
 10. Attachment 7: Aerial Photo 1900 Fremont Boulevard
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**CITY OF SEASIDE
STAFF REPORT**

Item No.: 7.A.

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

FROM: Craig Malin, City Manager

BY: Rick Riedl, City Engineer

DATE: December 7, 2017

SUBJECT: WATER STUDY SESSION

PURPOSE

The purpose of this item is to provide an overview of the current status of our three water suppliers and their ability to continue to provide water for the City of Seaside.

RECOMMENDATION

Receive an update on the status of our three water suppliers.

BACKGROUND

Depending upon the location within the City of Seaside, water is supplied by Cal Am, Seaside Municipal Water System (SMWS), or Marina Coast Water District (MCWD). Cal-Am serves about eighty percent of Seaside, primarily from water derived from the Carmel River and/or the Seaside Groundwater Basin. These two sources of water are replenished by annual rainfall.

Therefore the water supply varies according to the amount of rain received within the Monterey Peninsula Area. Rainfall replenishes these sources either naturally by infiltration or artificially by dams or direct injection, such as the Monterey Peninsula Water Management District (MPWMD) Aquifer Storage and Recovery (ASR) project that has wells located within the City of Seaside.

MCWD serves about 214 AFY or ten percent of Seaside and SMWS serves 190 AFY, or the remaining ten percent of Seaside. Both of these agencies derive their water from underground aquifers which are replenished by rainfall. MCWD is in the process of developing an alternative

water source it calls the Regional Urban Water Augmentation Project (RUWAP).

The Carmel River is presently Cal Am's primary source for supplying water to the City of Seaside. During the summer months, Cal Am derives water mostly from the Seaside Groundwater Basin. However, both supplies are being legally curtailed. By 2021, Cal-Am must reduce their diversions from the Carmel River from its current diversion amount of roughly 6,500 AFY to no more than 3,376 AFY (its legal water right amount) pursuant to a cease and desist order ("CDO") issued by the State Water Resources Control Board (SWRCB Order WR 2009-0060). Cal-Am's groundwater rights in the Seaside Basin are also constrained by the court judgment adjudicating the basin (Amended Decision Case No. M66343 entered Feb. 9, 2007. ("Decision")) The adjudication settled the disputed groundwater rights to the Seaside Groundwater Basin and declared that some of the basin users, including the SMWS and Cal Am, would, starting in 2009, have to decrease their water usage according to a ramp down schedule requiring a 10% reduction every three years. The final triennial rampdown will go into effect in 2021.

For areas in Seaside that were part of the former Fort Ord, water is delivered to customers by Marina Coast Water District (MCWD). MCWD derives water from Salinas Groundwater Basin and is partnering with Monterey One Water (formerly MRWPCA) to provide highly purified water for non-potable use or as replenishment to the Seaside Basin. The Bayonet & Black Horse Golf Courses, also located in the former Fort Ord, has the ability to obtain water from either MCWD or groundwater wells. Therefore, water can be delivered to the golf course property either from these wells or from MCWD.

Ability to Provide Water in the Future

The City of Seaside and Cal Am are members of the Seaside Basin Watermaster pursuant to the Decision. Seaside pays approximately 7 percent, or \$10,000 per year, of its operating expenses (for the water it extracts for the SMWS) and Cal Am pays about 90 percent (others pay the rest).

The City also pays about \$110,000 per year in assessments to the Watermaster for using more water than is allotted according to the Decision. These assessments are expected to increase to about \$250,000 in 2021 as the ramp-down schedule is fully implemented. This assessment by the Watermaster would continue to be at least this amount (in 2017 dollars) forever unless the City is able to obtain an alternative water source or curtail its water usage.

The attached graph shows SMWS past and estimated future usage. The graph shows the ramp down in water allocation from the Watermaster as blue bars and Seaside customer's usage as red bars. The future estimated water usage (red bars) for the SMWS is 190 acre-feet per year (AFY) or about 62 million gallons. The estimated water allocation from the Watermaster will decrease from 185 AFY to about 147 AFY from this year to next year and would continue to decrease tri-annually according to the prescribed ramp-down schedule in the Decision. In 2021, the ramp down will be complete and the expected water allocation at that time would be about 120 AF.

In 2006, the year that the Decision was first promulgated, the water usage was 332.0 AF. In 2016, the water usage was 195.2 AF, up slightly from the previous year of 192.5 AF, representing approximately 40 percent decrease in usage since 2006. The Decision states that the usage (red bars) are not allowed to exceed the allocation (blue bars). However, water usage for the SMWS is predicted to do so for every year into the future. In 2021, the water usage is expected to exceed the allocation by about 70 AF since it is unlikely that the water usage could decrease to 120 AF, or more than sixty percent decrease in usage from 2006.

Third-Party Evaluations

Water purveyors in California are overseen by the Division of Drinking Water (DDW) which is now under the State Water Resources Control Board. However, the regulation of water supply, water quality, and the various types of water systems that serve drinking water remains fragmented in California. There are several state agencies that have a role in regulating certain types of Water purveyors, including how they operate and the rates that they can charge their customers. For example, the California Public Utilities Commission shares regulatory responsibility for regulating water service supplied by investor-owned water utilities, like Cal-Am, subject to its jurisdiction. On the Monterey Peninsula, the Monterey Peninsula Water Management District also regulates how water purveyors operate within parts of Seaside and other neighboring communities.

In 2016, the DDW performed an assessment of the SMWS. The assessment, called a *Sanitary Survey* by the DDW, determined the following;

- The water system is in good overall condition.
- A potential cross connection was noted at the tank site (that has been remediated).
- The City's preventative maintenance and record keeping program have significantly

improved.

Regulatory & Environmental Conditions

Pumping of groundwater has resulted in depressed groundwater levels within the Seaside Basin where the City possesses pumping rights. The primary concern to decreased groundwater quality pertains to potential seawater intrusion into the Basin. The Seaside Basin Watermaster is tasked with managing the Seaside Groundwater Basin aquifers. Monitoring wells are located throughout Seaside to provide groundwater quality data for the aquifers and to help determine the occurrence of seawater intrusion. Last year, water quality samples from two of the four sentinel (monitoring) wells located near the coast exhibited anomalous chloride concentrations. In response, and consistent with Watermaster's *Seawater Intrusion Response Plan*, these wells were resampled in December 2016. The Watermaster's technical consultants (HydroMetrics, Todd Groundwater, and Martin Feeney) reviewed the results and determined that the samples do not establish that seawater intrusion is occurring. However, they did recommend a more robust monitoring protocol, which the Watermaster is implementing.

Comparison of Water Rates

The cost of water to Seaside customers varies according to the water purveyor. The attached graph shows the cost of water to an average residential customer in Seaside that uses 550 cubic feet (4,110 gallons) of water per month. The costs shown do not include taxes and surcharges as these are beyond the control of the purveyor. The cost of \$53.36 per month to SMWS customers is about average for the cost of water as provided by the three water purveyors in Seaside.

Strategies for Future Water Supplies

The city continues to explore opportunities with MCWD to (a) use recycled water from the Pure Water Monterey Project on the City of Seaside's Blackhorse and Bayonet Golf Courses and (b) obtain water to offset a long-term water supply deficit in the City's SMWS.

The golf courses presently use approximately 450 to 500 AFY from the Seaside Basin pursuant to the City's Alternative Production Allocation held under the Seaside Basin Judgment. The City could substitute recycled water in lieu of potable groundwater use, and pursuant to an agreement with the Seaside Basin Watermaster, establish a stored water credit. The credit might be similar to the credits the City received for the substitution of 2,500 AFY of water obtained

from Marina Coast Water District in lieu of pumping in recent years (“Prior In-Lieu Program”). The City supplies its SMWS with water pumped from the Seaside Basin pursuant to its Standard Production Allocation under the Seaside Basin Judgment. However, the water demand within the City’s system exceeds the City long-term (fully ramped-down) Standard Production Allocation by approximately 70 AFY. The City has offset its past replenishment assessment (“RA”) liabilities through drafts upon the bank of credits that it established through the Prior In Lieu Programs. The City should be able to continue to avoid any RA liability by drafting off its bank of credits for approximately another 10 years. However, the City desires to be proactive now to develop a supplemental supply to come online when its banked credits are exhausted. Accordingly, we are evaluating means to offset the golf courses’ use of potable groundwater with advanced treated recycled water from MCWD, which could free up potable water for the SMWS. Critical issues that need to be resolved include the costs of the recycled water and the details of an arrangement with MCWD, the Watermaster, and other potentially involved parties, notably Cal-Am.

Water Status for City of Seaside within former Fort Ord

Seaside Water Allocation from FORA	1,012.0 AF
Current Water Usage	638.4 AF
Remaining Water Allocation Balance	373.6 AF
Future Development Projects Estimated Needs	1,053 AF
Future Water Needs (Deficit), former Fort Ord area	(680 AF)

Water Status for City of Seaside Proper (Cal-Am System)

Remaining Seaside Water Allocation from MPWMD	37.49 AF
Future Water Needs based upon GP build out	719.49 AF
Future Water Needs (Deficit), Seaside Proper	(682 AF)

Regional Solutions

Cal-Am’s proposed solution to its future water supply deficiencies is the Monterey Peninsula Water Supply Project (“MPWSP”). Cal-Am filed an application with the California Public Utilities Commission (“CPUC”) in 2012 to request a Certificate of Public Convenience and Necessity (“CPCN”) to implement the MPWSP. The MPWSP is anticipated to consist of a seawater and brackish water intake system, a 6.4 MGD desalination plant and related facilities,

desalinated water conveyance facilities, an expanded ASR system, and a water purchase agreement for water injected and recovered from the Seaside Basin from Monterey One Water's Pure Water Monterey Project ("PWM") (also commonly referred to as the Groundwater Replenishment Project). These projects will result in sufficient long-term water supplies for the Monterey Peninsula, when combined with Cal-Am's groundwater entitlements from the Seaside Basin and legal diversion rights from the Carmel River, to: (1) meet current and projected future demands; (2) eliminate all unauthorized diversions from the Carmel River Valley as required by the CDO; and (3) "pay-back" its extractions from the Basin in excess of the Native Safe Yield since the entry of the Decision.

On September 15, 2016, the CPUC authorized Cal-Am to enter into a water purchase agreement with the MPWMD and the MRWPCA to purchase 3,500 AFY of PWM water from the Pure Water Project at a cost of \$85.5 million, and for Cal-Am to invest up to \$50 million in a new pipeline (the "Monterey Pipeline") and pump station. The Monterey Pipeline will allow Cal-Am to move PWM and ASR water recovered from the Seaside Basin (and ultimately desalination water) into the Cal-Am distribution system and also allow additional ASR water to be pumped from the Carmel River to the Seaside Basin for injection during wet periods. The CPUC's approval of the water purchase agreement and Monterey Pipeline and pump station was a significant milestone for the Pure Water Project.

To maximize water supply from the ASR project, Cal-Am and the MPWMD are also developing two additional ASR wells within the City of Seaside, to add to the four existing ASR wells operated by Cal-Am. A ground lease for the new ASR wells and associated facilities is expected to be approved by the Seaside City Council soon. The ASR ground lease will foster FORA's issuance of a right-of-entry to complete the ASR facilities.

Cal-Am's application for a CPCN to construct the MPWSP is still pending before the CPUC. On January 12, 2017, the CPUC and MBNMS released a joint DEIR/DEIS for the MPWSP consistent with the California Environmental Quality Act and the National Environmental Policy Act and a final EIR/EIS for the project is anticipated in March of 2018. An additional round of hearings concerning the project was held in October/November 2017 and briefing is commencing shortly. The project is controversial and vehemently opposed by Marina Coast Water District and the City of Marina, among others. Settlement discussions are underway to

seek an amicable resolution of the desalination project issues and means to satisfy the long-term demands for the Cal-Am system.

FISCAL IMPACT

There is no fiscal impact to the City in receiving this presentation.

ATTACHMENTS

1. Estimated Water Usage Seaside Municipal Water System
 2. Comparison of Residential Water Rates
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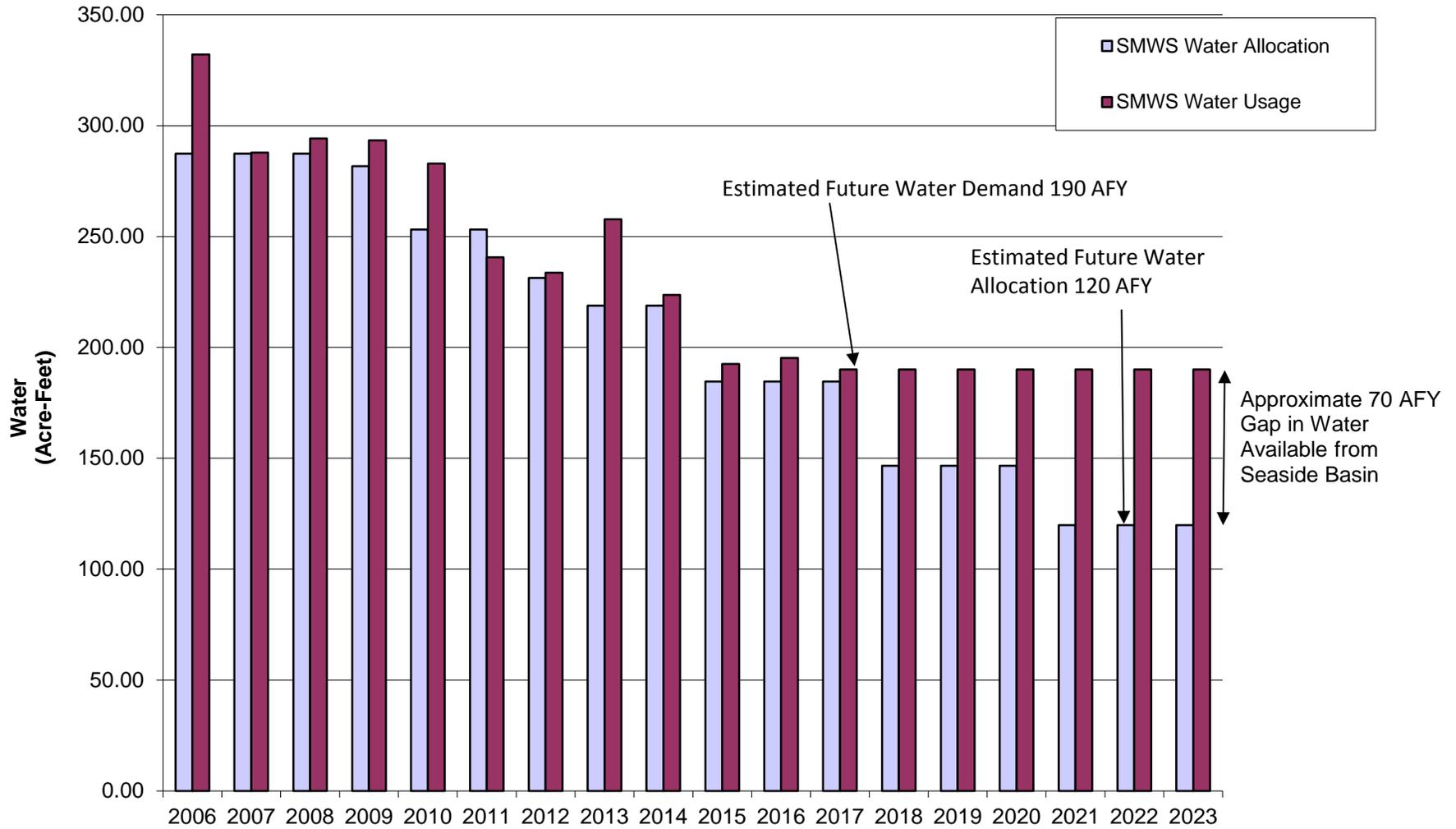
Reviewed for Submission to the
City Council by:



Craig Malin, City Manager

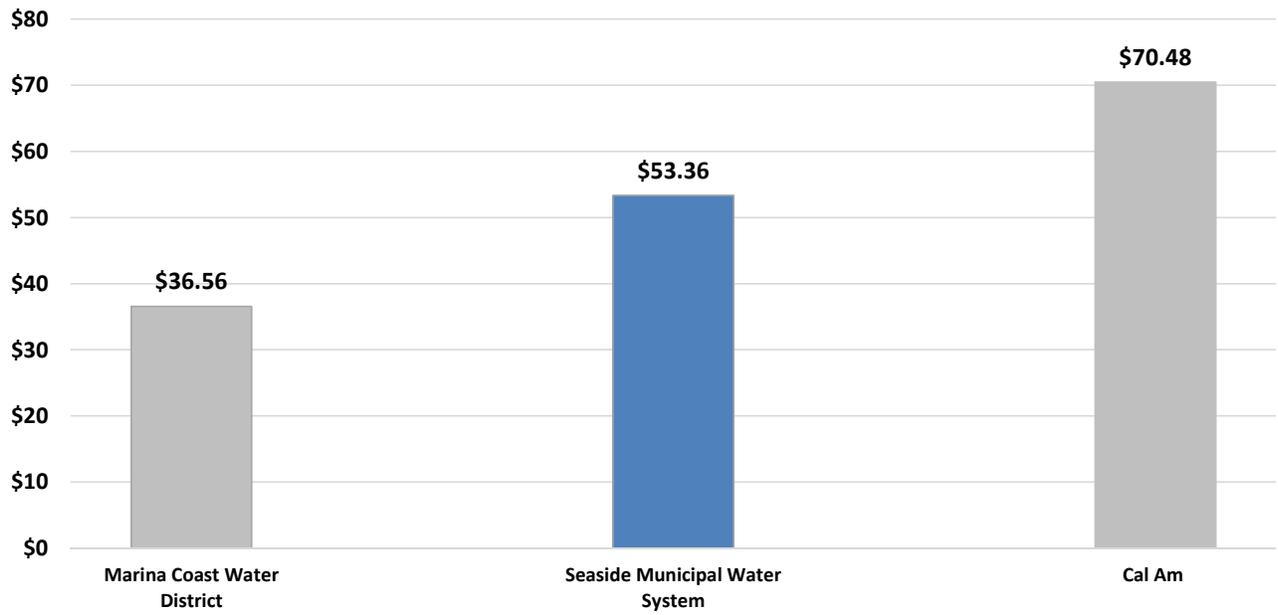
Seaside Municipal Water System

Estimated Water Usage



Residential Water Rates

Based on 550 cubic feet of monthly water usage



SEASIDE RESORT AND GOLF COURSE PROJECT

Joint Meeting
of the
Seaside City Council
and
Successor Agency Board

December 7, 2017



the affected property

SEASIDE RESORT PROJECT



- **The SRD Properties** - are the 70-acres resort parcels currently owned by the Successor Agency.
- **The Golf Course Properties** - are the approximately 310-acre Bayonet and Black Horse golf courses.
- **The Golf/Resort Clubhouse Parcel** – is the 2.09 acre site, currently a part of the Golf Course Properties, to be added to the Hotel Component of the SRD Properties.

project site map

SEASIDE RESORT PROJECT



the new deal

SEASIDE RESORT PROJECT



- New developer takes over
- City provides TOT subsidy
- Moves the Project forward sooner
- More jobs sooner
- More \$ to Affected Tax Entities sooner

fiscal impact

SEASIDE RESORT PROJECT



- Land Sales Revenue:
 - SRD Properties -- \$13.175 Million, of which \$2.760 Million is City's initial share
 - Golf Clubhouse Parcel – \$650,537
- Projected Tax Revenue (TOT, Sales Tax, Transaction Tax and Property Tax):
 - During 20-year Subsidy Period -- ~\$61.4 Million (~\$3.7 Million annual average)
 - After 20-year Subsidy Period -- ~\$8.9 Million annual average
- Miscellaneous Revenue
 - \$15,120/month TOT replacement until Assignment

fiscal impact – schools & county

SEASIDE RESORT PROJECT



- Land Sales Revenue (Schools and County General Fund):
 - Monterey Peninsula Unified School District -- \$6,816,417
 - Monterey Peninsula Community College -- \$736,124
 - Monterey County Office of Education -- \$414,975
 - Monterey County General Fund -- \$1,784,382

the new deal – resort dda

SEASIDE RESORT PROJECT



- Authorizes Economic Development Subsidy (TOT Sharing – 80% years 1-5 and 65% years 6-20 totaling ~\$72 Million)
- Authorizes Developer to purchase Golf Clubhouse Parcel and add to Resort Hotel land (2.09 acres @ \$311,262/acre)
- Authorizes use of Certificates of Compliance to transfer Hotel & Golf Clubhouse Phases and requires Developer to Purchases with cash (not credits) by February 28, 2018

new deal - golf course lease

SEASIDE RESORT PROJECT



- Extends lease term to 75-Years (subject to opening of hotel)
- Conforms lease to 2007 Seaside Basin Adjudication
- Reduces maximum irrigation use from 540 afy to 500 afy
- Authorizes 2018 4th of July City fireworks display

purpose of hearing

SEASIDE RESORT PROJECT



- For Successor Agency and City Council actions required to implement the Long Range Property Management Plan (“LRPMP”).
- For City Council actions required to approve a Second Restated DDA and a Second Restated Ground Lease for the Golf Courses with Monterey Bay Resorts, LLC, and related actions.

successor agency actions to enable project



SEASIDE RESORT PROJECT

- Successor Agency approval of the following is required.
 - Compensation (Tax) Agreement with Affected Taxing entities
 - SRD Properties Conveyance
 - Assignment, Assumption and Administration Agreement
 - 2005 Compensation Agreement
- The Successor Agency Resolutions authorize these actions, subject to subsequent Oversight Board review and approval.

city actions to enable project

SEASIDE RESORT PROJECT



- **Consent to SRD Assignment of the First Restated DDA and authorize a Second Restated DDA with Monterey Bay Resort, LLC**
 - Authorizes Economic Development Subsidy (TOT Sharing – 80% years 1-5 and 65% years 6-20 totaling ~\$72 Million)
 - Authorizes Developer to purchase Golf Clubhouse Parcel and add to Hotel Component land (2.09 acres @ \$311,262/acre)
 - Authorizes Certificate of Compliance to transfer Hotel & Golf Clubhouse Phases and requires Developer to Purchase with cash (not credits) by 2/28/18
- **Consent to B&B Assignment of the First Restated Ground Lease and authorize a Second Restated Ground Lease with Monterey Bay Resort, LLC**
 - Extends Lease Term to 75-Years (Subject to Completion of Hotel)
 - Conforms Lease Terms to 2007 Seaside Basin Adjudication
 - Reduces Maximum Irrigation Use from 540 afy to 500 afy
 - Authorizes 2018 4th of July City Fireworks Display

environmental review

SEASIDE RESORT PROJECT



- A Final EIR was certified for the Seaside Resort Project.
- Subsequent discretionary actions have been subject to environmental review.
- Tonight's actions are mostly administrative or economic in nature and do not result in physical changes or new or increased environmental impacts not considered in the certified Final EIR. Therefore, Addendum No. 4 to the certified Final EIR has been prepared.
- The certified Final EIR and the Addenda are posted on the City web site for public review

subsequent actions

SEASIDE RESORT PROJECT



- The Oversight Board must approve the following Successor Agency actions:
 - SRD Properties Conveyance (from Successor Agency to City)
 - Assignment, Assumption and Administration Agreement
- Concurrently, the Oversight Board will also be asked to make findings that the 2005 Conveyance Agreement between the City and the Former Agency as an approved loan made for legitimate redevelopment purposes. Oversight Board action is subject to DOF review.

next steps

SEASIDE RESORT PROJECT



- Open hearing for public comment, receive SRD's and Monterey Bay Resort, LLC presentation and/or comments (if any) and receive public comment on the actions being considered.
- Close the public hearing, consider the Project and take action on the proposed resolutions.

fiscal impact (again)

SEASIDE RESORT PROJECT



- Land Sales Revenue:
 - SRD Properties -- \$13.175 Million, of which \$2.760 Million is City's initial share
 - Golf Clubhouse Parcel – \$650,537
- Projected Tax Revenue (TOT, Sales Tax, Transaction Tax and Property Tax):
 - During 20-year Subsidy Period -- ~\$61.4 Million (~\$3.7 Million annual average)
 - After 20-year Subsidy Period -- ~\$8.9 Million annual average
- Miscellaneous Revenue
 - \$15,120/month TOT replacement until Assignment

end of presentation



land sales revenue – all tax entities

SEASIDE RESORT PROJECT



- Monterey County General Fund -- \$1,784,382
- County Library -- \$202,453
- City of Seaside -- \$2,759,988
- Monterey County Water Resources Agency -- \$11,636
- Monterey County Water Resources Agency, Zone 11 -- \$1,811
- Monterey Peninsula Water Management Agency -- \$65,695
- Monterey Peninsula Regional Parks -- \$118,632
- North Salinas Valley Mosquito Abatement -- \$62,553
- Moss Landing Harbor District -- \$8
- Seaside County Sanitation District -- \$193,897
- Monterey County Office of Education -- \$414,975
- Monterey Peninsula Unified School District -- \$6,816,417
- Monterey Peninsula Community College -- \$736,124

fiscal impact – community wide

SEASIDE RESORT PROJECT



- Community-Wide Economic Benefit:
 - American Hotel Management Association (AHMA) uses a 2.15 multiplier for hotels in the Salinas-Seaside-Monterey area
 - Annual hotel sales estimated at \$40 million
 - Annual community-wide multiplier effect would be \$86 million

jobs

SEASIDE RESORT PROJECT



- Estimated Employment
 - ~300 full time construction jobs
 - ~300 part time construction jobs
 - ~350 visitor serving jobs

project site map

SEASIDE RESORT PROJECT



Whats going to be in your backyard?

There will be new development walking distance from campus

**COME LEARN ABOUT THE
CAMPUS TOWN DEVELOPMENT !**

Student Center West Lounge

Tuesday, December 5th

5:00pm-6:30pm



for accomadations email: klow@csumb.edu

PROPOSED ORDINANCE NO.

**AN ORDINANCE OF THE CITY OF
SEASIDE REGULATING SHORT-TERM
RENTALS**

The City Council of the City of Seaside does ordain as follows:

Section 1. FINDINGS. The City Council finds as follows:

WHEREAS, there has been an increase in privately owned residential dwellings being used as short-term rentals in the City of Seaside; and

WHEREAS, short-term rentals provide a benefit to the City by expanding the number and type of lodging facilities and will provide increased Transient Occupancy Tax revenue to the City; and

WHEREAS, short-term rentals provide as opportunity for Seaside residents to augment their income and serve as ambassadors to visitors from around the globe; and

WHEREAS, unregulated short-term rentals introduce the possibility for adverse consequences including a reduction in affordable housing and the commercialization of residential neighborhoods; and

WHEREAS, to ensure neighborhood compatibility, to facilitate economic growth within the City and to protect the health, safety and general welfare of the City's residents,

NOW, THEREFORE, the City Council of the City of Seaside does ordain as follows:

Section 2. PURPOSE.

The purpose of this ordinance is to establish regulations for the use of privately owned residential dwellings as short-term rentals to minimize any negative impacts on surrounding properties and to ensure the collection and payment of transient occupancy taxes.

Section 3. AUTHORITY.

In accordance with the California Constitution, Article XI, Section 7, a City may make and enforce within its limits all local, police, sanitary and other ordinances and regulations not in conflict with general laws.

Section 4. DEFINITIONS.

As used in this ordinance, the following terms shall have the following meanings:

- A. City. The City of Seaside.
- B. Short-term Rental. A privately owned residential dwelling, such as, but not limited to, a single family detached or multiple family attached dwelling, apartment house, condominium, cooperative apartment, duplex, mobile home

- on permanent foundations or a manufactured home on permanent foundations, or any portion of such dwellings, rented for occupancy for dwelling, lodging or sleeping purposes for any period less than thirty consecutive days.
- C. Hosted Short-Term Rental. A dwelling unit where the owner with the majority interest in the residential property, or an owner holding an equal share interest if no other owner owns a greater interest, occupies a dwelling unit as his or her principal residence and offers the dwelling or a habitable portion thereof for transient occupancy by others.
 - D. Non-Hosted Short-Term Rental. A dwelling unit that is offered for transient occupancy where the owner does not occupy the dwelling unit that is offered for transient occupancy as his or her principal residence.
 - E. Good Neighbor Brochure. A brochure, available from the City, to be given to guests, which includes a summary of the City's regulations relating to short-term rentals.
 - F. Guest. The overnight occupant(s) renting the short-term rental for a specified period and the daytime visitors of the overnight occupants.
 - G. Local Contact Person. The person designated by the owner or the owner's authorized representative who shall be available twenty-four hours per day, seven days per week for the purpose of responding within sixty minutes to complaints related to the short-term rental and taking remedial action to resolve such complaints.
 - H. Operator. The owner or the owner's authorized representative who is responsible for compliance with this ordinance.
 - I. Owner. The person or entity that holds legal or equitable title to the short-term rental property.
 - J. Responsible Person. A guest of the short-term rental who is at least eighteen years of age and who is legally responsible for ensuring that all guests of the short-term rental comply with all applicable laws, rules and regulations pertaining to the use and occupancy of the short-term rental.
 - K. Short-term Rental Permit. An annual permit issued by the City that allows the use of a privately owned residential dwelling as a short-term rental pursuant to this ordinance.

Section 5. APPLICABILITY.

This ordinance applies to short-term rentals as defined in Section 4. The following do not qualify as a privately owned residential dwelling as used herein, and therefore do not need to obtain a short-term rental permit: any hotel, motel, studio hotel, rooming house, dormitory, public or private club, bed and breakfast inn, cottage inn, or country inn; a camping site, recreational vehicle, or park model; a hospital, sanitarium, medical clinic, convalescent home, rest home, home for aged people, foster home, halfway house, transitional housing facility, or other similar facility operated for the care, treatment, or reintegration into society of human beings; any asylum, jail, prison, orphanage or other facility in which human beings are detained and housed under legal restraint; any housing owned or controlled by an educational institution and used exclusively to house students, faculty or other employees with or without their families, any fraternity or sorority house or similar facility occupied exclusively by

students and employees of such educational institutions and officially recognized and approved by it; any housing operated or used exclusively for religious, charitable or educational purposes; any housing owned by a governmental agency and used to house its employees or for governmental purposes; any camp as defined in the Labor Code or other housing furnished by an employer exclusively for employees or employees and their families; and any second unit.

Section 6. SHORT-TERM RENTAL PERMIT.

- A. In addition to any land use entitlement required by City of Seaside, the owner or operator shall obtain an annual short-term rental permit pursuant to Sections 6 and 7 herein from the City of Seaside Planning Department before renting or advertising for rent any short-term rental.
- B. If there is a deed restriction on a property that prohibits the use of a residential dwelling as a short-term rental, then that deed restriction shall control.
- C. If there is an affordability restriction on the property, the property may not be used for short-term rental purposes.
- D. An application may be denied if the applicant has had a prior short-term rental permit revoked for the same dwelling within the past twelve calendar months.

Section 7. SHORT-TERM RENTAL PERMIT APPLICATION AND FEE.

- A. An owner or operator shall submit to the Planning Department a short-term rental permit application provided by the City along with a first-time application fee established annually through the Annual Fee Resolution adopted by the City Council. The short-term rental permit shall be valid for one year from the date of issuance. Permit applications will first be accepted for a sixty-day time period, with on-going processing available for any remaining permits under the cap established for the total number of permits in any given year by the City Council.
- B. The number of permits to be issued by the City of Seaside in 2018 and 2019 will not exceed 200, with not less than 75 permits reserved for hosted short-term rentals and not less than 75 permits reserved for non-hosted short-term rentals, assigned on a first-applied, first permitted basis.
- C. In years 2020 and beyond, the City Council will establish the maximum allowable number of hosted and non-hosted short-term rental permits annually by resolution, and in doing so, will project forward the maximum allowable number of hosted and non-hosted short-term rental permits not less than three years into the future.
- D. Each applicant property will be subject to a fire and building safety inspection.
- E. An owner of a hosted short-term rental shall submit proof of principal residency.
- F. The annual permit fee shall be established annually through the Annual Fee Resolution adopted by the City Council.
- G. A short-term rental permit shall be renewed on an annual basis on the anniversary of the original permit issuance by submitting to the Planning

Department a short-term rental permit application and a renewal application fee established annually through the Annual Fee Resolution adopted by the City Council.

- H. Short-term rental permits shall not be issued for dwellings which exceed more than half the dwellings on a block face, with the initial application date being the determining factor for permit issuance.
- I. The short-term rental permit shall expire automatically when the short-term rental changes ownership, and a new initial application and first-time application fee will be required. A new application and first-time registration fee shall also be required for any short-term rental that has had its short-term rental permit revoked or suspended.
- J. The registration fees shall be used to cover any City costs for administering or enforcing this ordinance, including the use of an outside management company retained for such purpose.

Section 8. SHORT-TERM RENTAL OPERATIONAL REQUIREMENTS.

- A. The owner or operator shall ensure that the short-term rental is used in a manner that complies with all applicable laws, rules and regulations pertaining to the use and occupancy of a short-term rental.
- B. The number of short-term renters/guests per property is limited to four persons per legal bedroom; for example a three bedroom house would be limited to twelve guests.
- C. The owner, operator or local contact person shall respond within sixty (60) minutes of being notified that the responsible person or guest of the short-term rental created unreasonable noise, engaged in disorderly conduct or committed violations of any applicable law, rule or regulation and halt or prevent the recurrence of such conduct. The owner, operator or local contact person shall be subject to all administrative, legal and equitable remedies available to the City for failing to respond within 60 minutes.
- D. The short-term rental shall be occupied for not less than one (1) day and one (1) night.
- E. Trash and refuse shall not be left stored within public view, except in proper containers for purposes of collection by the City's authorized waste hauler.
- F. A short-term rental shall not change the residential character of the outside appearance of the residence including color, material, lighting or any advertising mechanism, including "vacation rental" signs.
- G. Guests of the short-term rental shall comply with City of Seaside Municipal Chapter 9.12 Regulating Noise, including quiet hours between the hours of 10 PM and 7 AM.
- H. The operator shall post the following information in a prominent location within the short-term rental:
 - 1. Operator name and number;
 - 2. Local contact person name and number;
 - 3. The telephone number for the Police Department and Code Enforcement;
 - 4. The maximum number of parking spaces available onsite;
 - 5. Trash pick-up day and applicable rules and regulations;

6. A copy of City of Seaside Noise Regulations;
7. A copy of the good neighbor brochure; and
8. Notification that a guest, local contact person, responsible person or owner may be cited or fined by the City in accordance with this ordinance.

Section 9. TRANSIENT OCCUPANCY TAX.

- A. The operator shall comply with all the requirements of City of Seaside Municipal Code, Chapter 3.24 Transient Occupancy Tax. For the purposes of City of Seaside Municipal Code, Chapter 3.24, a short-term rental shall qualify as a “hotel.” The City Manager or designee shall be responsible for the enforcement of the provisions of Chapter 3.24.
- B. 50% of the Transient Occupancy Tax collected from short-term rentals shall be set-aside in the City of Seaside Housing Fund to be used to assist with affordable housing in accordance with the direction of the City Council and 50% of the Transient Occupancy Tax shall be directed to community and neighborhood improvements, with recommendations to the City Council by the Neighborhood Improvement Commission.

Section 10. NOTIFICATION AND COMPLAINTS.

- A. Written notice will be provided to all dwellings located within 100 feet of the short-term rental’s property line that a short-term rental permit was obtained for the short-term property. Such notification shall also include the operator’s and local contact person’s contact information.
- B. Complaints related to the operation of the short-term rental including, but not limited to, unreasonable noise and disorderly conduct shall be initially directed to the local contact person. If the local contact person is unavailable or fails to respond, the complaint shall be made to the City of Seaside Police Department.
- C. Complaints related to the issuance of a short-term rental permits and compliance with this ordinance shall be directed to the City of Seaside Code Enforcement Division.

Section 11. ENFORCEMENT, VIOLATIONS, FINES AND PENALTIES.

- A. In addition to any other remedies provided by law, violations of this ordinance shall be enforced as authorized in City of Seaside Municipal Code. Each day a violation is committed or permitted to continue shall constitute a separate offense. Violations of this ordinance shall be treated as a public nuisance and strict liability offense regardless of intent.
- B. A violation of any provision of this ordinance by any of the guests, owners or operators shall constitute grounds to suspend or revoke a short-term rental permit, and any three violations in any 12 month period shall constitute grounds for revocation.

Section 12. SEVERABILITY.

If any provision, clause, sentence or paragraph of this ordinance of the application thereof to any person or circumstances shall be held invalid, such invalidity shall not affect the other provisions of this ordinance which can be given effect without the invalid provision or application, and to this end, the provisions of this ordinance are hereby declared to be severable.

Section 13. EFFECTIVE DATE.

This ordinance shall take effect thirty (30) days after its adoption.

DRAFT