



Updated Water Demand Forecast

MPWMD Water Demand Committee Meeting
Item 2

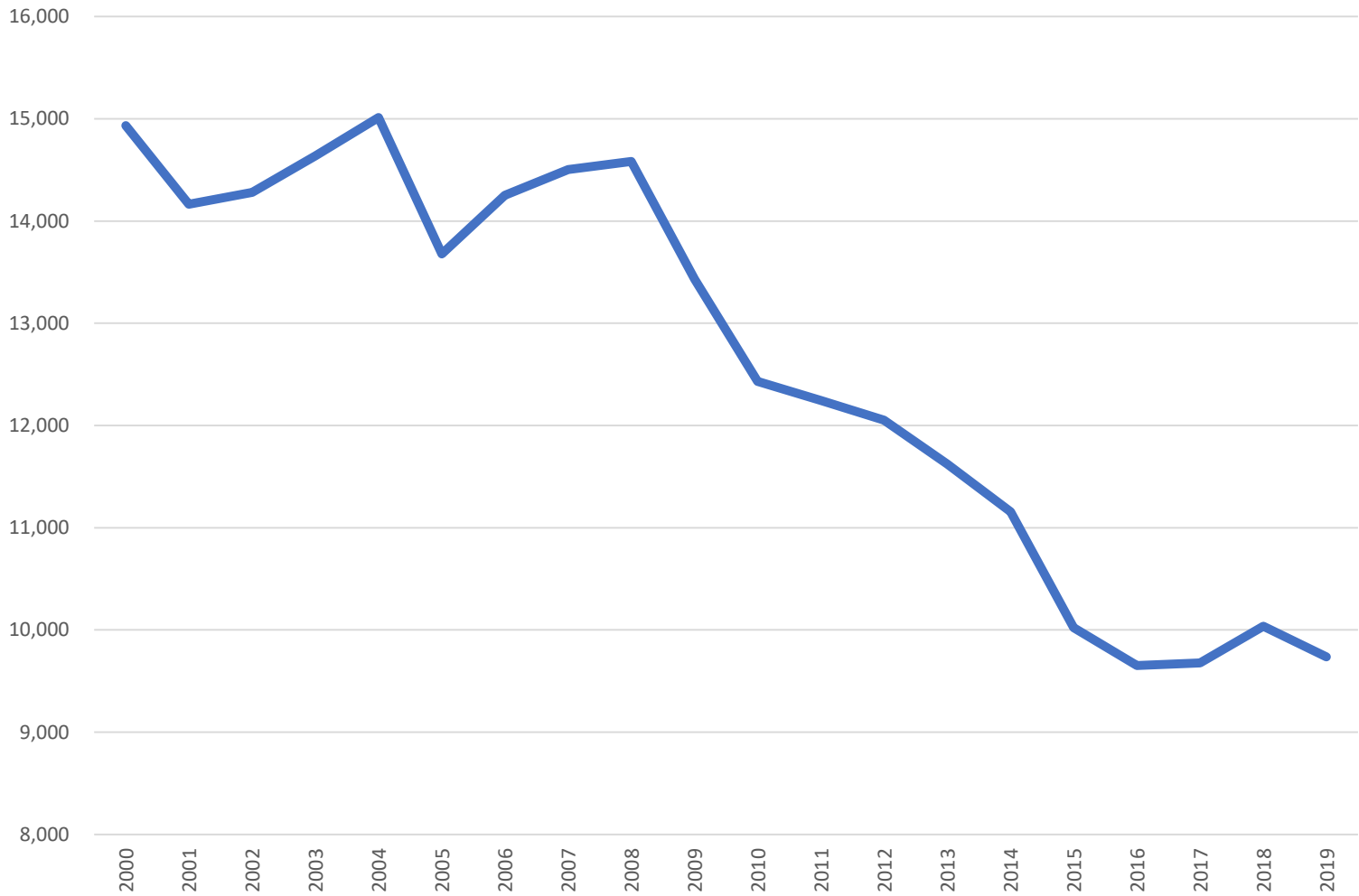
December 17, 2019



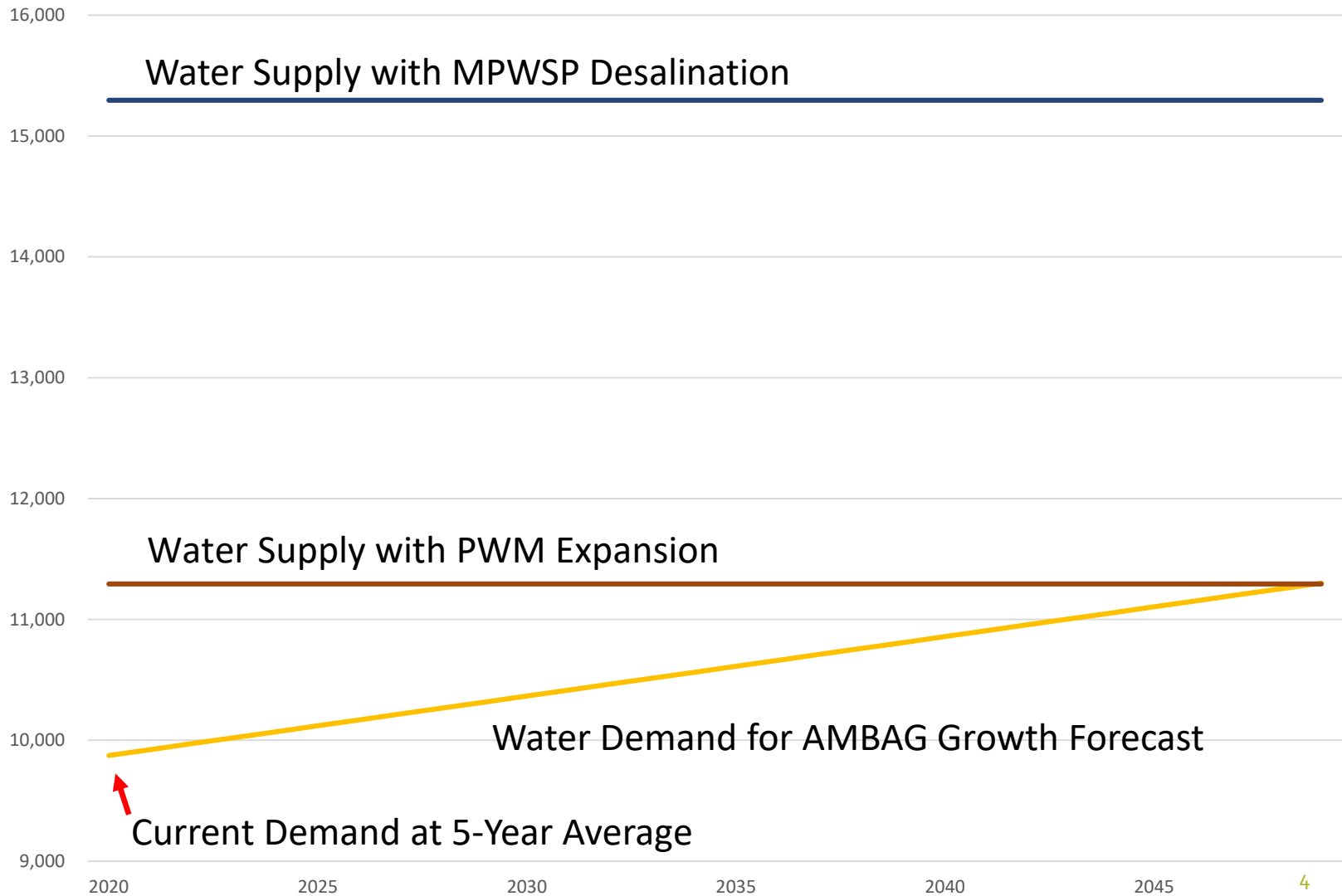
Update to September 2019 Demand Forecast

- Add 2019 Water Year
- Examine Water Needs for Housing
- Project Demand for Outside, 3rd-Party Forecast
- Key Questions:
 - Where are we today?
 - Where are we going?
 - How soon will we get there?

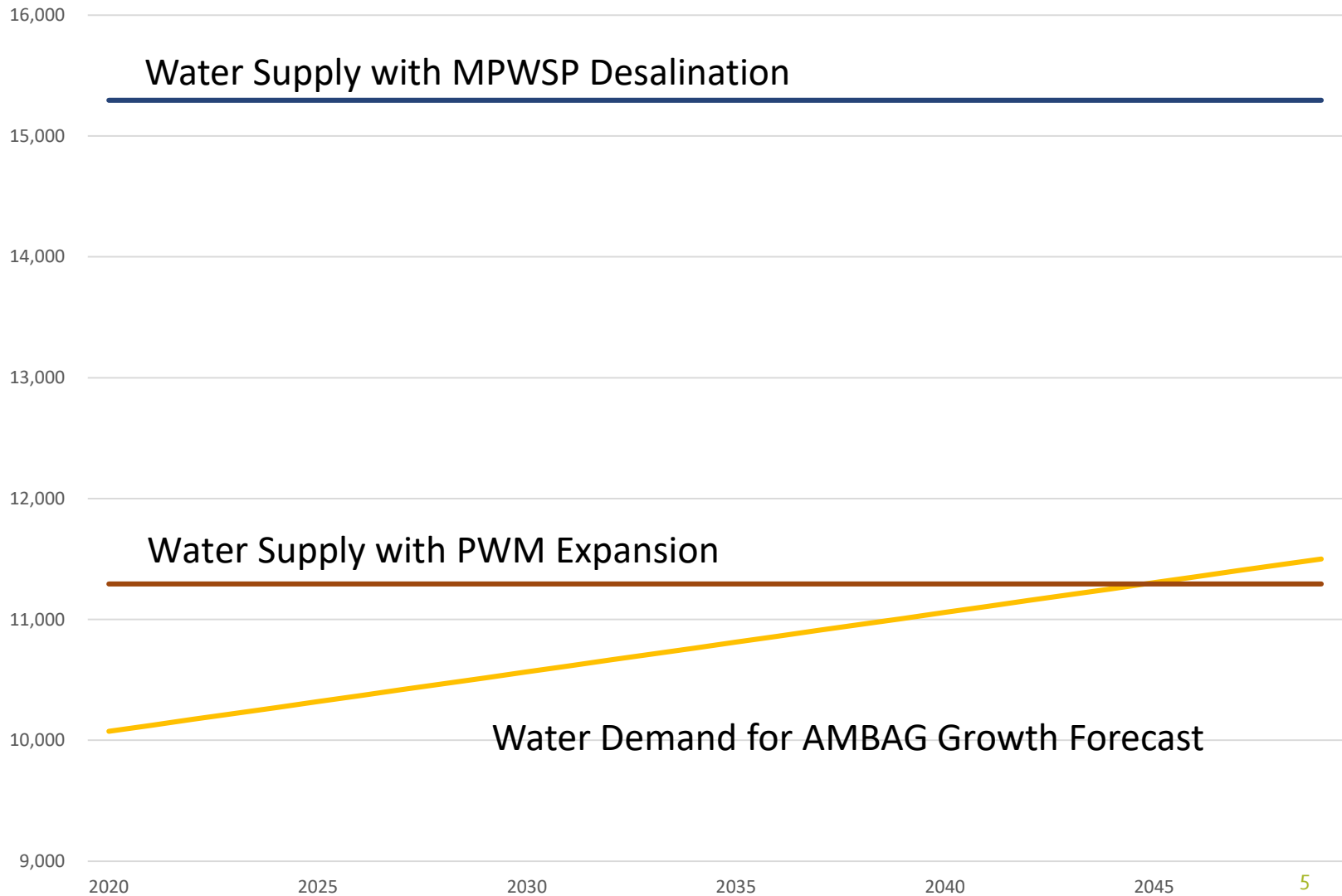
Last 21 Years of Demand



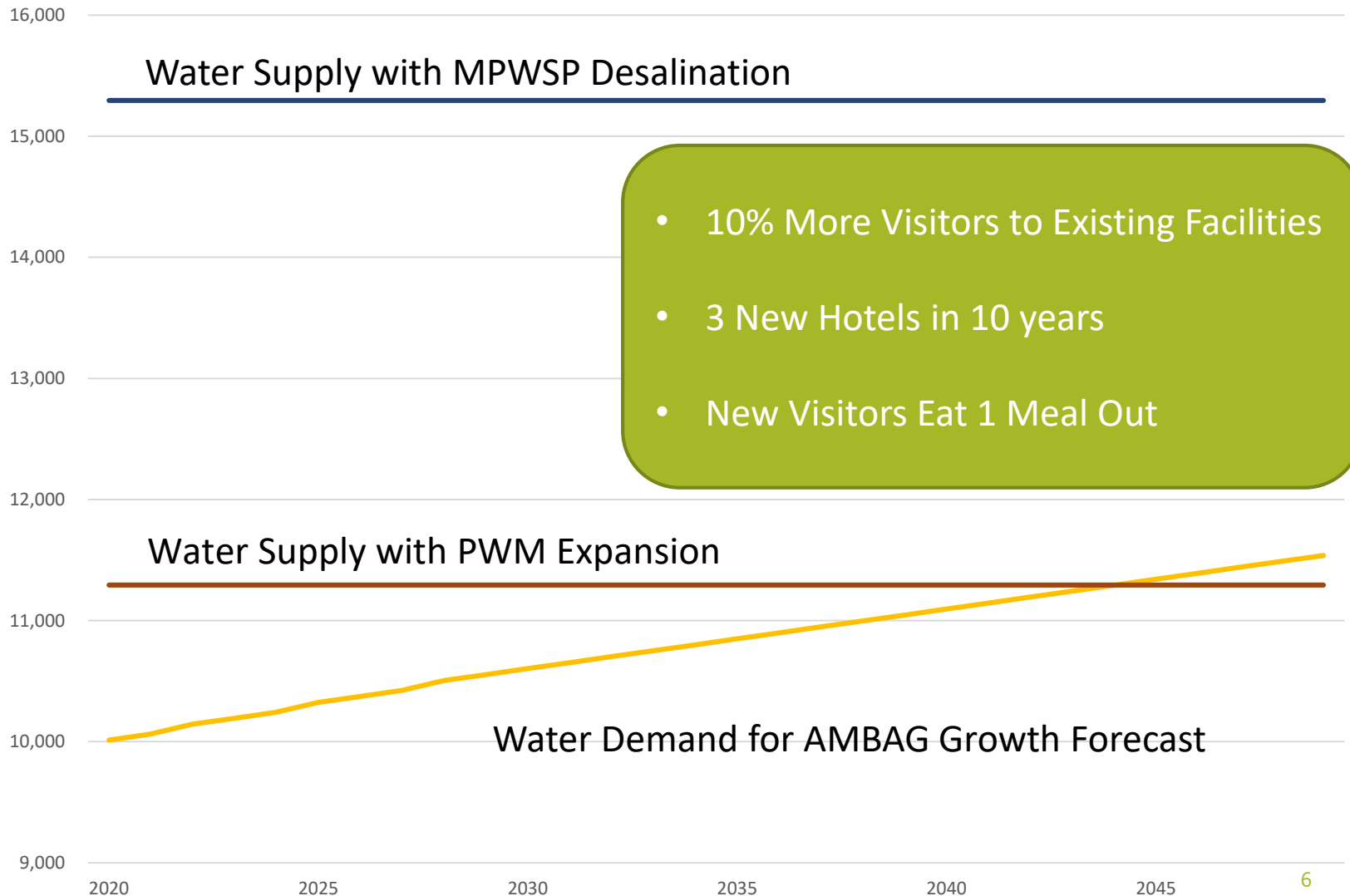
Update: Supply to Meet AMBAG Growth Forecast



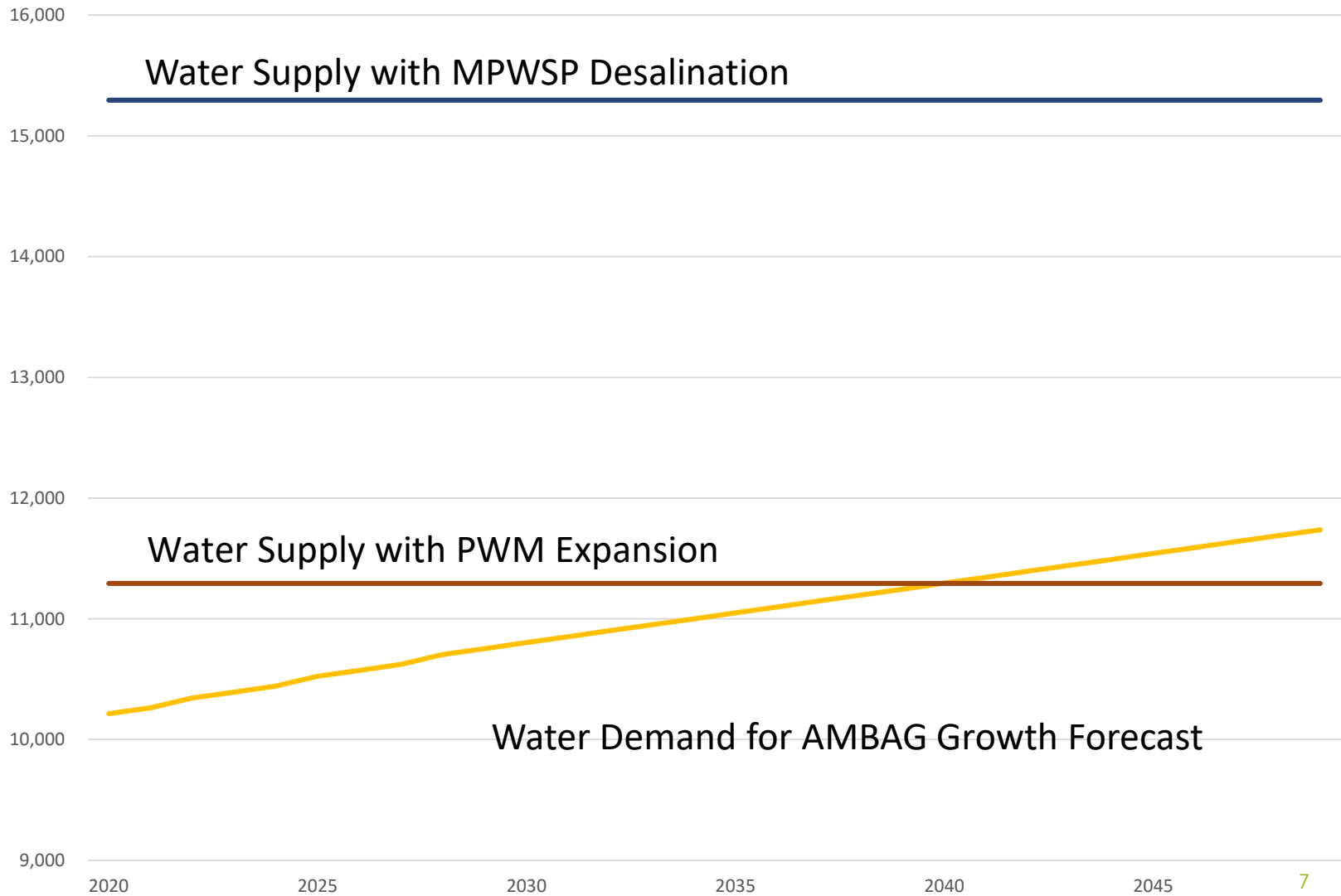
What if My Starting Point is Off By 200 AF?



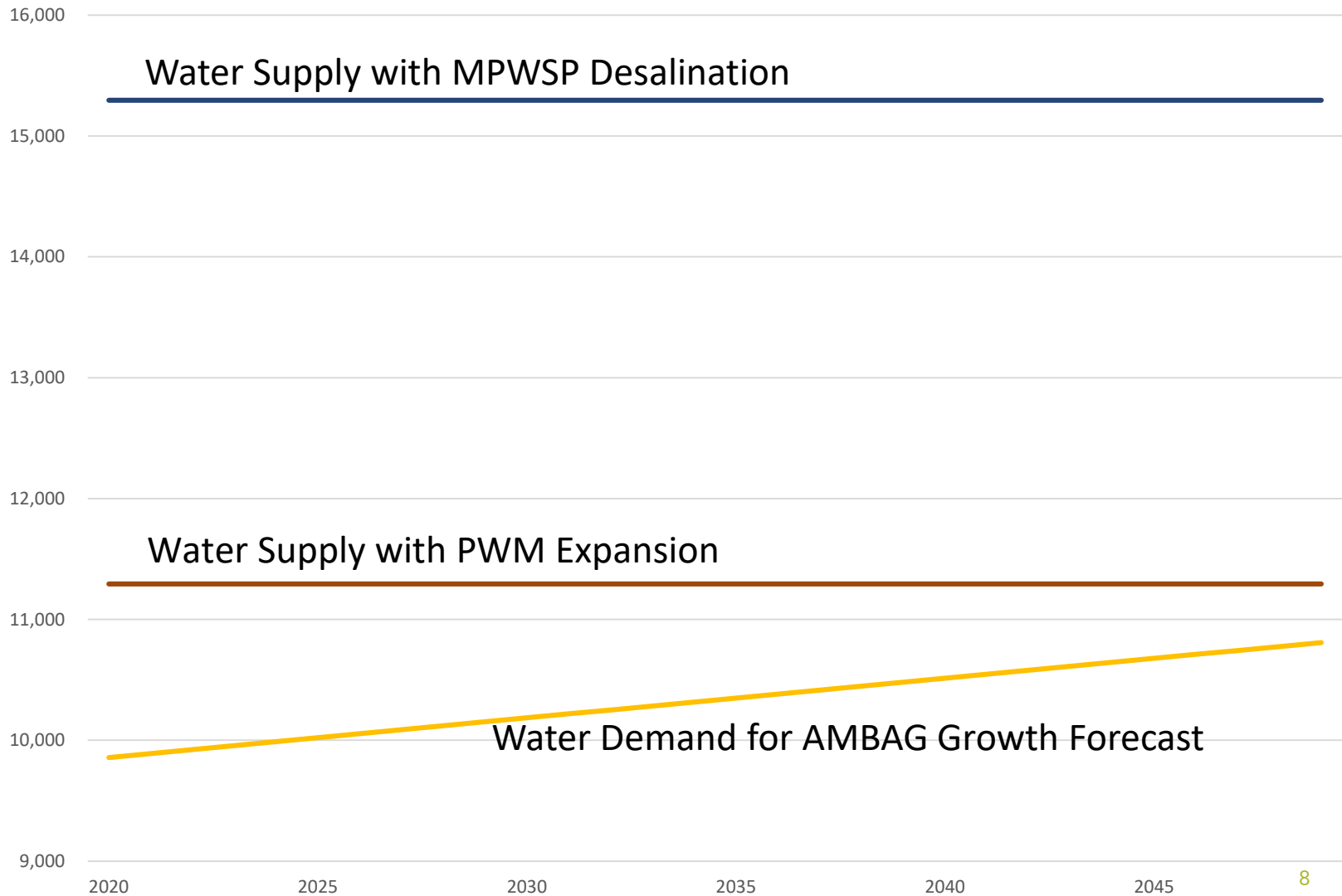
What if There is an Expansion in Tourism?



What if Both Happen?



What if AMBAG Growth Forecast is 1/3rd Slower?



Thoughts on Water Demand for the Monterey Peninsula

Bill Kampe, December 17, 2019

1. The Peninsula is substantially short of water, and will remain so even after PWM expansion
2. Population growth:

	1970	2018	Growth
California	19,953,134	39,747,267	99.2%
Peninsula Cities*	81,215	81,624	0.5%

*Seaside, Monterey, Pacific Grove, Carmel

3. In the same period
 - a. Capitola and Santa Cruz doubled in population
 - b. Half Moon Bay tripled
4. Questions
 - a. What are the causes of failure to grow on our peninsula?
 - b. What role does lack of water play?
 - c. Is this outcome an achievement or a failure?
5. What does failure of housing supply mean to our cost of living?
 - a. As yet unanalyzed, but supply and demand theory says our rents are inflated.
 - b. It's a consequence of lack of water. Our water will be cheap, but inadequate
 - c. Thus we pay more in total cost of living as a result.
6. I believe this outcome is a persistent failure in leadership. There is blame enough for all. Let's not set the next great milestone of failure in understating water demand.



Council Agenda Report

Date: 12/17/2019

Item No.: 18.

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

SUBJECT: Receive Report on Affordable Housing Site Analysis and Adopt Resolution
1) Requesting that the Monterey Peninsula Water Management District Allocate Water for Development of Affordable Housing; and, 2) Authorizing Staff to Solicit Developer Proposals to Partner with the City to Develop City Sites and Pursue State Funding for the Development of the Sites for Affordable Housing (Exempt from CEQA per Article 20, Section 15378)

RECOMMENDATION:

That the City Council:

1. Receive report on the affordable housing site analysis of City owned properties; and,
2. Adopt a resolution requesting that the Monterey Peninsula Water Management District allocate water to the City for the development of affordable housing; and authorizing staff to solicit developer proposals to partner with the City to develop City sites, and pursue state funding for the development of those sites for affordable housing.

POLICY IMPLICATIONS:

Reviewing City owned properties to determine their potential to be developed for affordable housing supports the City's on-going housing efforts, including those intended to serve extremely low, very low and low-income residents. This review also has the potential to support the City in meeting its Regional Housing Needs Assessment allocation, should any new housing units results from this review.

The City Council Value Drivers include "Ensuring an adequate water supply for the city; now and in the future." The Council recognizes that access to a dependable supply of fresh water is a significant gating factor which impacts their ability to provide affordable housing and promote economic vitality consistent with the goals described in the City's General Plan.

FISCAL IMPLICATIONS:

There is no cost associated with receiving this report. Further study of the sites may require funding for assessments as described below.

Ensuring that the community has adequate affordable housing for its workforce supports the success of local business and educational institutions, which in turn supports the local economy.

ENVIRONMENTAL DETERMINATION:

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

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

ALTERNATIVES CONSIDERED:

The City Council may elect not to receive the update or adopt the resolution.

DISCUSSION:

The City of Monterey currently experiences both high housing costs and a low inventory of affordable housing units. Further exacerbating this condition is the Peninsula's shortage of affordable water for development and the restriction on California American Waters (Cal Am) ability to set new water meters.

By identifying adequate sites and securing water and funding, the City may have an opportunity to partner with one or more developers to construct new affordable housing. The City understands from preliminary discussions with the Monterey Peninsula Water Management District (MPWMD) as well as a written report submitted by the General Manager to the Water Demand Committee on October 31, 2019¹, that water may be available as early as 2020 through an allocation by the (MPWMD) based on a savings that has resulted from conservation efforts as well as expired and returned water "credits". Funding for affordable housing is available from State grants. Last October, the Governor signed several bills that acknowledge the statewide housing crisis and provide funding for affordable housing.

Given the potential availability of water and funding sources, staff requests that the City Council adopt the attached resolution requesting a water allocation from MPWMD for affordable housing development and directing staff to solicit developer proposals to partner with the City to develop City sites and pursue state funding for the development of the sites for affordable housing.

At the August 20th and September 3rd Council meetings, staff presented the results of an initial review of all City owned properties for their potential for redevelopment for affordable housing. Following the staff presentation, public comments, and Council discussion, the Council directed staff to continue to evaluate the following four properties:

- The Harbor Yard located at 417 Figueroa Street
- Parking Lot 14 located at 442 Adams Street
- Calle Principal Parking Garage – 438 Calle Principal
- A portion of the City Hall Campus on Madison Street between Dutra and Van Buren Streets

For each site, the following was evaluated (Attachment 1):

- Phase 1 Environmental Assessment to identify potential site contamination based on historic use

¹ MPWMD, Water Demand Committee, Item #2, Discuss Proposals – Water for Affordable/Workforce Housing, October 31st, 2019

The site currently has a one-inch water meter and water credits associated with one toilet and washbasin (0.058 acre-feet).

Existing Water Allocation and Meter Size

Based on the potential impacts from the former onsite release, an additional assessment to delineate the nature and extent of soil and groundwater impacts will be required prior to redevelopment.

- Former onsite release of a hazardous material during the historic use of the property as an automotive repair,
- Former adjacent laundry use; and,
- Former release case by adjacent automotive repair facility.

The Assessment revealed residual soil and groundwater contamination due to

Environmental Assessment

The Harbor Yard - 417 Figueroa Street

below:
All the sites are located within the Downtown Specific Plan area. Two of the sites are within the Alvarado District, one is within the Pearl District, and one is within the Pierce District. When calculating maximum buildout, it was assumed that the necessary amount of water for each site would be available. Therefore, the specific plan development standards were used to determine the maximum number of units that each site could yield. A maximum allowed 35 percent density bonus was also assumed for each site. Assembly Bill 1763 recently passed and could increase the density bonus further if the project meets certain income levels or the project is located within 1/2 mile of a major transit stop. The results of the analysis for each site are summarized

Potential impacts to City operations include loss or relocation of existing facilities and loss of revenue.

Water information was collected from California American Water (Cal Am) and MPWMD to determine the existing water meter size, water credits associated with each site, and the amount of water required for full buildout.

A Phase 1 Environmental Site Assessment was conducted for each site, which requires research into the existing and historic use of the properties. The assessment included an on-site visit, historic resources review, and a regulatory database search for sites that may generate, store, treat, or dispose of hazardous materials or sites for which a "release" or "incident" has occurred within the vicinity of the property. The Assessment provides a recommendation on whether further study is necessary to determine the extent of the impact and a remediation procedure.

- Existing water meter size, water credits, and total amount of water required for full buildout of the site
- Potential impacts to City operations and revenue
- Maximum number of units per site based on development standards

- Alvarado Character Area
- Height Limit: Four stories
- Site Area: 0.37 Acres
- Density: 135 units per acre
- Maximum units: 50

Number of Potential Units

The site is currently used for public parking, with two disabled parking spaces and 42 regular spaces. Fees may be paid hourly or by permit. Lot 14 currently generates approximately \$60,000 in revenue annually. If the site were to be redeveloped, impacts would include loss of public parking and associated revenue.

Impacts to City Operations

The site does not contain water meters and has no water credits. The City would need to determine if it would be possible to sub-meter from the City Owned Jacks Park across Adams Street or if it would be possible to petition for a new meter based on the site being used for affordable housing.

Existing Water Allocation and Meter Size

An additional assessment to delineate the nature and extent of soil and groundwater impacts will be required prior to redevelopment.

- Former nearby laundry facilities
- Former adjacent automotive repair/machine shop
- Former northern adjacent in-ground oil tank

The Assessment revealed the following three potential environmental conditions:

Environmental Assessment

Parking Lot 14 - 442 Adams Street

Character Area: Pearl District
Height Limit: four stories
Site Area: 0.185 acres
Maximum units: 37 (assumed based on proposed specific plan amendment to allow four stories)

Number of Potential Units

The site is currently used to store Monterey Harbor materials and equipment. The site also functions as a maintenance facility and fabrication shop. Storage of certain materials and equipment are needed within close proximity in case of emergency situations. Loss of this facility would require relocation of these facilities, preferably in close proximity of the harbor.

Impacts to City Operations

Calle Principal Garage – 438 Calle Principal

Environmental Assessment

The Assessment revealed the following three potential environmental issues:

- Northern adjacent formerly leaking underground storage tank release at 425 Pacific Street
- Two southern adjacent printing businesses
- Up-gradient formerly leaking underground storage tank release at 474 Alvarado Street

An additional assessment to delineate the nature and extent of soil and groundwater impacts will be required prior to redevelopment.

Existing Water Allocation and Meter Size

The site currently has a 5/8-inch water meter and water fixtures for three toilets and washbasins and one urinal (0.21 acre feet).

Impacts to City Operations:

The site is currently used for public parking, with five disabled spaces and 19 regular spaces. Fees may be paid hourly or by permit. The Calle Principal garage currently generates approximate \$170,000 in revenue annually. Impacts to the City would include the potential loss of public parking and associated revenue. However, redevelopment of the site would require a commercial component and would likely retain some public parking.

In addition, the existing garage was financed by creating a special district pursuant to the Parking District Law of 1951 (PDL) and assessing an ad valorem tax on property owners within the district. If the use as a public parking garage is discontinued by a 4/5 vote of the City Council, the PDL allows the property to be used for another public purpose, but requires refunding the ad valorem payments to "the then owner of each parcel of real property." Also, if the City determines that the parking garage is no longer needed, it must sell the property and use the proceeds for other off-street parking, to repay bonds, or make other refunds required by the PDL. (Ord. 1171 (1959).)

Number of Potential Units:

- Alvarado District
- Height Limit: Four stories
- Site Area: 49.6 acres
- Density: 135 units per acre
- Maximum Units: 68

Madison and Van Buren

Environmental Assessment:

The Assessment recognizes one potential environmental condition, consisting of an adjacent leaking underground storage tank case at the Monterey Fire Department (351 Madison Street) with petroleum hydrocarbon constituents detected in groundwater above current screening

levels. An additional assessment to delineate the nature and extent of soil and groundwater impacts will be required prior to redevelopment.

Existing Water Allocation and Meter Size:

The site is comprised of four existing homes that are owned by the City. According to Cal Am, there are two independent 5/8 inch meters at the site, in addition to multiple meters for the adjacent City Hall campus. According to the MPWMD, the site currently has water fixtures for four sinks, three toilets, one standard bathtub, one large bathtub, three kitchen sinks, one laundry wash sink, and two washing machines, totaling 0.228 acre-feet.

Impacts to City Operations:

Three of the buildings are currently used to provide four office spaces, storage, and an employee lounge. Two buildings are vacant. There is also a community garden, employee parking for nine vehicles, bicycle parking, electric vehicle charging stations, and a dumpster area. If the site were to be redeveloped, the City would need to consider impacts of relocating and/or eliminating employee office space, the employee lounge, the community garden, storage facilities, city vehicle and bicycle parking, electric vehicle charging stations, and the dumpster areas.

Number of Potential Units:

- Pierce Character Area
- Height Limit: Two stories
- Site Area: 49.6 acres
- Density: 40.5 units per acre
- Maximum units: 15

Conclusion:

The above site information is provided to the City Council for discussion and consideration. Despite the constraints identified to date, development of each site could be achieved. A Council decision to disqualify one or more of the sites based on the constraints identified thus far would be policy-based. The City could pursue funding for the projects through public-private partnerships and State grants. The City could also commit Community Development Block Grant and Low Income Housing Asset Funds to the project(s).

Therefore, staff recommends that the City Council authorize staff to pursue development opportunities of all sites for affordable housing. This includes the future issuance of a Request for Proposals, lease negotiations, and Development Agreement processes; and pursuit of funding through State grants. Staff would also continue to press for a water allocation from MPWMD sufficient for full buildout. Opportunities for additional review and public discussion will continue to occur during the entitlement stages prior to development.

EC/GL

- Attachments: 1. Draft Resolution
2. Evaluation Matrix

e: Monterey Neighborhood and Business Associations
Housing Outreach List

A RESOLUTION OF THE COUNCIL OF THE CITY OF MONTEREY

**REQUESTING THAT THE MONTEREY PENINSULA WATER MANAGEMENT DISTRICT
ALLOCATE WATER TO THE CITY FOR THE DEVELOPMENT OF AFFORDABLE
HOUSING; AND, AUTHORIZING STAFF TO SOLICIT DEVELOPER PROPOSALS TO
PARTNER WITH THE CITY TO DEVELOP CITY SITES, AND PURSUE STATE FUNDING
FOR THE DEVELOPMENT OF THE SITES FOR AFFORDABLE HOUSING**

WHEREAS, the City of Monterey currently experiences both high housing costs and a low inventory of affordable housing units, and further exacerbating this condition is the Peninsula's shortage of available water for development and the restriction on California American Water's (Cal Am) ability to set new water meters;

WHEREAS, by identifying adequate sites and securing water and funding, the City may have an opportunity to partner with one or more developers to construct new affordable housing;

WHEREAS, water may be available through an allocation by the Monterey Peninsula Management District (MPWMD), who has the authority to allocate water from a savings that has resulted from conservation efforts;

WHEREAS, in October 2019, the Governor signed several bills that acknowledge the statewide housing crisis and provide funding for affordable housing;

WHEREAS, the City Council's review of City owned properties to determine their potential to be developed for affordable housing supports the City's on-going housing efforts, including those intended to serve extremely low, very low and low-income residents;

WHEREAS, this review also has the potential to support the City in meeting its Regional Housing Needs Assessment allocation, should any new housing units results from this review;

WHEREAS, the City Council Value Drivers include "Ensuring an adequate water supply for the city; now and in the future" and the Council recognizes that access to a dependable supply of fresh water is a significant gating factor which impacts their ability to provide affordable housing and promote economic vitality consistent with the goals described in the City's General Plan;

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

excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or any reasonably foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MONTEREY that it hereby requests that the Monterey Peninsula Water Management District allocate water to the City for the development of affordable housing; and, authorizes staff to solicit developer proposals to partner with the City to develop City sites, and to pursue state funding for the development of those sites for affordable housing.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MONTEREY this _____ day of _____, 201____, by the following vote:

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

APPROVED:

ATTEST:

Mayor of said City

City Clerk thereof

ATTACHMENT 2

Analysis of City Owner Property for Affordable Housing
Evaluation Matrix

	Environmental Assessment	Water Availability	Impacts to City Operations	Buildout Concept	Acre-Feet of Water Credits Required for Buildout	
					Have	Total Required
Harbor Yard 8,042 sf 0.185 acres	Possible contamination to soils and groundwater. Additional study needed.	1 in. water meter 0.58 af water credits	Locate alternative site for Harbor storage and operations.	Four stories 25 units Parking and 4,000 sf commercial on the ground floor	0.58	2.8
Lot 14 at Adams Street 16,218 sf 0.37 acres	Possible contamination to soils and groundwater. Additional study needed.	No known water meter or water fixtures.	44 public parking spaces \$60,000 in revenue.	Four stories 50 units Parking and 8,000 sf commercial on the ground floor	0	5.6
Calle Principal Garage 21,645 sf 49.6 acres	Possible contamination to soils and groundwater. Additional study needed.	5/8 in. water meter 0.21 af water credits	124 public parking \$117,000 in revenue.	Four stories 68 units Parking and 8,000 sf commercial on the ground floor	0.21	7.04
Madison/ Van Buren 21,645 sf 49.6 acres	Possible contamination to soils and groundwater. Additional study needed.	multiple water meters 0.22 af water credits	Relocation costs for staff offices, lounge, parking, electric vehicle charging, storage, loss of community garden.	Two stories 21 units On-site parking	0.228	1.68
Total					1.018	17.12

