



MINUTES

Tuesday, May 28, 2016

5:00 PM Closed Session
6:30 PM Open Session

SPECIAL MEETING

**CITY COUNCIL, AIRPORT COMMISSION,
MARINA ABRAMS B NON-PROFIT CORPORATION, PRESTON PARK SUSTAINABLE
COMMUNITY NON-PROFIT CORPORATION AND SUCCESSOR AGENCY OF THE
FORMER MARINA REDEVELOPMENT AGENCY**

Council Chambers
211 Hillcrest Avenue
Marina, California

TELECONFERENCE LOCATIONS:¹

131 Upshire Circle
Gaithersburg, MD

¹ Note: Pursuant to Government Code Section 54953(b), this meeting will include teleconference participation by Council Member Frank O'Connell from the addresses above. This Notice and Agenda will be posted at the teleconference location

1. CALL TO ORDER

2. ROLL CALL & ESTABLISHMENT OF QUORUM

MEMBERS PRESENT: Lisa Berkley, Adam Urrutia, Frank O'Connell, Mayor Pro-Tem/Vice Chair Gail Morton, Mayor/Chair Bruce C. Delgado

MEMBERS ABSENT: Frank O'Connell (Open Session only)

3. CLOSED SESSION: *As permitted by Government Code Section 54956 et seq., the (City Council, Airport Commissioners, Marina Abrams B Non-Profit Corporation, and Redevelopment Agency Members) may adjourn to a Closed or Executive Session to consider specific matters dealing with litigation, certain personnel matters, property negotiations or to confer with the City's Meyers-Milias-Brown Act representative.*

- a Conference with Legal Counsel, one case of existing litigation pursuant to paragraph (1) of subdivision (d) of CA Govt. Code Section 54956.9: Marina Community Partners LLC v. Fort Ord Reuse Authority, Monterey Superior Court Case 18CV000871.”

6:40 PM – RECONVENE OPEN SESSION AND REPORT ON ANY ACTION TAKEN IN CLOSED SESSION

Robert Rathie reported out Closed Session: Council met at 5:00pm as indicated with regard to the matter listed having to do with Legal Counsel. Council received information and no reportable action was taken.

4. MOMENT OF SILENCE & PLEDGE OF ALLEGIANCE (Please stand)
5. WORKSHOP
 - a Update on Dunes Development Phase 1 and presentation on Phase 2 opportunities.

Presentation by Doug Yount, Project Manager for Marina Community Partners.

Council Questions: 14.6 Acre City Park – this is the Dunes Park, correct? \$3 million contribution is that from City funds or the Dunes Funds? Is this all in Phase 2? When you take down title prior to FORA sunseting of that \$13 million for Phase 2 FORA get \$6.5 million, correct? So, they have \$16.5 million available for cost of deconstruction potentially obligated to you? Property tax revenue for city, is this at \$1.1 million currently? Is this tax increment that we retain? Fiscal & Economic Impact total revenues – Marina TOT revenues, is this a projection after we would commit? Who owns the Target/Dunes Shopping Center? Why did Shea Commercials sell it? Have you given our staff to review and confirm in their opinion your financial analysis that showed a 20% return of investment? Do you have a simple chart that you can share with us as to what’s been completed and what’s not? AUD’s – are you already committed to building those regardless whether we say yes or no? So, until you have a tentative map for Phase 2 you’re not required to build additional dwelling units behind your boathouses? Are the affordable for-sale and rental units to be spread out throughout Phase 2? Why is it not reasonable financially for you to build all those for-sale units in those two clusters but build them to rent instead of for-sale? Hotel Incentives – Do you have to rights to build 500 hotel rooms in your specific plan? What goes into your consideration whether you say yes or no to allow for Springhill Suites owner to build a second hotel? Do you have any ballpark figure that you’re considering asking us for a subsidy or incentive for your hotels? Final Full-Buildout – what is your date? How do you reconcile the absorption rate listed in your presentation? So, you think you’re going to have a buildout of homes, you don’t think your schedule is too aggressive even though historically throughout the rebuild of former Fort Ord it might be? Phase 1 commitment completion? In asking the Council for support for incentives of TOT for a hotel, is your group willing to consider that we as a city would become an equity partner in exchange for that?

Public Comments:

- Ron Chesshire, Monterey-Santa Cruz Building Construction Trades Council – Prevailing wages are a reality, they’re a fact and they’re law. Had lunch with Mr. Marsol, Mr. Yount a few ago and we’re working diligently on putting something together hopefully to bring about a change in the City of Marina. Something the City of Marina should have looked at to begin with. The use of local people to build what’s being built out there. Giving local people the opportunity, getting young people trained, getting middle-aged people trained. Getting them jobs, jobs where they can afford to buy homes around here. Offered to meet with Council individually if they need more information on prevailing wage. There is no decent house being built on the Central Coast for \$107.00 sqft. Spoke with a local insurance agent 5-years ago and asked them if a tsunami came and hit Marina and wiped a house right off the face of the earth what would the insurance company give you to rebuild it? \$200-225 sqft. and that’s with permits. It’s unfortunate that some people did not realize what it would take to build here. Things have changed over the years. This isn’t the quaint little village area it used to be. It’s become very desirable and very high priced. Again, we’ll be speaking with the gentlemen here and see what we can work out, especially in the way of getting people from this community working on those projects so we can make heroes out of them and you and take care of some past discretions that the Councils in the past missed. They missed good opportunities.

- Brad – Was one of the first homeowners of the Dunes and was proud and looking forward to our purchase. Was show the diagram of Phase 1 and am now disappointed that a lot of that was incomplete. We've been waiting for a grocery store and this August will be 4-years. We're disappointed that they want to build these other things, they're nice but I believe as a council you also have a duty to not only to the future development of the city and consideration for. Maybe we could use the term subsidized housing rather than affordable housing since we know housing isn't affordable. Somebody has to pay for it and most likely it will be people like me who pay property taxes. Appreciates the concern that the Council is taking on this project but please think about the existing homeowners who live in their homes and don't rent them out in terms of adding more rental units, subsidized units, does that have any affect on the market value of our existing homes?
- Dana Cleary, CHISPA – We are building an affordable/subsidized senior housing development at DeForest Road next to the Post Office and I don't think it's going to hurt anyone property values, but it will house 47 low-income seniors age 62 and above. As someone who's in the thick of affordable housing I do believe that building moderate-income rentals makes a lot of sense. When you build moderate-income for sale buildings you sort of crate the illusion of ownership. You have all the risk of owning it, but you don't have any of the upside and that's something to think about as a city. it's not terrible but it's work. It means you spend forever or a good long time monitoring these people's lives, making sure they're not making a dime they shouldn't make. With rental is straight forward. What they're suggesting is trading off 59 single-family homes for 100 rentals plus I assume the 59 still get filled. That's more volume and we need that. We need housing. We can quibble about whether it's moderate or low or what, but we need housing here and that's a way to get a little more of it.
- Paul Bruno – Thanks to Doug Yount for his presentation. Doug is a straight shooter, he's committed to the City and to the success of the project. Spoke about recognizing ADU's as affordable by design for BMR credit. Simple answer is yes, affordable by design works. Marina Cottages built behind Denny's. 17-homes, 12 of them had rental on a detached garage upstairs above the garage. We retained most of those and rent out about 10 of those apartments that are above the garages. Who rents them? Young people rent them. First-time renters, newlyweds, recently divorced, students, disabled, single parents and other than the disabled and students all of the adults who rent there have jobs. So, it's truly workforce housing. Those are affordable by design workforce housing. Our rents are actually lower that want was shown in the presentation. We've had zero vacancies over the last 5-years plus. These really work for people in transition. They transition in and out of these units as their lives change. I think it's a great housing resource and thinks it's important to move forward and to allow MCP to count these as single-family workforce homes. The illusion of ownership is a cruel joke played on some of these people. It's glorified renting. Home ownership is about building equity and they're not really building equity.
- Scott Waltz – Thinks it's a miss opportunity to have 86 slides and talk for 2 hours and not mention that your development is going to have within it a future natural recognized trail system. Pointed out that connecting 9th Street on the other side of 2nd, 9th Street was visioned as the Multi-Model Corridor and Marina Community Partners did something rather clever which was to take that multi-model corridor and turn it into a set of pathways. If you drive by there you'll notice there's a lighter serpentine path that connects with a darker path so that people using it can divide, there's beautiful green islands and then there's even a track for the horses. This is against an open footrail fence which then still allows for a walkway in the front yard for the residents. I think that's an optional design for the city or neighborhood. It would certainly be a good design for the FORTAG. Going forward I certainly support

Marina Community Partners and as they bring the trail in and around the roundabout and through the residential that they're planning to build for Phase 2 that they maintain that kind of forward thinking. It's a great design.

- Liza Pfitzner – I'm a homeowner at the Dunes. Shea spoke about the increase in the construction costs since 2016 being 19%, what would be the increase in the sale price of the homes over those years? For the one-bedroom market rate mentioned at \$1,545, I think that the current rental fees at the Dunes with the apartments and boathouses are considerably higher. Commented that she had been walking door to door at the University Apartments and not sure how those were developed but thinks that's a very successful complex and asked if that could be repeated somewhere.
- Sid Williams – When I purchase my home over 27-years ago I had to drive to Monterey to buy clothes, now there are a couple of places in town, most of them out at the Dunes. That has been an asset for the city and to the city proper because of the sales tax and other taxes. You used to have to go to Monterey to see a movie, now you can see a movie in Marina. Now you can go and get something to eat after your shopping or seeing a movie. That's all happened because of the Dunes and their willingness in the past to work with the Dunes. Does not see why we would not want to negotiate.... It's your responsibility to make sure that this city doesn't get hurt in any of these negotiations. If we get caught up in not... in protecting the city that we won't negotiate to help continue this project over the long run, long enough that your gone and lone after I'm gone we will still be struggling. We need to get this project finished out there, negotiate in good faith, work with these people who have been good partners for these many years through that big recession and help get to where we need to go.
- Steve Emerson – The fact that we got the retail in prior to the great recession was a big deal. What they're talking about here today is getting the infrastructure in sooner than later because we will inevitably will have a downturn in real estate. It will happen. The economy will slow. I would urge you to work as rapidly as possible to continue this process on and to move as fast as possible. I don't know what you have on your next agenda, but I would start putting it on and see if we can speed up the timelines of what you already have working here to get this done. This is a priority. This is really the priority that you have at this point in time for the community and for the long-term growth and for the resources that you need not only for our public safety, our infrastructure, our roads, all of this comes from a significant portion you saw up to 24% maybe a little less but 24% of the city's economy is a big piece and now it the time to get it done.
- Brian – Commented on the ADU's affordable by design. Recently toured a property in San Benito County where it looks like they're doing something similar. They're building ADU's in the back and they're deeding those properties as being required to rent as affordable for 30-years and I assume that's what the presenters are talking about in this case. I don't know how I feel about it but it's an interesting use case if you want to go out and look at that. It may provide the opportunity for new residents to not only move into this town but generate a little bit of income at the same time while at the same time providing affordable housing.
- John McCormick – Real Estate Broker and has no relationship with Shea but I started a Tea Shop in Carmel Plaza back in 1974 and has been involved in retail. I also do a lot of leasing and represent Carmel Plaza and right now shopping center in the East Bay. Work for Donny Schreiber and I think the things they're talking about are real, that there are a lot of changes and they need that pause here to understand where this market is going. Given Amazon's amazing growth and penetration into Whole Foods and new companies like Ladle and Pauldee that are coming in from Europe for groceries, they're not here yet so they have a better chance of having a plan and getting it so that people in the retail business say, "I will commit to

something in 2020”. They don’t make those decisions easy. The concept is you need 20,000 people incrementally to justify a full-service grocery store. What they’ve done I think is terrific and they’ve brought transparency to you. They are a very good company and obviously their people are experts.

- Michael Schroder – Been with Cushman & Wakefield for 31 years doing commercial real estate. Had the privilege for working with the city at the airport for a number of years and I too, as they stated earlier I have about 9-years vested in this project. I’ve gone through the challenges that we faced on the commercial of Marina. The opportunity cost of my time certainly has been very challenged. Will tell you I’ve worked in the city of Marina and I’m a local and I believe in this project. I think what they’re doing and what they need, we mentioned earlier rooftops and it’s not just rooftops. It’s traffic generators. It’s not just the 20,000 people. It’s the traffic generators that come through, it’s the traffic counts on 2nd Avenue and Imjin and those are other elements that they put into their proforma and are able to check the box that the real estate committee in order to say “well maybe we don’t have 20,000 people here yet, but we have all these other things. These things matter when they have to check the box and go to the real state committee. The challenges are prevailing wage and retailer not found of mixed use. I’ve been frustrated and challenged but I’ve been committed for 9-years on this project. We are very close to getting that grocery store, to get some of those restaurants here and I think the Phase 2 would be the key element that allows these other rooftops and traffic generators to come so the things related to the Promenade can be realized.

9:59 PM

Delgado/Urrutia: to continue to 10:10 PM 4-0-1(O’Connell)-0

10:10PM

Delgado/Urrutia: to continue to 10:15 PM 3-1(Morton)-1(O’Connell)-0

6. ADJOURNMENT: The meeting adjourned at 10:15 PM

Anita Sharp, Deputy City Clerk

ATTEST:

Bruce C. Delgado, Mayor