DATE: April 8, 2014

FROM: Jeffrey H. Weir, CEC Director, Community & Economic Development Department

THROUGH: Alan Stumpf, Assistant Director
Tara Hullinger, Principal Planner

BY: Douglas Yount, Project Manager/Consultant
Economic Development Element

SUBJECT: PUBLIC REVIEW DRAFT OF THE GENERAL PLAN ECONOMIC DEVELOPMENT ELEMENT

RECOMMENDATION:

This is an informational report on the Public Review Draft of the General Plan Economic Development Element (herein referred to as the “Draft ED Element”) that provides an opportunity for the City Council, Planning Commission, and the public to review and comment on the proposed document.

DISCUSSION:

Background

At the regular meeting of April 9, 2013, the City Council adopted Resolution No. 20364, approving a contract with EMC Planning Group, Inc. and a Memorandum of Understanding (MOU) with the Salinas Planning and Research Corporation (SPARC) for the preparation of the ED Element to the Salinas General Plan, and authorizing additional appropriations to support the visioning and community outreach efforts to develop the ED Element.

In concert with these approvals, the City Council adopted Resolution 20455, authorizing the City Manager to execute an agreement with Douglas Yount, Strategic Management Consultant, for project management services and to act as lead senior level staff overseeing the consultants, project schedule, budget, deliverables, and all other aspects of the project.

With these approvals the project began in earnest in late May and early June of 2013.

At their regular meeting of August 8, 2013, the City Council received an informational report from Mr. Yount and the ED Element Project Team regarding the progress of the Draft ED Element, with particular emphasis on the Community Outreach Program.
Additionally, at their regular meeting of November 5, 2013, the City Council received a second informational report from Mr. Yount and the ED Element Project Team regarding the progress of the Draft ED Element, with emphasis on the Economic Area Opportunity Map, Technical Studies, preliminary goals or topic areas, and sample economic development indicators developed as part of the preparation of the Draft ED Element.

An extensive public outreach process was also conducted by City staff, the ED Project Team and others from August 2013 to February 2014 which consisted of individual and group interviews with stakeholders, business owner and other interested parties, four Resource Group Meetings, meetings with residents of the East Salinas area (including one meeting conducted in Spanish) and other meetings/events to gather public input on issues to be addressed in the Draft ED Element. The outreach process is discussed further below.

**Progress to Date in the Preparation of the Draft ED Element**

There has been significant progress in the preparation of the Draft ED Element since the last update to the City Council on November 5, 2013. In this regard, a Public Review Draft of the Element has been prepared which is attached for review. This draft will be presented to the City Council, Planning Commission and public on April 8th which will help illustrate and explain the process and the outcomes resulting in a Draft ED Element.

This document represents an accumulation of literally thousands of hours of effort by City partners/co-sponsors, City staff, consultants, Resource Group members, interested residents, business and property owners, and staff and board members of other public agencies and community and industry organizations. Further details of the significant Community Outreach Program and report preparation process are provided in the Draft ED Element, Appendix E, and will be highlighted in the presentation by the ED Element Project Team. As the attached documents are fairly extensive, this agenda report will necessarily be brief, providing an overview of the components of the Draft ED Element, and highlights of its major findings and recommendations.

**Organization of the Draft ED Element**

The organization of the Draft ED Element is fairly straightforward and is explained in more detail in the introduction section of the document. The document contains two volumes. The following is a summary of volumes and sections of the document and their primary purpose:

<table>
<thead>
<tr>
<th>Volume/Section</th>
<th>Purpose</th>
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</table>
| Volume I – 1.0 Introduction | • Provides the vision and objective of the document, its organization, relevance to the City as a strategic document and potential Element of the General Plan;  
• Details the preparation process, including Community Outreach Program;  
• Explains current economic challenges and conditions and technical analyses, as well as recent plans and documents which help inform the preparation of the Draft ED Element; |
| Volume I-2.0 Economic Development Strategy | Further defines a vision of prosperity for the City and summarizes overall strategies recommended in the Draft ED Element; Details the Goals, Policies and Action Items for each topic area or strategy area; and Provides a Five Year Action Plan which prioritizes key policies or strategies to achieve in this initial timeframe for the Draft ED Element and provides some basic impact analysis for chosen strategic actions. |
| Volume I - 3.0 Monitoring and Evaluation Program | Explains purpose and process for regular monitoring and evaluation of the Draft ED Element strategies; and Explains annual process for updating and evaluating the Five Year Action Plan. |
| Volume I - 4.0 References | Provides a list of citations to documents specifically referenced in the preparation of the Draft ED Element. |
| Volume I - Attachment A | Provides a table to support the Five Year Action Plan illustrating priority policies. |
| Volume II – Appendices | Provides an economic opportunity map; Provides technical studies relating to retail, target industry, and site analyses; summary of Community Outreach Program; Lists current or recent economic development plans and strategies; Lists examples of strategic partners; and Provides details of the economic development indicators and outcomes of interest. |
**Terminology**

Inherent to reading any strategic document is an understanding of the hierarchy between the Vision, Strategies, Goals, Policies and Action Items. Below is a diagram of the Vision foci which guided the preparation of the Draft ED Element and emerged from the early stages of the Community Outreach Program.

As illustrated above, this strategic process has identified three key objectives or focus areas critical to the preparation of the Element: Land Use, Workforce & Education, and Quality of Life & Public Services. The intersection of these three focus area identify important potential outcomes relevant to the future economic prosperity of Salinas, and stem from public and private investments in workforce education and training, commercial and industrial development, and public services and infrastructure; essentially forming a **Vision** for economic prosperity as evidenced in safety, jobs and health.

Technically, the Draft ED Element builds on these strategic foci, and further defines topic areas which help illustrate issues and opportunities, which, in turn, lead to goals, policies, and action items to sustain and enhance this vision of prosperity for the City of Salinas. Graphically, this hierarchical relationship is illustrated as follows:
The word *strategy*, therefore, is used in this document as follows: economic development *strategy* = Draft ED Element as a whole, including Goals, Policies and Action Items,

Specific or individual *strategy* or *strategies* = Policies, and is interchangeable with the word Policies throughout the document.

*Strategic* = to embody or embrace efforts to implement the policies of the Draft ED Element.

**Summary of Key Strategies and Policies Recommended in the Draft ED Element**

It is important to note that the timeframe for implementation of the Draft ED Element spans 30-35 years; well beyond even a typical General Plan horizon of 10-20 years, reflecting the long term nature for impacting economic prosperity in a city or region. As illustrated in the heart of this document--Volume I - Section 2.0 Economic Development Strategy--there are 97 policies with 337 action items to achieve 17 Goals relating to the 5 topic areas and 3 strategic foci.

All told, there is a significant effort required by the City and others over this long timeframe to achieve and sustain this vision of prosperity, requiring close partnerships with the community as a whole, residents, businesses, neighborhoods, non-profit and community organizations, school districts, college districts, industry and business associations, developers, the County of Monterey and other cities in the region, as well as, regional, state and federal agencies. Volume II – Appendix G of the Draft ED Element provides a partial listing of strategic partners to assist in implementing the policies recommended in this document.
The following is a brief summary of key strategies and policies from the Draft ED Element. The strategies and policies are summarized into general categories and are not in any particular priority order. Please refer to Volume I – Section 2.2, for a detailed listing of all of the Goals, Policies and Action Items recommended in the Draft ED Element.

**Ag Tech Capital of the United States**

Salinas has the opportunity to become the leading community or industrial cluster in agricultural technology; particularly relating to the development, production and distribution of fresh produce. Policies in this area build on the successes of technology innovation and investment such as the Steinbeck Innovation Cluster and Foundation, precision agriculture research, and precision agriculture technology implementation currently utilized in the fields, agriculture technology and computer instruction at Hartnell and California State University at Monterey Bay (CSUMB), and precision agriculture and technology strategy at CSUMB and Naval Post Graduate School (NPS).

**The Recreation, Entertainment, and Sports Destination of the Central Coast**

Policies here focus on the varied opportunity for Salinas to improve, enhance and attract additional recreational, entertainment and sports related facilities and uses, by focusing on such assets as Carr Lake as a central focus and attractor for recreation and sports facilities, with potential for additional innovative use of the lake as a water reclamation and water management/storage facility. Opportunities for regional entertainment attractions stem from the continued revitalization of Oldtown/Downtown as an entertainment and historic district, and from investment and promotion of the East Salinas/Alisal area as a cultural district celebrating and recognizing Spanish speaking cultures as a community and regional asset.

**Grow the Pie**

Current and future Economic prosperity in Salinas is linked closely to the ability of the City to target and realize the improvement and expansion of all sectors of land use throughout the community: employment related (institutional, industrial, business park), commercial service and retail, and residential. The City necessarily needs to grow from within and at its borders in all directions, with an initial focus to the North and East in a responsible but deliberate manner. Growth is necessary to capture the near term and long term investment opportunity and to meet the employment, population and housing projections anticipated in the market and by the Association of Monterey Bay Area Governments (AMBAG). This investment – primarily private with targeted public investment in infrastructure and other incentives - creates the employment opportunities, desired jobs/housing balance, amenities and municipal revenues to provide the services and facilities to create and sustain a balanced quality of life for residents and businesses in Salinas. This growth also significantly adds to the economy of the County as a whole (Refer to Volume I - Attachment A – Economic Opportunity Map). Coupled with the Economic Opportunity Map for illustration, the land use policies in the Draft ED Element address this growth requirement specifically through investment in the core areas.
(Alisal Marketplace, Downtown Vibrancy Plan, Chinatown, Commuter Rail/Transit Oriented Development), with a major focus on growth in job generating uses (such as ag-industrial with Uni-Kool and property adjacent to the Airport, new technology, research and development and manufacturing business parks to the North, new medical institutional uses along Abbott Street) with additional commercial development to capture significant sales tax leakage (such as adjacent to current areas to the East and South) new population in master planned communities (such as in the Future Growth Areas) and revitalized existing commercial neighborhoods (such as on East Salinas on North Sanborn Rd, Alisal Rd, Williams Rd, South and North Main Streets).

**Tell the Real Story of Salinas**

Based on strong community sentiment, many policies in the Draft ED Element recommend that the City of Salinas and its strategic partners take the initiative in telling a complete and accurate story of Salinas as a safe and vibrant community, including the hiring of Public Information Officer (PIO) for primarily this purpose. Policies here suggest the City and its partners get in front of local and national news media, which has in the past focused on gang violence, to communicate the full story of Salinas and all of its assets and contributions to the Central Coast. These strategies are to specifically counteract the misperception of Salinas as an unsafe community, particularly at the regional level. Policies and Action Items relating to this purpose are seen as key strategies toward this end, and specifically recognize the importance of a safe community in real and perceived terms as critical to successful economic development.

**Circulate to Prosper**

As Salinas grows, an efficient and effective circulation system is critical to the future movement of goods, services and population throughout the City. Policies here propose an urban web, with expressways on the perimeter to the East, West and South, linked to and enhanced by additional capacity and interchange improvements on Highway 101, and with key arterials spanning between the outer ring of the City. Such circulation improvements help define the future boundaries of the City, continuing in protecting agricultural land, while enhancing existing adjacent property and allowing for potential growth in key economic opportunity areas. This system is not only important for vehicular travel, but with the strategic placement of key utility infrastructure, such as water, sewer, and communications.

**A Healthy Community Equals A Healthy Economy**

Aided by the partnership with Building Health Communities (BHC), policies in the Draft ED Element focus on the need to look beyond traditional economic development strategies of land use and workforce development to add an emphasis on improving the health of residents and the health of neighborhoods to build a stronger local economy. Policies are proposed which address health and safety concerns in the community, and the need to strengthen partnerships with community organizations and other public agencies in the delivery of services to ensure
access to healthy foods, health care, recreation, and employment. Policies are suggested that improve both the physical and social fabric of commercial and residential neighborhoods.

**Leading the Way in Innovative Economic Development Infrastructure**

Equally important, are policies which recognize and strengthen the current efforts of the City of Salinas in developing innovative supplies and distribution of energy, water/waste water, rail access and communications. Such traditional “economic development infrastructure” is critical to the success of existing and future industries which desire to locate in Salinas and the Salinas Valley. Examples of these key projects or programs include: continuing the agreement with Deepwater Desal for a new source of potable water and energy supply, expansion and improvement of the Industrial Waste Water reclamation for additional water supply and wastewater treatment, installation of a Dark Fiber Network to improve communications connectivity to business parks and existing commercial areas, development of the Intermodal Transit Center with passenger rail connection to Sacramento and the San Francisco Bay Area, development of an intermodal freight facility with connections to rail and the Port of Oakland, and the development of a municipal power authority.

**Training Tomorrow’s Workforce Today**

In partnerships with schools, the Workforce Investment Board, community groups promoting workforce development, business and industry associations and other public and private agencies, policies are proposed to support cradle to career programs, career pathway training and education programs, and other innovative and comprehensive programs to identify and target skill gaps and education programs necessary to prepare students for future industry needs. On an applied basis, policies call for partnerships with Hartnell College and CSUMB to facilitate programs in both vocational and college level education and training in targeted areas of sustainable/green construction, computer programming linked to information technology, precision agriculture, vehicle maintenance, and STEM programs. Policies are also proposed to address a potential decline in lower skilled agricultural jobs as the industry adopts more technology and less labor intensive operations, and to address a shortage of workers in growing industry sectors such as health care, agricultural technology, communications, water and conservation technology, and information technology.

**Five Year Action Plan**

As a strategic document as well as a policy document, the Draft ED Element necessarily includes a Five Year Action Plan. This plan is essentially a listing of priority policies (with corresponding action items), selected through a consensus decision process by the ED Element Project Team in review of all of the information garnered to date, including that from the extensive Public Outreach Program. These policies represent those strategies for immediate focus and attention by the City.

Evaluation of policies for this prioritization included a two step review process that is described in detail in Volume I - Section 2.3 of the Draft ED Element. Essentially, the Project Team utilized the input from the Community Outreach Program and their own professional judgment in applying, first, five criteria to each policy – *temporal* (time to implement), *economic development outcomes or*
impacts, resources demanded, policy or physical constraints, and the ability of the policy to be a catalyst for economic development. Additionally, the initial list was reviewed again with additional criteria, evaluating if policies should be added to the priority list or combined or consolidated based on factors of uniqueness, outliers (had one or more criteria that scored highest) or inconsistency.

The resulting table provided in Volume I – Attachment A illustrates the 45 policies suggested as priority strategies to focus on in the next five years. While the first five years are only a short period into the 30-35 year horizon of the Draft ED Element, these significant number of priority Policies in the Five Year Action Plan reflect a need to address the “backlog” of challenges and opportunities, and to capture a window of opportunity that exists for the City of Salinas at this time relative to economic development policy. It should also be noted, that many Policies in this Action Plan are currently underway or are being addressed in some manner by the City. The cost of or responsibility for implementing the priority policies have not yet been identified and will need to be determined/evaluated as part of the prioritization process.

**Potential Benefit/Impact of Implementing Policies**

Important in any strategy for economic development are the outcomes by which the effectiveness of the policies will be measured. Specifically, the Draft ED Element presents many economic development indicators for this purpose, as discussed further in Volume I – Section 2.3 and listed in detail in Volume II – Appendix H. Key outcomes to assess the effectiveness and viability of economic development strategies are the indicators associated with economic activity, typically portrayed as the number of jobs created or retained, new businesses attracted and/or retained, revenue generation per capita, etc, and relate often to land use development. Just as important, however, are indicators that reflect the economic health and prosperity of the community for the other two areas among the three Draft ED Element strategic foci (workforce/education, quality of life/public services). Such indicators for these areas include Educational Attainment, Percent in Poverty, Housing Tenure, etc.

While the project budget did not allow a comprehensive analysis of the impact of each policy against the full set of indicators, a more limited analysis was performed relative to the potential development of the priority Economic Opportunity areas. Specifically, several key indicators were applied to a projected development scenario for each priority economic opportunity area, to provide some indication of the economic benefit or impact from the implementation of these priority land use policies. This analysis is provided in Volume II–Appendix H–Economic Indicators and Outcomes of Interest – and evaluates the outcomes based on a number of key assumptions, including employment projections through a 2035 horizon, and various site constraints and development opportunities as noted in previous technical analyses.

Below is summary of these key projected outcomes across the variety of priority Economic Opportunity areas:
<table>
<thead>
<tr>
<th>Opportunity Area Type</th>
<th>2035 Jobs</th>
<th>Average Wages</th>
<th>Total Wages (millions)</th>
<th>Net Annual City Revenue (millions)</th>
<th>Taxable Sales (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Generating Sites (A, D, E, F, K)</td>
<td>8,928</td>
<td>$55,495</td>
<td>$495.5</td>
<td>$2.38</td>
<td>$39.20</td>
</tr>
<tr>
<td>Revenue Producing Sites (L, N, P, Q)</td>
<td>2,067</td>
<td>$37,822</td>
<td>$78.2</td>
<td>$6.93</td>
<td>$341.00</td>
</tr>
<tr>
<td>Infill (C, R, T)</td>
<td>1,891</td>
<td>$42,547</td>
<td>$80.5</td>
<td>$2.37</td>
<td>$105.70</td>
</tr>
<tr>
<td>Special (U, V)</td>
<td>275</td>
<td>$33,741</td>
<td>$9.3</td>
<td>$0.60</td>
<td>$60.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,161</strong></td>
<td><strong>$50,404</strong></td>
<td><strong>$663.4</strong></td>
<td><strong>$12.28</strong></td>
<td><strong>$545.90</strong></td>
</tr>
</tbody>
</table>

Source: ADE Table 2 Volume II - Appendix H Draft ED Element

While the above table illustrates tremendous potential benefit to the City and region from implementation of policies to develop these select land areas, there are many other policies and action items not evaluated in this way, which through their implementation, would potentially add significant additional benefits through the horizon of the Draft ED Element.

**Monitoring and Evaluation of the Draft ED Element**

An effective monitoring and evaluation program is critical to the success of the Draft ED Element. Key policies and actions need to have regular and effective measurement to determine their ongoing viability toward the vision of sustaining and enhancing the prosperity of Salinas as gauged against select economic development indicators.

Timely and relevant information is needed so that adjustments can be made to the Five-Year Action Plan policies and actions to enhance progress towards achieving positive change in economic development indicators. A monitoring and evaluation process requires regular data collection, data analysis, community outreach and input and the use of the information gleaned to revise the City’s economic development priorities as may be needed.

Provided in Volume I – Section 3.0, is a description of the Monitoring and Evaluation program for the Draft ED Element. In summary, this process entails an annual review of the Five Year Action Plan priority policies and action items, timed with the mid-year budget process. The annual report will be a mechanism for City staff, and the community, to recommend to the City Council, if necessary, modifications to a program or project to improve its effectiveness in implementing a priority policy or action, or modifications to policies and actions items in the Five-Year Action Plan. Such modification may include the replacement of an existing policy or action (whose implementation is significantly challenged) with another or an entirely new item as opportunities arise.

Additionally, it is proposed that every two years, the economic indicators themselves be reviewed for accuracy and appropriateness as tools for measuring the effectiveness of the policies and action items toward achieving the desired goals and vision of prosperity for Salinas.

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Relationship of Draft ED Element to City Council Priorities

As the Draft ED Element is intended to be an integral policy and strategic document to guide and shape other City priorities, it is important to review the alignment of such Goals and Policies with the overall priorities as recently adopted by the City Council in the Priority Based Budgeting process and the updated Goals and Objectives for 2013-2015. Provided on the following page, are comparisons of these adopted City Council priorities with those proposed in the Draft ED Element.

As illustrated in the attached sheet on the following page – **Alignment of Current City Council Strategies with the Draft ED Element** - there is significant alignment between the proposed goals in the Draft ED Element with currently adopted City Council goals. The colors shown in the right columns under each Council Goals highlight the connection to the corresponding Draft ED Element Goal.

There is also alignment as well between the priority initiatives/objectives of the City Council and those policies/action items in the Draft ED Element as shown below:

**FY2013-2015 City Council Strategic Initiatives/Objectives (with Related Draft ED Element Policy):**

- Alisal Marketplace (*Policies: LU 1.1, LU 1.2, LU 1.3, RET 1.1, RET 2.1, RET 3.1, EGB 2.1*)
- China Town Revitalization (*LU 1.1, LU 1.2, LU 1.3, C 2.2, C 2.3, RET 1.1, RET 2.1, EGB 2.1, II 1.1*)
- Enhanced Permit Center Operations, customer service, access and availability (*LU 1.17, IE 1.1*)
- Sustainable Steinbeck Regional Innovation Foundation/Cluster (*LU1.10, EGB 1.1, EGB 1.2, EGB 2.1, EGB 2.3, IE 1.1, IE 1.2, WF 1.1*)
- Future Growth Area (*LU 1.6, I 3.1, I 3.3*)
- Plan for and engage a safe, secure, well-managed water supply (*I 3.1, I 3.2, I 3.3, I 1.3.4, I 1.3.5, I 1.3.6*)
- Funding for Public Safety (*LU 1.1, LY 1.2, LU 1.3, LU 1.4, RET 1.1, RET 3.1*)
- Empower and Support Neighborhoods (*LU 1.4, C 2.13, RET 1.1, RET 2.1, N 1.1, N 1.2, N 1.3, N 2.1, N 2.2, N 2.3, N 2.4, N 2.5, N 2.6, N 3.1, N 3.2, CA 1.2, QL 1.1, QL 2.3, QL 3.2*)
- Addressing Homelessness (*LU 1.1, LU 1.2, LU 1.3, C 2.2, C 2.3, WF 2.2, QL 1.1*)
- Fire Department Equipment Needs (*LU 1.1, QL 6.1*)
- Youth Soccer Fields and Constitution Park (*LU 1.4, QL 3.1*)
- Continued Support for Recreation, Arts, Libraries, Entertainment, Volunteer Opportunities, Playgrounds, Sports and Culture (*LU 1.1, LU 1.4, LU 1.16, C 2.8, RET 1.1, RET 3.1, QL 3.1, QL 3.2*)
- Prioritize El Gabilan Library Expansion Through Measure V Funds (*LU 1.1*)

Though not shown, a review of the “Planning Principles” adopted previously in the City Council Updated Goals and Objectives 2013-2015, indicates additional close alignment between those organizational behaviors or values expressed by the City Council, with those needed for the successful implementation of the Draft ED Element strategies. This is particularly true for principles of strategic partnerships, leverage of local assets, and measurable outcomes.

To further align the implementation of these economic strategies with current Council priorities, it is suggested that the City Council consider adding the following additional principles as priorities:
<table>
<thead>
<tr>
<th>Quality of Life</th>
<th>Government Excellence</th>
<th>Inclusion</th>
<th>Community Engagement</th>
<th>Economic Prosperity and Diversity</th>
<th>Discover Element Goals</th>
</tr>
</thead>
</table>

**CITY COUNCIL STRATEGIC GOALS FY2013-15**

<table>
<thead>
<tr>
<th>Discover Element Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic</strong></td>
</tr>
<tr>
<td><strong>Prosperity</strong> and <strong>Diversity</strong></td>
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</tr>
<tr>
<td><strong>Government Excellence</strong></td>
</tr>
<tr>
<td><strong>Quality of Life</strong></td>
</tr>
</tbody>
</table>
• **Strong Leadership** - To set the vision (as outlined in the Draft ED Element), communicate the vision to strategic partners, the community and the region, and to achieve progress towards this vision. *As noted throughout the Draft ED Element, strong leadership will be required to evaluate, adopt and implement many of the strategies proposed. As a local and regional influence on policy, leadership by the City Council and City of Salinas is necessary for the success of these prosperity strategies.*

• **Entrepreneurship** - To recognize policy and resource limitations, and employ innovation and adaptation to new technology and practices to achieve significant outcomes toward priority objectives. *Throughout the Draft ED Element, there are proposed strategies which not only encourage and support entrepreneurship in the private sector, but require the similar mindset in the public sector to achieve and sustain economic outcomes.*

**Next Steps**

The Draft ED Element is being presented to the City Council and Planning Commission in this joint session for information purposes only and to introduce the document for public review. It is anticipated that the document will return to the City Council in May for review and consideration as a strategic initiative, with further guidance on preparation of the necessary CEQA and other analyses required prior to formal adoption as an Element of the General Plan, further described below.

It is important to note that the original scope of work to prepare the draft document did not allocate funding to prepare the CEQA evaluation or the General Plan Amendment which will be required in order to formally adopt the document as a General Plan Element. Given this limitation, the City Council cannot formally adopt the proposed document as a General Plan Element until the CEQA analysis and General Plan Amendment process is completed and presented for consideration. The extent of the CEQA and General Plan Amendment analysis is undetermined at this point, and would require the assistance of planning and legal professionals to evaluate the policies and action items of the Draft ED Element for their potential environmental impact, including their impact on the existing General Plan. If the changes are extensive, State law may trigger the need for updating the General Plan as a whole. It is necessary, therefore to complete the CEQA and General Plan Amendment analysis, both for the impact of the Element itself, but also the potential for triggering an update to the current General Plan.

Given the importance of the Draft ED Element as a strategic document for the prosperity of Salinas, including the need to capture near term economic opportunities, it is equally necessary to evaluate the Policies and Action items of the Draft ED Element to determine those that can be implemented *without* the necessity of completing the CEQA and General Plan Amendment analysis. As noted previously, many strategies, including some of those that are proposed in the Five Year Action Plan, are currently being implemented by City staff through a number of programs and projects. Clearly, however, there are strategies proposed that will impact other sections of the City’s General Plan or require additional CEQA analysis, such as development in new economic opportunity areas or major infrastructure, such as expressways.

To proceed forward with the analyses mentioned above, and with the consideration for and adoption of the Draft ED Element, the following specific tasks are proposed:
1) Receive public input on the Draft ED Element as presented and provide direction to staff for finalization of the Draft ED Element as a key strategic initiative.

2) Determine requirements for adoption of the Draft ED Element into the General Plan and for timely implementation of the priority Policies and Action items:
   a. CEQA analysis:
      ▪ Phase I – evaluation: determine level of CEQA required; determine what items can be implemented without CEQA review or a General Plan Amendment; determine if the Draft ED Element implementation will trigger an update to the General Plan, or if the Draft ED Element can stand alone with its own CEQA review.
      ▪ Phase II – environmental review: conduct CEQA analysis necessary as identified in Phase I for adoption of the Draft ED Element into the General Plan (either stand alone, or as part of a General Plan Update)
   b. Review action items from the Five Year Action Plan – complete a more detailed review of resources, staffing, services, and other costs required for implementation within the five year framework.
   c. Prepare a FY14-15 budget request –CIP and operating budgets – for key Policy and Action Items for FY14-15 from the Five Year Action Plan

It is recommended, therefore that staff return to the City Council in May with the following proposed actions relative to the Draft ED Element:

- Acceptance of Draft ED Element, as modified or amended through public and Council/Commission review as a key economic development strategy or initiative.
- Appropriate resources and direct staff to proceed with completing the following work:
  i. Prepare Phase I - CEQA analysis per scope and budget presented (task 2a above, which includes determining Policy/Action Items eligible for immediate implementation without additional CEQA review or a General Plan Amendment.)
  ii. Prepare evaluation of Five Year Action Plan for determination of resource requirements (Task 2b above)
  iii. Prepare proposed FY14-15 operating and CIP budget request for key Policies and Action items from the Five Year Action Plan

**FISCAL IMPACT:**

There is no fiscal impact related to this staff report as this is an informational item. The total cost of the project, as budgeted, including all costs associated with the provision of services by the Project Team, is $367,000. The project is funded primarily through Capital One funds, with some General Funds appropriated through the Community and Economic Development Department. The project has currently expended or incurred 79% of this budget, or $290,494.58, which is anticipated given the majority of project tasks and activities have been completed. The project is also on schedule as
originally anticipated, with a Draft ED Element presented within approximately 10 months of project initiation.

It should be noted, however, that the primary consultant for the project, EMC, and their sub consultants have indicated that they have incurred additional costs, which were not previously anticipated under the original scope of work for the project. This is primarily due to the significant and unanticipated level of participation by the community in the Community Outreach Program, which, when coupled with the necessary and important involvement of additional strategic partners, such as Building Healthy Communities, required additional meetings, analysis and review of economic outcomes, economic opportunity areas, policies and action items beyond that contemplated in the original scope of work. Rather than delay or halt work on the project, given its importance to the City of Salinas, these consultants proceeded at risk in continuing the completion of the Draft ED Element. Staff is currently reviewing these costs and will be bringing a budget amendment for the Council’s consideration in the near future, recognizing this additional effort for completion of the Draft ED Element.

Finally, costs related to those tasks mentioned above for determination of CEQA review and Draft ED Element implementation are not estimated at this time, and will be presented to the City Council when staff returns in May for specific authorization and direction relating to those tasks.

CONCLUSIONS:

This Draft ED Element, as a potential critical component of the City’s General Plan, will allow the City to prioritize and focus its economic development policies, programs and projects to provide maximum benefit and return to the City ensuring a prosperous, safe and healthy community.