

**CITY OF CERES
PLANNING COMMISSION
MEETING MINUTES**

July 16, 2018

MEETING CALLED TO ORDER: 6:00 p.m.

PLEDGE OF ALLEGIANCE:

The Pledge of Allegiance was led by Chairperson Smith.

ROLL CALL:

PRESENT: Commissioners: Condit, Johnson, Kachel, Chairperson Smith

ABSENT: Commissioner Del Nero

ALSO PRESENT: Director of Community Development Tom Westbrook, City Manager Toby Wells, Director of Engineering Services/City Engineer Daryl Jordan, Redevelopment and Economic Development Manager Steve Hallam, City Attorney Christopher LaGrassa, Administrative Secretary/Deputy City Clerk Ann Montgomery

CONFLICT OF INTEREST DECLARATION:

None

CITIZEN COMMUNICATIONS:

None

CONSENT CALENDAR:

1. Clerk's Report of Posting. The Agenda for the regular meeting of the Planning Commission of July 16, 2018 was posted on July 10, 2018.
2. Approval of Minutes
 - a. June 18, 2018 (all present)

ACTION: It was moved by Commissioner Kachel; seconded by Commissioner Johnson to approve the Consent Calendar. Motion passed by the following vote:

AYES: Commissioners Condit, Johnson, Kachel, Chairperson Smith

NOES: None

ABSENT: Commissioner Del Nero

CONSIDERATION OF ITEMS REMOVED FROM THE CONSENT CALENDAR

None

PUBLIC HEARINGS:

None

NEW BUSINESS:

None

ADJOURN AS THE PLANNING COMMISSION TO THE CERES DOWNTOWN REVITALIZATION AREA BOARD at 6:02 p.m.

ROLL CALL:

PRESENT: Board Members: Condit, Johnson, Kachel, Chairperson Smith

ABSENT: Board Member Del Nero

ALSO PRESENT: Director of Community Development Tom Westbrook, City Manager Toby Wells, Director of Engineering Services/City Engineer Daryl Jordan, Redevelopment and Economic Development Manager Steve Hallam, City Attorney Christopher LaGrassa, Administrative Secretary/Deputy City Clerk Ann Montgomery

CONFLICT OF INTEREST DECLARATION:

None

3. Ceres Downtown Revitalization Area Board (CDRAB) FY 2017-18 Quarterly Report – 4th Quarter (Hallam)

Redevelopment and Economic Development Manager, Steve Hallam presented the 4th Quarter Report.

Board Discussion:

Board Member Condit asked if there was a cost involved for the contract with the three firms.

Mr. Hallam responded that it costs us nothing to have that agreement in place and explained that we've pre-negotiated the maximum costs for that design service at \$3,000 for façade rendering, and they're on board. Staff has essentially already gone through

the RFQ, so if somebody came in, we could let them select from one of the three firms and they're off and running. There is no cost.

Board Chair Smith added that there will be a cost if someone selects one of them and takes advantage of their services.

Mr. Hallam noted that he always likes to remind people that the design assistance component is a 50/50 match from the property or business owner. It does not trigger any subsequent project to prevailing wages. It's strictly a professional design service that we offer.

Board Member Condit asked if there hadn't been one person interested.

Mr. Hallam explained that there have been two or three that have actually called, come in, received the application, read it over, and either they've met with him or talked on the phone. In all three cases they reconsidered, and believe they can do the actual improvement less expensive than the prevailing wage that the City requires.

ACTION: It was moved by Board Member Condit; seconded by Board Member Kachel to accept the Ceres Revitalization Area Board (CDRAB) FY 2017-18 Quarterly Report – 4th Quarter. Motion passed by the following vote:

AYES: Board Members Condit, Johnson, Kachel, Chairperson Smith
NOES: None
ABSENT: Board Member Del Nero

4. Discussion Regarding Options for a New Incentive Program for Businesses in Downtown Ceres (Hallam)

Redevelopment and Economic Development Manager, Steve Hallam provided a presentation, explaining several options for a new incentive program for businesses in Downtown Ceres.

Mr. Hallam noted that staff sent a letter to all business owners, inviting them to attend tonight, trying to generate some interest. He thought that there would be at least one business owner in attendance this evening.

Mr. Hallam mentioned there is one caution he would like to note; this year we've budgeted \$10,000 and he knows what's out there looming. In fiscal year 2019/20 budget, there will be the obligation of the District to pick up the full costs of landscape maintenance of Downtown, which with 4th Street, has increased 5-6 times the amount of landscape area. The George Reed contract we have, obligated him, the contractor for the 4th Street Improvement Project, to pick up that maintenance responsibility for 12 months, and he believes the City negotiated a few more months. But when that is returned to the responsibility of the District or the Area, that will be a substantial increase. He thinks anything that the Board does, we should be cost effective and also as a public staffer, he's always looking for opportunities that can leverage kind of an incentive program that encourages private investment, along with the City's incentive offering of public investment. With that that said, he had no other recommendations at this time other than to discuss the program parameters that we maybe want to pursue,

and invite public comment. We could see if the Board wanted to direct the staff for further efforts to look at maybe a particular focus of a type of incentive with some parameters, bring it back to the Board for review and recommendation, and ultimately any program will have to go to City Council for approval.

Board Discussion:

Chairperson Smith asked if the landscape expense is currently budgeted at \$7,500 annually.

Mr. Hallam confirmed and noted that it includes the banner replacement; so about \$5,000 of that.

Chairperson Smith inquired, and what will it be.

Mr. Hallam asked City Manager Wells if we know that yet.

Mr. Wells explained that the City doesn't have hard numbers yet and will be bidding that during the course of this year; doing the RFP and that will start on July 1, 2019. He would expect that to be at least \$20,000, noting that the amount of area that's being landscaped is significantly increased and we will not be using Howard Training Center, which is a reduced rate. The City wants to make sure it's maintained at the highest level, so we'll do our normal RFQ/RFP process. The Board is going to pay market rate.

Chairperson Smith inquired if this will be effective this fiscal year.

Mr. Wells responded no, it'll be starting July 1, 2019. It's covered for this year; next fiscal year is when that price is going to go up.

Chairperson Smith remarked that will be another \$15,000. We're trying to use the reserves for an incentive program; we haven't been very successful. We haven't been able to get anyone to take any, but now she is concerned that, as Mr. Hallam said, an incentive program may not be affordable.

Mr. Hallam agreed and stated that that's a real issue that is out there looming. Mr. Hallam noted that another thing he wanted to mention was that just like a year ago August, we have some idea, yet he doesn't think it would also hurt to keep moving through this year and see. And again, he always prefers to respond to somebody that's saying, "I want to do this and I have a gap. Is there any way that I can help fill my gap?" And then we know what the gap is, the dollar amount and what would put them over the edge to make that private investment that maybe they're leaning towards.

Chairperson Smith continued, and asked Mr. Hallam if he would be able in that analysis to also calculate what that would mean to the revenue, suggesting that he could say; this investment will result in this increase in revenue, which will help us pay that additional \$15,000 in landscape expense.

Board Member Condit asked if Exhibit A, "Examples of Common Incentives for Downtown Revitalization" was sent out to the business/property owners.

Mr. Hallam replied that it was included with the letter that was sent, inviting the business and property owners to tonight's meeting.

Chairperson Smith remarked that you're getting at that fact with noting that there isn't anyone here from the Downtown.

Board Member Condit noted, just on Mr. Hallam's point, we, the CDRAB Board want to hear back from the Downtown Business/Property Owners if they see something on this list that they think would be a good idea.

Director of Community Development, Tom Westbrook mentioned that some of the Board Members may remember that when the Walmart/Mitchell Ranch Project was approved, there was a Condition of Approval that said Walmart would give, at the time they were issued the Building Permit, \$75,000 for the beautification and enhancement of Downtown. Ultimately that will be coming. He noted that in Mr. Hallam's report, it talked about Wayfinding signage; perhaps some of the monies that the City secures from Walmart can maybe go to that program, freeing up some of the money for the CDRAB budget. We expect that probably within the next 6 months, that there will be some issuance of that building permit and then those monies would come to the CDRAB Board.

Chairperson Smith suggested that it could also be used to offset the increase in the landscape expense.

Mr. Westbrook stated that staff and the CDRAB Board can discuss that certainly.

Chairperson Smith stated that there are opportunities for it, whether that be it or not. So the Board doesn't have to worry about the landscape increase as it relates to the potential incentive.

Mr. Westbrook explained that when the project was approved in 2011, the enhancement to Downtown 4th Street wasn't even a consideration, so now the City has these public improvements that are \$3 million in the ground, and so capitalizing on that, to the benefit of Downtown.

Mr. Wells pointed out, in Mr. Hallam's report, the last bullet there was the downtown or other program of funding source, and noted just for reference, the City Council did approve the recommendation of the TOT Committee, which allocated \$20,000 in fiscal year 2018/19, the current fiscal year, for program and basically event oriented activities. That hasn't been back to Council for adoption, but that is something; it is not directed to the business, but it is an event oriented program. Once that comes back to Council, and once we have a Recreation Manager to help administer that program, then that would earmark those funds for a program, just like it's described there. Basically, if the committee copied what Turlock has done, their program that used to go under the Convention and Visitors' Bureau. We've created that same program; it just has to go to Council for adoption and then set the timeframes. Staff was hoping for that to happen this fall, but it likely won't happen until after January, just based on some of the shortages we have from staffing. He just wanted to put that in place, because it has some bearing on the bigger picture.

Board Member Condit asked what that figure was again.

Mr. Wells replied, \$20,000.

Board Member Johnson commented, forgive him if he sounds foolish, but he's looking at a multitude of examples for common incentives for the downtown revitalization. Does the City have a liaison that is talking to possible businesses coming in, and what would be most helpful? We see these different options; he looks at some of them, this is a quick look. What would help them in the long run to keep them in business? To him, a fee waiver, yes; but if they're gone in six months, so what. Is there somebody working with these guys?

Chairperson Smith replied Mr. Hallam is our Economic Development representative.

Board Member Johnson continued, asking Mr. Hallam if he is working directly with the incoming businesses and the business owners downtown.

Mr. Hallam explained that he believes we have a whole realm of City staff folks who support that, because we get a lot of day-to-day counter contact with Mr. Michaels and Mr. Westbrook in the Community Development Department, and they're usually the first contact, that are many times referring people to him that he can follow up on and make personal visits on. It's interesting; to date, Downtown has not had an overabundance of interest in vacant buildings or store fronts that are available for lease. We're seeing the Downtown Improvement Project has certainly heightened interest in downtown. It's having a lot of positive effects, and it's certainly infusing new private investment there. The ones he's talked to, we've offered existing programs; Mr. Del Hart, the gentleman that Rogelio works for, Esam Khacho, who did the Rusty Nail and also purchased the chiropractor building, and then Mr. Parson. Those three have essentially; he bets between the three of them now, they probably control 60-70% of the building space along 4th Street, where a lot of the attention has been. Mr. Hallam noted that he has met with each one of them individually on numerous occasions, talking about façade improvement, because they're all doing façade improvements. And frankly, the level of waiver that we could fund with the dollars that we've set aside, they're well beyond that and moving ahead. He doesn't think it really matters to them if they got a \$200 or \$300 cut on a fee waiver for a building permit plan check fee.

Board Member Johnson remarked that he's just trying to get a grip on it, because he wants it for the long run. He wants these businesses here to stay.

Chairperson Smith indicated that she thinks one of the things that Mr. Hallam has been saying is, in the complicated world of Economic Development, long before we even hear about many of these businesses, they've done their analysis, they've conducted their studies, they've made decisions, and selected a number of sites that they're looking at. That's the time that some of these incentives might have benefit. But even so, they're looking at demographics, income of your community and she thinks that businesses that have moved in, like Pastas Pronto; she thinks the renovation of the street has some benefit, but we also lost the shoe repair store because they felt the impact.

Mr. Wells commented that he wanted to point out for Mr. Johnson that we're all in Economic Development, so anybody that comes to the counter. But likely, the challenge with these types of programs is staff is trying to find something that fits for a lot, and in most of these cases, like with the three developers that Mr. Hallam mentioned; those

three are pretty well capitalized. So, the idea of an incentive of \$1,000 or so really doesn't move the needle for them. Trying to find that right match that fits a broad spectrum is pretty much impossible. That's why Mr. Hallam presented it the way he did; he's trying to give a menu of options that would be ideal, so we could try to tailor it to the specific needs, because you can talk to 20 different developers and you're going to get 20 different responses.

Mr. Wells continued, this is how we struggle with this, is trying to find something that fits to this situation, when the bottom line is to pull off a redevelopment, a reinvestment in the property, it's got to be pretty well capitalized regardless. And throwing a trinket per se here, generally doesn't move the needle of "Ah, if I just had another \$1,000," when they're looking at investments in the \$200,000 to \$300,000 range, it's hard for that to move the needle. Now, once it's a little more established and you're talking about just trying to get a new tenant in, and there's the difference. If it's just a tenant, say a hair stylist or something, then that might move the needle for that particular tenant. But, for revitalizing a building, with façade improvements and making investments to say move it to a restaurant from a commercial site, you're talking real money, and that's got to have somebody that has the horsepower to do that. So that's the wrestling match that staff has been going through, trying to go through this process, where it's almost like these incentives we're talking about were almost better off, for call it round two, once we reestablished. But we still want to be able to have the tools, so when we get to that question, we'd love to be able to at least take an argument away. Because if someone says, "Ah, I'm just not that interested," and staff can say, "What about...;" it just helps keep the dialogue open.

Chairperson Smith stated that was very well put.

Mr. Hallam remarked that that's kind of how he sees the funding. Staff has identified it as a line item; the budget includes it. And staff is poised, that if somebody came in and said or we learned, this is a limitation that I have, and it's just a little gap, that might be the perfect thing that he thinks staff can fairly quickly respond through the Board and Council, and be truly responding to a legitimate need that's proven to be, "Hey, if only I had this, I could get going," versus taking a stab at spending a lot of time developing parameters for something that may not be a need out there.

Chairperson Smith stated that she thinks what the City Manager said, what she hears him say and hears Mr. Hallam say is, we may be better off with money that doesn't have any definitive program and as something arises, Mr. Hallam can bring it to the Board and we can decide if that's where we want to put the Board's money, all or some of our money, depending on what it is. And then as the buildings get renovated and tenants start to make decisions about coming downtown, the smaller amounts of money may be helpful.

Mr. Hallam noted that one of the issues that Mr. Parson has with the restaurant expansion downtown, is lack of grease traps. And you know, you might have a situation where two or three adjoining lots may say, "Hey, if we all work together and do one significant project, and there are public rights-of-way in the alleys and the streets." He could see that as maybe something the City could be a partner of.

Board Member Condit asked if there was anything on the Security issue.

Mr. Hallam responded yes; the agreement has been signed with Ontel. The Council supported the Board's recommendation to have that in the Annual Report. It was included in the Budget that the Board recommended to the Council. Council approved it and the Agreement has been signed by Ontel. On August 1st, the two times per night, seven days per week security patrol will commence.

Board Chair Smith replied, "Awesome!"

Mr. Hallam continued, probably when he returns in October with the First Quarter Report, we'll want to see what happens in the first couple months. He wants to make sure that's a good investment. If we're finding that there's really no need, maybe we'll go down to one, but the contract is in place, ready to go.

Board Chair Smith stated that in the absence of members from the District, we're having a discussion ourselves, but she does think it would be good to get feedback from them. Ms. Smith recognizes that Mr. Hallam has done his job; it's hotter than the dickens outside and it's vacation week, so everyone is gone. Ms. Smith asked what action Mr. Hallam needs from the Board at this time.

City Attorney LaGrassa recommended that the Board invite public comment on this item.

The Public Hearing was opened at 6:37 p.m.

Seeing there were no public comments, the Public Hearing was closed at 6:37 p.m.

Mr. Hallam explained that there is no action required on this item; it was just considering tonight's report.

Chairperson Smith thanked Mr. Hallam for the report and also the information on Ontel; that was good follow-up.

Chairperson Smith requested that staff bring the Security item back for discussion at the First Quarter meeting in October, in addition to the item on the Options for a New Incentive Program for Businesses in Downtown Ceres.

RECONVENED AS PLANNING COMMISSION at 6:38 p.m.

PUBLIC MEETING(S):

None

UNFINISHED BUSINESS:

None

MATTERS INITIATED BY PLANNING COMMISSION AND STAFF

None

REPORTS:

Director of Community Development, Tom Westbrook announced:

- There are two Concerts-in-the-Park remaining for this year's series. A couple of weeks ago, Commissioner Condit was the emcee, right before the 4th of July.
- He recently attended the Ribbon Cutting for Fired-Up Grill and Meal Prep. They are located in the former El Rosal location on Mitchell Road. He took his kids there and sampled some food; it was pretty good.
- He had also sent an email out about the Ribbon Cutting for Golden Bear Physical Therapy. They have contacted the Chamber, cancelled that and will be rescheduling on a new date.

Director of Engineering Services/City Engineer, Daryl Jordan extended his congratulations to our Chairperson on her recent promotion to Director of Parks, Recreation and Neighborhoods with the City of Modesto.

ADJOURNMENT:

The Commission adjourned at 6:40 p.m. to the next regularly scheduled meeting of Monday, August 6, 2018.

APPROVED:



Laurie Smith, Chairperson

ATTEST:


Tom Westbrook, Secretary

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