

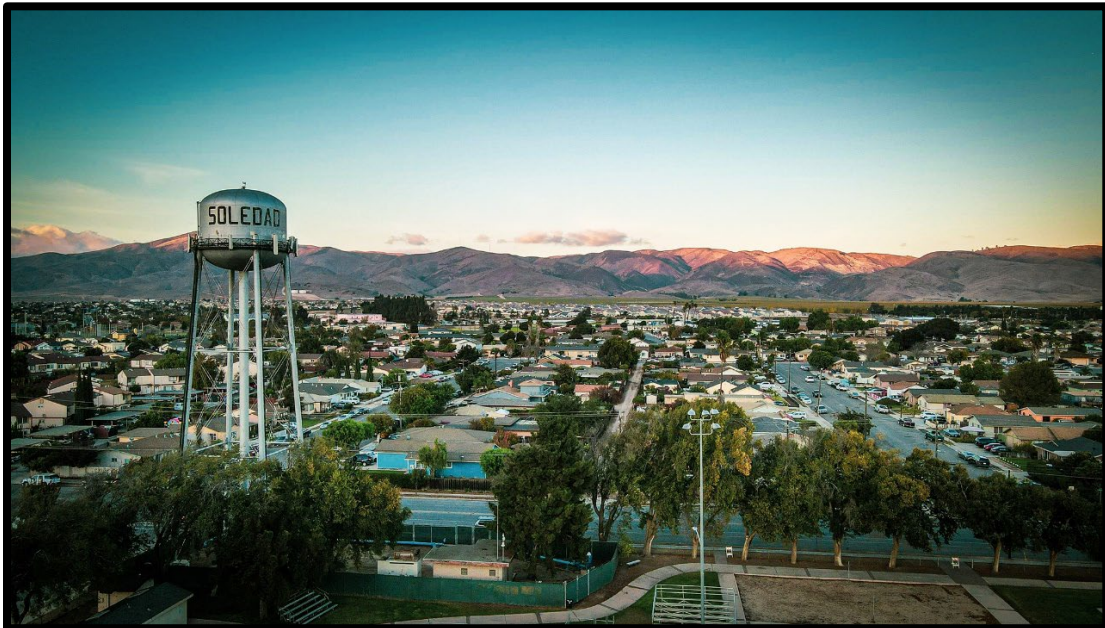
# LAFCO *of Monterey County*

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LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

2022 Municipal Service Review and  
Sphere of Influence Study:

## City of Soledad



Adopted by the Commission on December 5, 2022

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## Commissioners

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## Local Agency Formation Commission of Monterey County

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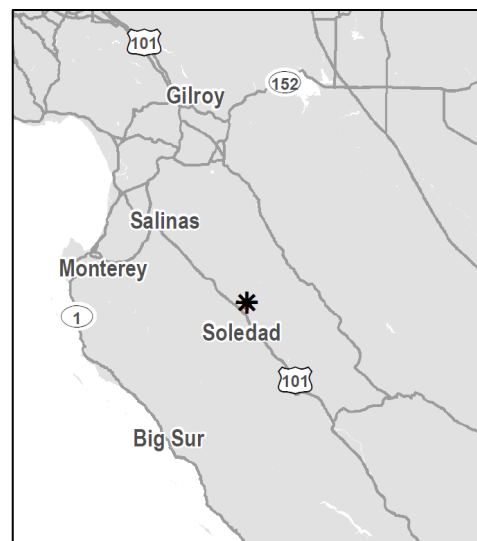
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City of Soledad – At a Glance	
<b>Incorporation Date</b>	1921
<b>Legal Authority</b>	California Government Code Section 34000 et seq. (General Law City)
<b>City Council</b>	Four City Council members elected at large to staggered four-year terms and one Mayor elected at large to two-year terms
<b>City Limits Area</b>	2,993.6 acres – existing City limits 653.6 acres – proposed expansion
<b>Sphere of Influence<sup>1</sup> Area</b>	68.7 acres to the west of the existing City limits adjacent to Highway 101 (which are not proposed for annexation at this time) 653.6 acres – proposed expansion and concurrent annexation
<b>Population</b>	24,925 (2020 Census) – institutionalized population of 5,948 and non-institutionalized population of 18,977
<b>Budget (FY 2022-23)</b>	\$11.4 million in budgeted General Fund revenues and \$12.6 million in budgeted General Fund expenditures
<b>City Staff</b>	93 authorized, full-time positions
<b>Mission Statement</b>	The City of Soledad is committed to serving our community and improving the quality of life while celebrating our heritage and diversity.
<b>Mayor</b>	Anna Velazquez
<b>City Manager</b>	Brent Slama
<b>City Hall</b>	248 Main Street, Soledad, CA 93960
<b>Website</b>	cityofsoledad.com
<b>Meetings</b>	City Council meetings are held the first and third Wednesday of each month. The public may join in-person or via Zoom.



<sup>1</sup> A Sphere of Influence is defined by LAFCO of Monterey County as “A plan for the probable physical boundaries and service area of a local agency, as determined by LAFCO ([California Government Code] section 56076). The area around a local agency eligible for annexation and extension of urban service within a twenty-year period.”

# Executive Summary

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## Introduction

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This Municipal Service Review and Sphere of Influence Study (“MSR”) provides information about the services and boundaries of the City of Soledad. The Cortese-Knox-Hertzberg Act requires that the Commission conduct periodic reviews and updates of spheres of influence of all cities and special districts in Monterey County, per Government Code Section 56425. It also requires LAFCO to conduct a review of municipal services before adopting sphere updates, per Section 56430.

An MSR is a comprehensive review of municipal services in a designated geographic area, which provides information and evaluates the provision of services, and recommends actions when necessary, to promote the efficient provision of those services. MSRs are intended to serve as tools to help LAFCO, local agencies, and the public better understand the municipal service structure and to develop information to update the spheres of influence of cities and special districts.

LAFCO will also consider this MSR in its review of an application submitted by the City to LAFCO in March 2020, as amended and updated in July 2021 and in July 2022. The Miramonte proposal consists of a 654-acre sphere amendment and annexation to the City of Soledad. The proposal also includes detachments from the Resource Conservation District and the Mission Soledad Rural Fire Protection District.

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## Key Findings

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Following are the key findings of the Municipal Service Review and Sphere of Influence Study:

1. **The City of Soledad consistently and reliably provides services to meet the existing needs of its residents.**

The City provides a full range of municipal services. Governed by a five-member City Council and operated by its professional staff, the City is responsive and accountable to the community it serves.

2. **The City’s proposed 654-acre Miramonte sphere amendment and annexation, north of the existing city limits, would greatly increase Soledad’s geographic area and population.**

The proposed expansion would be about a 44% increase to the “main” existing community in terms of acreage, excluding correctional and public facilities, and an approximately 51% increase in terms of the non-institutional population. City expansion and population growth on this scale, in comparison to existing and proposed incorporated area, is unique in recent Monterey County history.

3. **The Miramonte proposal is consistent with the 2016 City-County Memorandum of Agreement’s (MOA) desired direction of growth. However, the absence of a financing plan and the approach of the City’s adopted 2022 Miramonte Agricultural Mitigation Plan raise concerns regarding the proposal’s conformance to the MOA.**

The Miramonte proposal would grow the city toward the foothills and away from the most productive low-lying agricultural lands. The City’s currently proposed expansion is consistent – in terms of its location and the desired direction of city growth – with the adopted 2016 City-County memorandum of agreement. The City-County MOA identified other large areas that the City is interested in eventually annexing and developing, in addition to the Miramonte site. The Miramonte proposal does not include a comprehensive financing plan demonstrating the feasibility of providing public facilities and services to the expansion area and does not provide for adequate agricultural mitigation to be identified and implemented concurrent with the LAFCO process.

4. **The proposed sphere of influence amendment would provide opportunities for development of new housing and public amenities.**

Soledad's population has grown rapidly since 1990. Current population growth projections through 2045 suggest a growth rate nearly twice as high as the countywide pace. Future development of the Miramonte site would provide new housing, schools, parks, and other amenities for this growing community. Buildout of the Miramonte site would appear to facilitate significantly more development than projected by AMBAG's current Regional Growth Forecast through 2045.

Development of new housing and neighborhoods will potentially help alleviate persistent issues of overcrowded housing in Soledad. As future development occurs, the City will be required to plan for and implement affordable housing in accordance with evolving State laws and the City's own adopted policies and programs.

5. **Development of the Miramonte site will require very significant investments in public infrastructure. Detailed information regarding infrastructure costs and feasibility does not currently exist.**

Buildout of the proposed sphere of influence amendment will place significant burdens on City services and facilities, and the related new infrastructure costs are currently general cost estimates. Detailed feasibility information, including updated infrastructure master plans identifying the costs of extending City services to the proposal area, impact fee studies, and a comprehensive financing plan, is not available. However, the City has identified a process for requiring future development to be financially feasible. The City is experienced in managing development of new neighborhoods.

6. **The City is financially capable, efficiently managed, and proactively plans for its long-term capital improvement needs and funding levels.**

The City has substantial financial reserves and generally stable year-over-year expenditures. The City Council has adopted and annually adjusts a capital improvement program that identifies future infrastructure reinvestment needs, along with associated funding levels, in order to provide uninterrupted public services. With a stable revenue base and proactive financial policies and practices in place, the City is able to build reserve funds for future needs.

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### Recommended Actions

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Based on the analysis and recommendations in this study, the Executive Officer recommends adoption of a resolution to:

1. Find that, pursuant to Section 15306 of the California Environmental Quality Act ("CEQA") Guidelines, the service review and sphere of influence study is categorically exempt, in that the study consists of basic data collection, research, management, and resource evaluation activities that will not result in a serious or major disturbance to an environmental resource, and pursuant to Section 15061(b)(3), because it can be seen with certainty that there is no possibility that this study may have a significant effect on the environment; and
2. Approve this Municipal Service Review and Sphere of Influence Study for the City of Soledad and adopt its recommended determinations in the **Determinations** section on page 32 of the Study.

# Municipal Service Review and Sphere of Influence Study

## City Overview

Located within the fertile Salinas Valley, the City of Soledad provides a full range of municipal services to its residents. The City has traditionally provided housing and support services for the surrounding agricultural industry and State-owned correctional facilities. The City's General Plan includes policies to promote a jobs/housing balance and to ensure adequate service provision for future residents and businesses. According to the 2020 Census, the City's population was 24,925.

Soledad's settlement began in 1791, when the Spanish founded Mission Nuestra Señora de la Soledad. However, Soledad did not initially develop into a town outside of the mission. In 1873, the Southern Pacific Railroad established a train station in Soledad, allowing the area to grow into an agricultural center. In 1876, the Monterey County Board of Supervisors created the Township of Soledad. In 1921, Soledad incorporated as a city.



### City Limits and Sphere of Influence

The city limits encompass approximately 2,994 acres, or 4.7 square miles. Soledad has one small (68.7-acre) sphere of influence area west of the city limits along State Highway 101. This area is not currently proposed for annexation. The City limits include two separate populated areas:

- “Main” Soledad with a population of about 19,000, and
- Salinas Valley State Prison, California Correctional Training Facility, and Gabilan Conservation Camp with a combined population of about 6,000. The City completed annexation of the State prison facilities in 1990 to increase population-based revenue allocated to the City by the State of California. These revenues include motor vehicle license fees, cigarette tax, and gas tax. The City provides sewage collection and treatment services to the State prison facilities.

Outside city limits, the City also provides sewage collection and treatment services to: (1) Camphora Apartments (farmworker housing adjacent to the State prison) through an out-of-agency service agreement approved by LAFCO in 2012, and (2) the Dole Food Processing Plant, located between the State prisons and Main Soledad, via an agreement established prior to changes in State law requiring LAFCO approval for extraterritorial services.

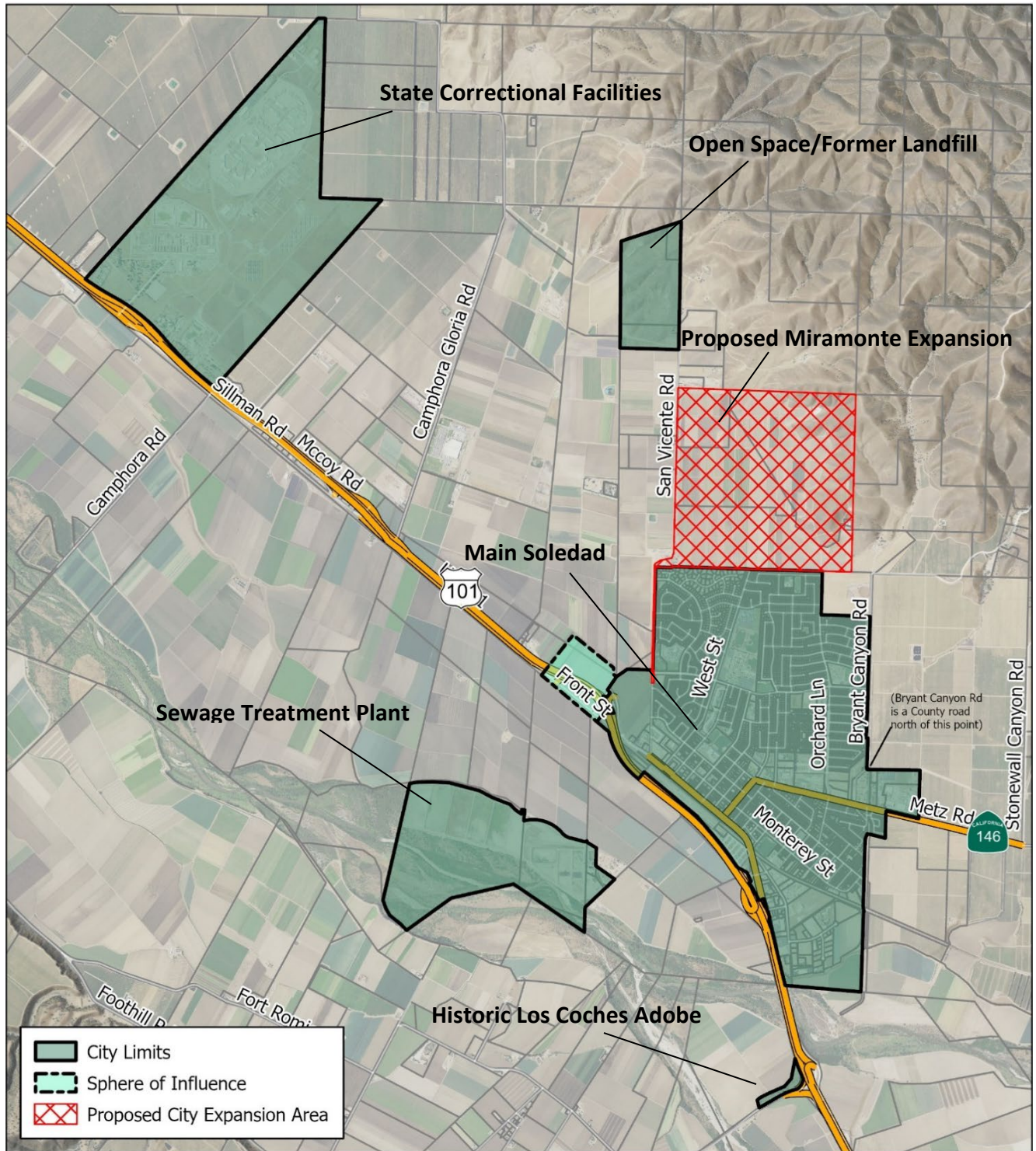
### Miramonte Proposal: 654-Acre Sphere of Influence and Annexation

In March 2020, the City submitted to LAFCO an application for a 654-acre sphere of influence amendment and annexation. The City's Miramonte proposal is very significant in size and scope, proposing to increase the size of Main Soledad by 44% and the population by approximately 9,712 residents, a 51% increase. The proposal is further discussed in this MSR's next section.

Development and population growth on the scale of the Miramonte proposal will require the City to implement changes to operations and facilities to accommodate the increased demand for City Services. The **Existing and Planned Facilities** and **City Services** sections, below, review the City's current service levels and examines how services would need to be expanded to serve the proposal area.



Existing City Limits, Sphere of Influence, and Proposed Expansion Area



<p><b>LAFCO of Monterey County</b>          LOCAL AGENCY FORMATION COMMISSION</p> <p>P.O. Box 1369          Salinas, CA 93902          Telephone (831) 754-5838</p> <p>132 W. Gabilan St., Suite 102          Salinas, CA 93901          FAX (831) 754-5831</p>	<p style="text-align: center;">N</p> <p style="text-align: center;">0 0.5 1 Miles</p>	<p style="text-align: center;"><b>CITIES</b></p> <p style="text-align: center;"><b>SOLEDAD</b></p> <p style="text-align: center;">Last LAFCO-Approved Change: 10/23/2017          Sphere of Influence Affirmed: 09/27/2010          Map Prepared: 10/14/2022</p>
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## Proposed City Expansion (Miramonte Specific Plan Area)

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The City is currently proposing a sphere of influence amendment and concurrent reorganization of 654 acres north of existing city limits called the Miramonte Specific Plan Area. The City's proposed reorganization includes an annexation to the city and detachments from the Resource Conservation District of Monterey County and Mission Soledad Rural Fire Protection District. The Miramonte site is currently used for agricultural production and is uninhabited. Ownership of the site includes primarily one property owner, but also includes City of Soledad, Braga Ranch, and several property owners west of San Vicente Road.

The project includes development of up to:

- 2,392 single- and multi-family dwelling units with a projected population of 9,712 residents,
- 120,000 square feet of commercial development,
- Two elementary schools,
- A fire and police station, and
- 196 acres of parks and open space, with placement of an open-space conservation easement on the site's hillside northeast portion.

The Miramonte expansion proposal represents an increase of about 44% to its primary incorporated area ("Main" Soledad) in terms of acreage. The addition of 2,392 residential units to the existing 4,137 units – per Nov. 2020 AMBAG estimates – represents an approximately 58% increase. Adding 9,712 residents to the non-incarcerated population of 18,977, as measured in the 2020 Census, represents about a 51% increase. City expansion and population growth of this magnitude, in proportion to existing and proposed incorporated area, has no comparison in recent Monterey County history.

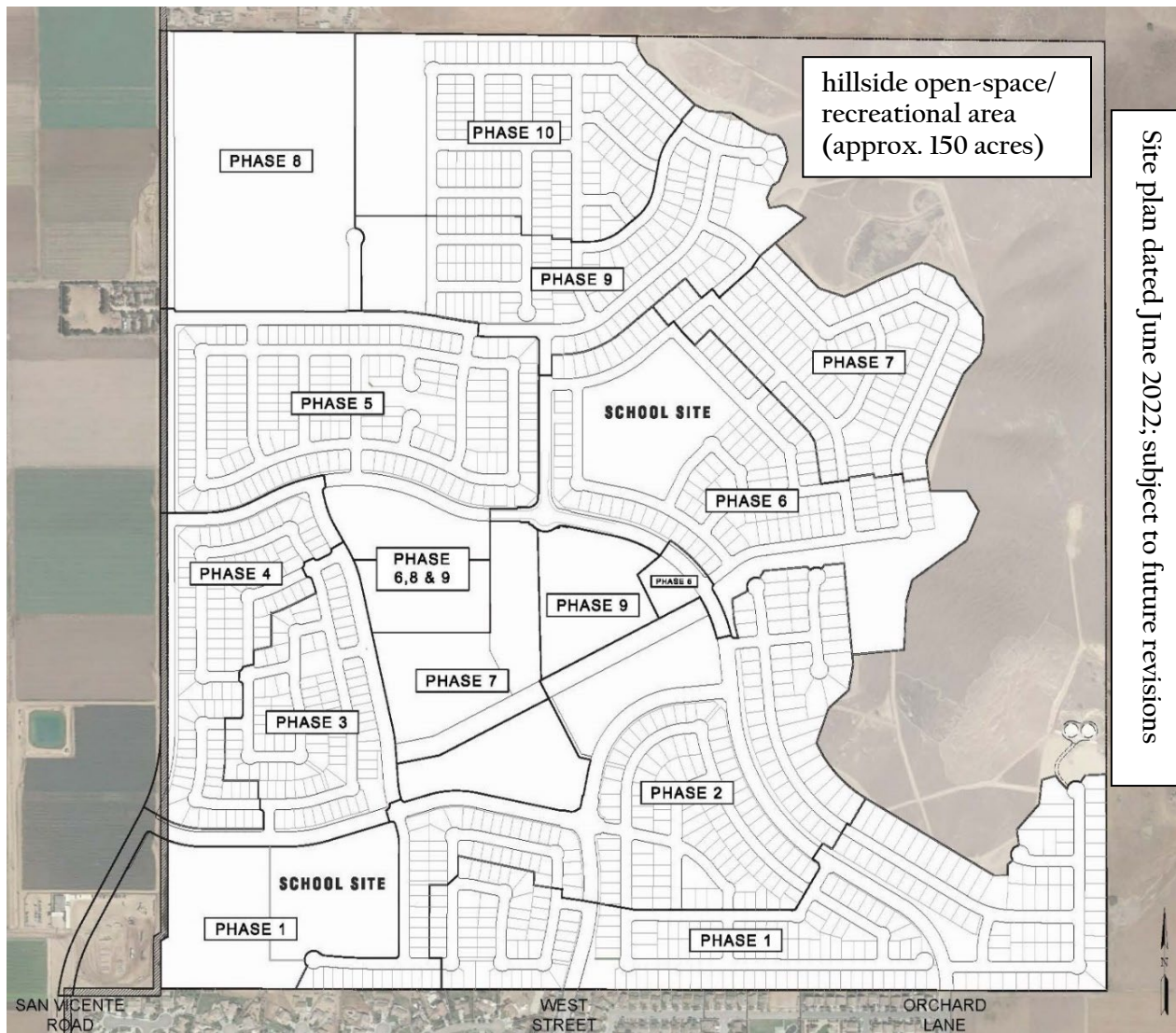
The City initiated its proposal in order to implement the City's General Plan housing element, address state mandates for the provision of affordable housing, comprehensively address a critical housing shortage within the City of Soledad and its existing sphere, fund the construction and maintenance of major improvements to serve existing and new residents of the city, preserve open space within the City's General Plan planning area, and preserve Prime Farmland by directing growth within the Urban Growth Boundary per the 2016 City-County Memorandum of Agreement.

The overall vision of the Miramonte Specific Plan is to enhance the City's image as an attractive residential city through the creation of diverse and attractive residential neighborhoods centered on parks and a commercial center. City representatives anticipate that the Miramonte project may be built out within about a 10- to 20-year timeframe.

No additional areas are currently proposed by the City, or recommended by staff, for inclusion in the City's sphere of influence or City limits. However, the City has identified various other sites in which it intends to grow in the future, as discussed in the next section.

City expansion on this scale will require significant investments in expanding and upgrading City infrastructure and services. To date, only preliminary information is available regarding these capital outlay costs. The Miramonte project's effects on city infrastructure and services is discussed further in this MSR, particularly in the **Existing and Planned Facilities** section.





Source: City of Soledad, July 2022, with notes added by LAFCO staff

Land Use	Zone	Acreage	Residential	Commercial
Low Density Residential	MMSP-R-1	296.1	1,318 dwelling units	---
Medium Density Residential and Affordable Housing	MMSP-R-V	31.3	626 dwelling units	---
Senior Housing	MMSP-R-V	6.7	134 dwelling units	---
Residential Study Area	MMSP-R-V	35.9	314 Low to Medium Density Residential Units	---
Village Commercial	MMSP-C-V MMSP-MU (overlay)	8.6	---	100,000 square feet
Police & Fire Department	PF	1.5		
Elementary Schools	PF	22.0		
Parks and Recreation	OS	56.0		
Open Space (Hillside)	OS	140.4		
Water Tank	PF	2.2		
Collector Streets ROW		32.2		
San Vicente Road ROW		14.1		
<b>Total</b>		<b>647.0</b>	<b>2,392 dwelling units</b>	<b>100,000 sf</b>

Source: EMC Planning Group 2017

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## 2005 General Plan and 2016 City-County Memorandum of Agreement

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The Miramonte expansion is being proposed pursuant to the City's adopted General Plan as well as the 2016 City-County memorandum of agreement for planning, growth, and development.

### City's General Plan

In 2005, the City of Soledad adopted a comprehensive General Plan update that focuses future urban development generally north between Highway 101 and the foothills, and between the existing City limits and Camphora-Gloria Road.

The General Plan also identified four large specific plan areas outside of the existing City limits, including:

1. North Entry Commercial Specific Plan Area (146 acres – approximately 46 of which were annexed in 2006);
2. San Vicente West Specific Plan Area (180 acres);
3. Northwest Expansion Specific Plan Area (1,550 acres); and
4. Mirassou Specific Plan Area (1,165 acres, 654 acres of which are the currently proposed Miramonte expansion area).

In addition to the areas identified above in the 2005 General Plan, the City has long expressed interest in:

- Growing the city to the south to connect the City-owned historic Los Coches adobe site to “Main” Soledad and developing the adobe site into a visitor-serving community amenity; and
- Growing to the east, in part to accommodate re-routing of Highway 146. This potential future roadway project would improve public safety and quality of life by routing Pinnacles National Park vehicle trips away from City neighborhoods and schools.

### 2016 City-County Memorandum of Agreement Regarding Planning, Growth, and Development

In March 2016, the County of Monterey and the City entered into a memorandum of agreement (MOA) in support of implementing the City's adopted 2005 General Plan. The MOA's fundamental objective is to balance the preservation of open space and prime agricultural lands with the need for orderly City growth. The agreement also meets State law requirements for a City-County consultation process prior to a City's application for a sphere of influence amendment.

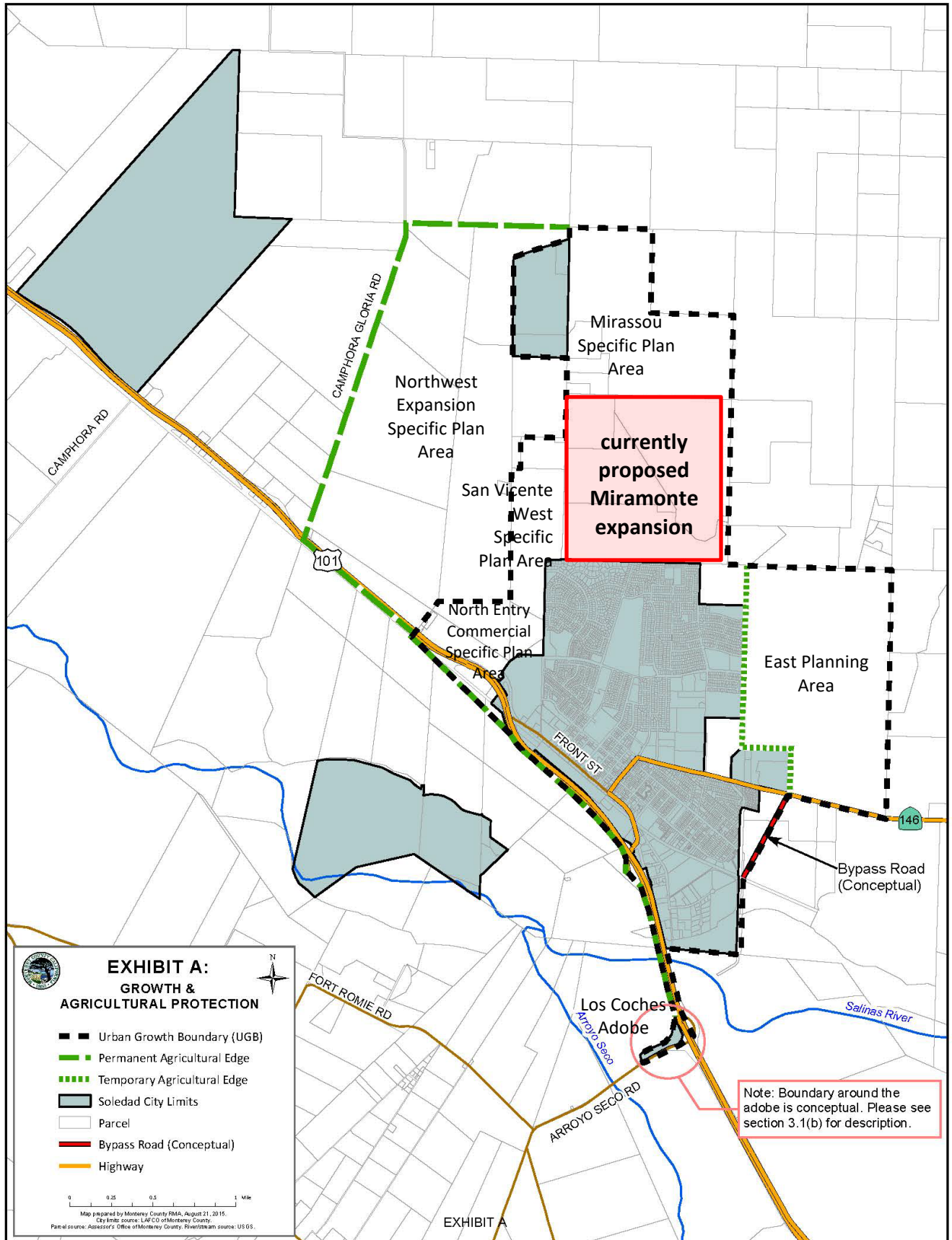
The MOA encourages city growth toward the foothills, protecting the highest-quality agricultural lands in lower-lying areas. The MOA identifies compact, City-centered, and Specific Plan-based development as the City's guiding vision for development of future neighborhoods.

In keeping with the City's General Plan, the City-County MOA provides for city growth and development in the six areas discussed above, including the Miramonte project. The Miramonte project is consistent with the MOA in this regard, but is not the city's only future growth area.

In the MOA, the City agreed to limit future long-term development within the area designated as the Urban Growth Boundary (black dashed line on the accompanying map) to bound and enclose the land intended for nearer-term development. But the MOA also provides for additional growth to eventually occur beyond the current Urban Growth Boundary, hence the Permanent Agricultural Edge that is intended to reflect the City's ultimate long-term buildout.

The MOA provides that annexation applications submitted for LAFCO consideration will be based on an approved “Specific Plan, which includes a phasing plan, a plan for services and public facilities and financing plans that demonstrate compliance with LAFCO standards.” In the MOA, the City agreed to implement an Agricultural Land Conservation Program, which “includes securing the dedication of agricultural land easements, purchase of banked mitigation credits and/or levying a mitigation fee that could be used to purchase easements on lands outside of the City's General Plan Urban Growth Boundary.” Conformance of the Miramonte proposal with the MOA is further discussed in the Executive Officer's Report for the December 5, 2022 public hearing for the proposal.

Map Exhibit from the 2016 City-County MOA (Specific Plan Area labels added)





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## Prior Annexations and Existing Infill Development Sites

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### Past City Annexations

Over the last 20 years, the City completed six annexations totaling approximately 339 acres. These completed annexations include:

- 102-acre Miravale Phase I in 2002,
- 23-acre Rancho San Vicente in 2002,
- 92-acre Miravale 2A in 2004,
- 30-acre Orchard Villas in 2006,
- 46-acre Entry Commercial Expansion Area in 2006, and
- 46-acre Miravale 2B in 2017.

Other than areas within the 2004, 2006, and 2017 annexations, buildout of these neighborhoods is complete. Orchard Villas and multi-family lots within these prior annexations continue to develop.

### City Infill Opportunities

The city limits include a number of areas of developing land or vacant land adjacent to built-out areas of the city. The areas of developing land total about 68.3 acres, including:

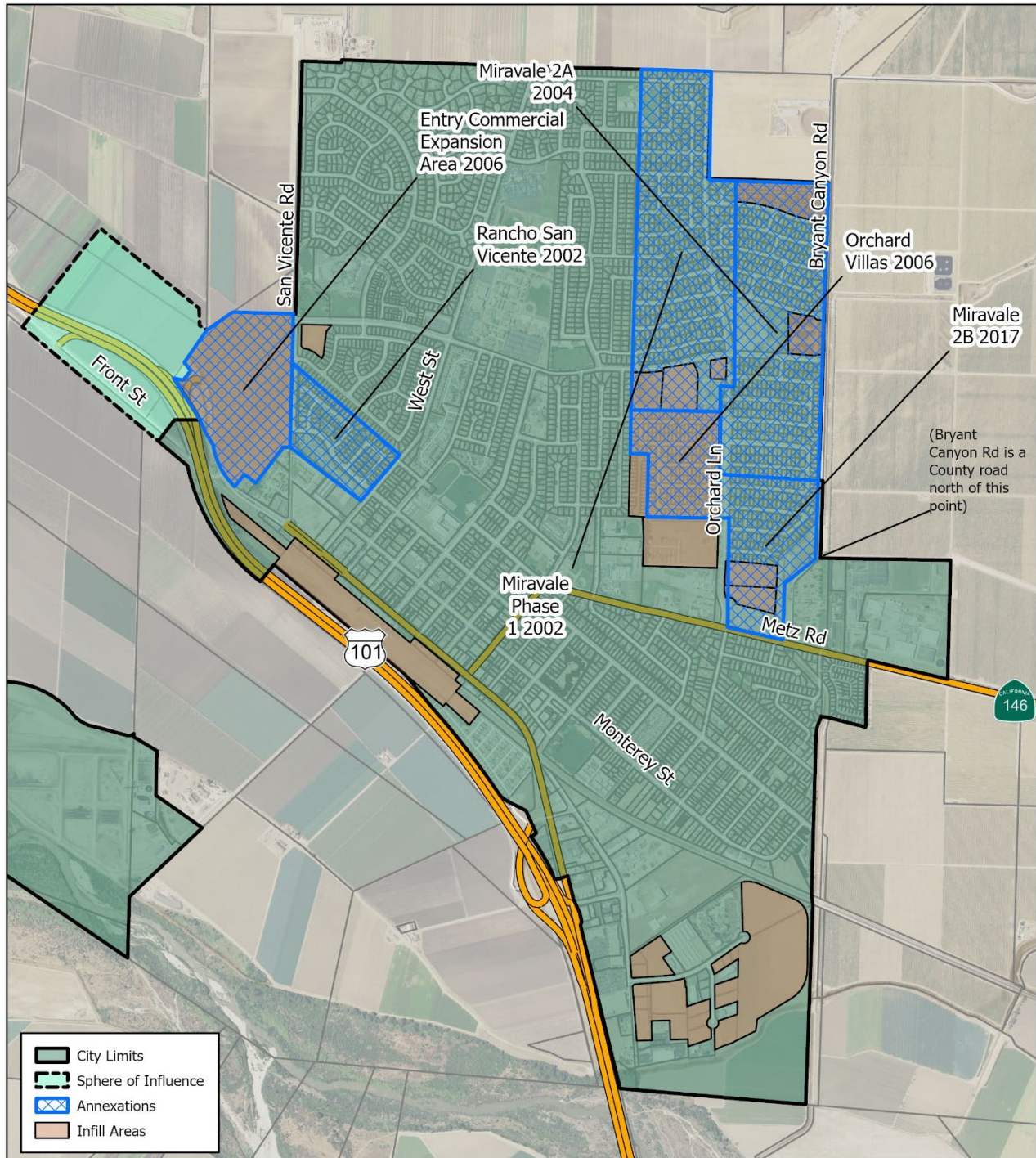
- 1) Legacy Homes Las Viviendas, north of Gabilan Drive and west of Bryant Canyon Road, zoned R-3, 4.4 acres;
- 2) Area to the east of future Toledo Park, zoned R-3, 5.3 acres;
- 3) Legacy Homes Vintage Estates, south of future Toledo Park, zoned R-1, 30 acres;
- 4) Liberty Court, west of Legacy Homes Vintage Estates, zoned R-1, 4 acres;
- 5) Area south of Legacy Homes Vintage Estates, partially developed along Pepper Lane and Willow Way, zoned R-1, 12.3 acres;
- 6) Future Orchard Lane Park, zoned P-F, 3.4 acres, and
- 7) Area south of Los Coches Drive, zoned H-C Commercial Highway, approximately 8.9 acres





The areas of vacant land total approximately 128.5 acres, including:

- 1) Area north of Santa Clara St. and west of Bryant Canyon Road, zoned R-3, 6 acres;
- 2) Future Toledo Park, near Granada St. and Gabilan Drive, zoned P-F, 3.8 acres;
- 3) Area at southwest corner of Gabilan Drive and Orchard Lane, zoned C-R Commercial-Residential, 1 acre;
- 4) Area north of future Orchard Lane Park, zoned R-3, 4.1 acres;
- 5) Area at southeast corner of Gabilan Drive and San Vicente Road, zoned C-C Commercial-Community, 2.2 acres;
- 6) Area east and north of Relleum and Los Coches Drives, zoned M Industrial, 39 acres;
- 7) Area west of San Vicente Road, zoned C-C, 45 acres; and
- 8) Areas south of Front Street and north of Highway 101, zoned C-1 Commercial-Retail and C-2 Commercial-General, 27.4 acres

# City Annexations Since 2002 and City Infill Opportunities



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## Population and Growth

### Recent Historical Growth in Soledad

The City experienced rapid and substantial growth from 1990 to 2020, more than doubling its non-institutionalized population, and growing at an average rate of 5.5% per year. The 2020 census showed a slight overall population decline from 2010, resulting from a 4,155-person reduction of the prison population at the California Correctional Training Facility, Salinas Valley State Prison, and Gabilan Conservation Camp. The City's non-institution population actually increased by 3,342 in the same timeframe.

Housing Element Implementation data submitted annually by the City to the State of California Housing and Community Development Department indicates that, for the years 2018, 2020, and 2021, approximately 152 total residential units were completed in Soledad. The number of units completed per year ranged from 43 to 55. According to U.S. Census data, a total of 2,870 housing units were completed between 1990 and 2020, i.e. approximately 96 units per year.

Population of the City of Soledad, 1990 to 2020					Change 1990-2020	
	1990	2000	2010	2020	Numeric	Percent
City of Soledad (non-institutionalized)	7,146	11,212	15,635	18,977*	+11,831	+165.6%
City of Soledad (institutionalized)	6,223	11,371	10,103	5,948	-275	-4.4%
Total	13,369	22,583	25,738	24,925	+11,556	+86.4%
Housing Units	1,654	2,534	3,876	4,524*	+2,870	+173.5%

Source: U.S. Census Bureau.

### Growth Forecast Through 2045

The Association of Monterey Bay Area Governments projects that the City of Soledad's non-inmate population will grow to 21,022 in the year 2045, suggesting 22.3% growth in that period compared to 11.4% for the County as a whole.<sup>2</sup>

Population Projection of the City of Soledad, 2020 to 2045							Change 2020-2045	
	2020	2025	2030	2035	2040	2045	Numeric	Percent
City of Soledad (non-institutionalized)	17,190*	18,001*	18,713	19,586	20,308	21,022	+3,832	+22.3%
City of Soledad (institutionalized) <sup>3</sup>	8,111	8,111	8,111	8,111	8,111	8,111	-	-
Total	25,301	26,112	26,824	27,697	28,419	29,133	+3,832	+15.1%
Housing Units (AMBAG 2022 forecast)	4,127*	4,433*	4,733	5,024	5,240	5,426	+1,299	+31.5%

Source: Association of Monterey Bay Area Governments, 2022 Regional Growth Forecast final draft

\*See footnote 2, below

In summary, for Soledad's non-institutional population, AMBAG's current regional growth forecast through 2045 projects an increase of 1,299 housing units (52 units per year) and a population increase of 3,832. The City's proposed Miramonte project envisions 2,392 housing units and a population increase of 9,712, with an anticipated 10- to 20-year timeframe for buildout (120 to 140 units per year). The City's stated basis for its growth projection is industry expert advice that average home sales are projected at 150

<sup>2</sup> AMBAG's 2020 & 2025 population estimate and 2020 & 2025 housing unit estimate are less than the 2020 U.S. Census population figure of 18,977 and housing units figure of 4,524 for Soledad's non-institutionalized population. AMBAG's 2022 Regional Growth Forecast was published before 2020 Census data for city populations and housing units became available.

<sup>3</sup> AMBAG's 2022 Regional Growth Forecast holds the institutionalized population estimate constant at 8,111 from 2020 to 2045.



to 250 or more units per year (approximately 9 to 16 years). The City states that their projection is based on historical sales experience and could be higher if the market is strong. Extrapolating AMBAG's more aggressive 6<sup>th</sup> cycle Regional Housing Needs Allocation (RHNA) target for the City of 724 units from 2023 to 2031 (90 units per year) (distributed after the 2022 Regional Growth Forecast) into the future suggests a slower Miramonte project buildout of 25 years.

Future growth and development in Soledad are not limited to the Miramonte site. Additional future city expansion areas, as well as potential infill development sites within existing city limits, are discussed in previous sections of this report.

### **Housing Supply and Affordability**

Due to a 1969 state mandate, California cities and counties are required to plan for the housing needs of their residents for all income levels. This state mandate is known as the Housing Element and RHNA. In the RHNA process, the California Department of Housing and Community Development (HCD) determines the total number of new homes the Association of Monterey Bay Area Governments (AMBAG) region (Monterey and Santa Cruz Counties) needs to construct (and the levels of affordability of those homes) to meet the housing needs of people at all income levels. AMBAG then allocates the region's housing need to each city and county in the region. Each city and county must then update the Housing Element of its General Plan to show the locations where housing can be built and the policies and strategies necessary to meet the community's housing needs.

As part of the City's Housing Element Update process in 2018/19, the City held a joint City Council/Planning Commission workshop in which residents and policy makers received information about the development of the City's new Housing Element, updates to state housing law, and the RHNA numbers assigned to the City. During the workshop, participants discussed the City's need for affordable housing.

The City's 2015-2023 Housing Element (adopted in 2019), which implements its 5<sup>th</sup> cycle RHNA for the 2015 to 2023 period, requires the City to zone for and accommodate 191 housing units. These units are to be of the following types: 46 very low income units, 30 low income units, 35 moderate income units, and 80 above moderate income units. The City's 6<sup>th</sup> cycle RHNA for the 2023 to 2031 period, which is expected to be approved by HCD, would require the City to zone for and accommodate 724 housing units (over two times higher than the previous cycle), which includes 100 very low income units, 65 low income units, 183 moderate income units, and 376 above moderate income units. As a note, AMBAG's 2022 Regional Growth Forecast for the City, which projects a lower annual rate for production of housing units than the 6<sup>th</sup> cycle RHNA, was published before the 6<sup>th</sup> cycle RHNA. The current policy document governing provision of housing is the City's 2015-2023 Housing Element. The City will be preparing a 2023-2031 Housing Element update for the 6<sup>th</sup> cycle RHNA in 2023. Once adopted by the City, the 2023-2031 Housing Element update will govern provision of housing for the City.

### **Overcrowded Housing in Soledad**

An overcrowded unit is defined by the U.S. Census Bureau as one occupied by 1.01 persons or more per room, excluding bathrooms and kitchens. AMBAG's 2022 Regional Growth Forecast shows that the City's average household size was 4.49 persons as compared to the region's average household size of 3.04 persons. Given that the 2020 U.S. Census estimates that 58% of the City's housing units have three or fewer bedrooms, the data suggests that Soledad experiences a higher rate of overcrowding than the region as a whole. Overcrowding is a possible factor for health outcomes. Effects of household crowding include poor mental health status, reduction of coping strategies, increased risk of childhood injuries, exposure to respiratory issues and infectious diseases, and poor school performance.

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## Existing and Planned Facilities

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### Existing Facilities and Systems

Primary existing City-owned facilities include:

**City Hall**, 248 Main St and **Police Station**, 236 Main St: Built in the mid-1960s and renovated in the early 1990s to provide for the addition of the Police Department, the building also provides offices for various municipal departments.

**Fire Station**, 525 Monterey St: The station was built in the late 1950s.

- Note: City staff has indicated that both the police station addition and the fire station no longer meet the City's needs and do not meet certain Americans with Disabilities Act (ADA) requirements. The City plans to replace or expand the existing buildings, independent of the proposed Miramonte project.

**Water Reclamation Facility (wastewater treatment plant)**, 34520 Morisoli Rd: The facility was upgraded and expanded in 2010 to increase the plant treatment capacity to 5.7 million gallons per day. The upgrade and expansion were devised to meet the city's population growth and waste discharge requirement standards. Disposal includes operations and maintenance of 105 acres of rapid infiltration basins and maintaining several miles of levees protecting the Water Reclamation Facility from flooding from the Salinas River.

**City Corporation Yard**, 1060 State St: This site is the base of operations for the Public Works Department's Engineering Services and Parks/Facilities/Fleet Divisions.

**Groundwater Wells (5)**: One of the wells is currently offline/inactive.

**Community Center**, 560 Walker Dr: Built in the early 1990s, the center was renovated in 2021. City Parks and Recreation Department staff provide programming for all ages.

In addition, the City owns and operates citywide infrastructure systems for services that include:

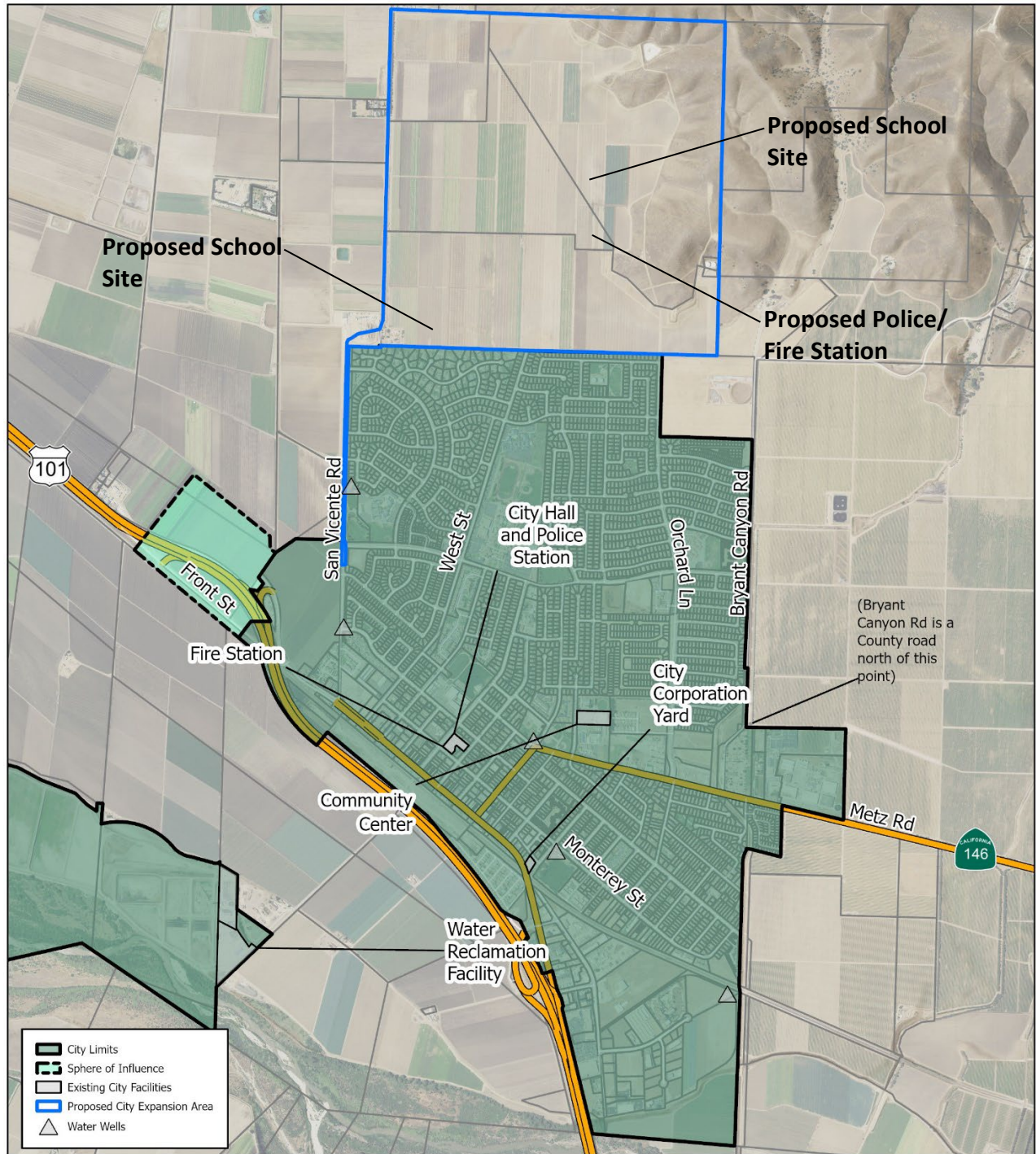
- **Circulation** (public streets within city limits)
- **Sanitary sewer** (wastewater collection)
- **Water distribution**
- **Storm drainage**
- **Parks** – Note: The City owns 13 separate parks totaling about 25 acres. In July 2022, the City broke ground to build the new three and a half-acre Orchard Lane Park. The City pursued and was awarded a \$7.6 million Proposition 68 grant to design and construct this park.





Increased service demands associated with development of the proposed Miramonte annexation would affect all of the above City facilities and systems. Other affected systems that are owned and operated by other, non-City of Soledad agencies and are outside this MSR's scope are:

- Non-Soledad roadways, particularly the U.S. 101 freeway – Caltrans
- Public K-12 schools – Soledad Unified School District
- Library services – Monterey County Free Libraries
- Aquatic facility (indoor pool) and recreational programs – Soledad-Mission Recreation District
- Cemetery services – Soledad Cemetery District

Existing and Planned Facilities



<p><b>LAFCO of Monterey County</b> LOCAL AGENCY FORMATION COMMISSION</p> <p>P.O. Box 1369 Salinas, CA 93902 Telephone (831) 754-5838</p> <p>132 W. Gabilan St., Suite 102 Salinas, CA 93901 FAX (831) 754-5831</p>	<p style="text-align: center;">N</p>  <p style="text-align: center;">0 1,000 2,000</p>  <p style="text-align: center;">Feet</p>	<p style="text-align: center;"><b>CITIES</b></p> <p style="text-align: center;"><b>SOLEDAD</b></p> <p style="text-align: center;">Last LAFCO-Approved Change: 10/23/2017 Sphere of Influence Affirmed: 09/27/2010 Map Prepared: 11/17/2022</p>
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## Additional/Expanded Facilities Associated with the Miramonte Proposal

If approved and developed, buildout out of the Miramonte project would include various new public facilities and amenities within the new neighborhoods. Primary among these are:

- Two new elementary schools,
- A new/additional police and fire facility, and
- 196 acres of parks and open space.

The Plan for Services submitted to LAFCO with the City's Miramonte sphere amendment and annexation application provides the following information regarding upgrades to City-owned infrastructure. As discussed further below, only preliminary information about the costs associated with these significant public infrastructure projects is currently available. The City provided order-of-magnitude construction cost estimates for various additional facilities associated with the Miramonte proposal. An order-of-magnitude cost estimate is generally the first estimate for the costs of constructing project when very little information is known. The estimate generally has an accuracy of plus or minus 50%.

- **Circulation:** The Miramonte site will be accessed through San Vincent Road, West Street, and Orchard Lane and newly constructed backbone streets and in-tract streets on-site. The project builder(s) is required to fund traffic level of service monitoring program at certain intersections and construct improvements at Andalucia and Gabilan Drives, and Orchard Lane and Metz Road. The project builder(s) will pay its proportionate share to fund the construction of the improvements required by the CEQA mitigations through payment of City traffic impact fees (for off-site improvements within the City) and the TAMC Regional Development Transportation Impact Fee (for off-site improvements to highway and regional facilities). The City intends to fund the maintenance of on-site street improvements through a future Community Facilities District (CFD). The anticipated order-of-magnitude construction cost estimates for on-site streets is yet to be determined and for off-site roadways is **\$19 million** (includes utilities and landscaping for San Vicente Road).
- **Sanitary Sewer:** The site will receive sewer service through necessary off-site improvements, three sewer main points of connection, and backbone mains and in-tract mains on-site. The project builder(s) will pay its proportionate share of off-site improvements through City impact fees or CFD financing. The City intends to fund the maintenance of sewer system improvements through City funds or rate payers. The anticipated order-of-magnitude construction cost estimates improvements is **\$9.3 million** on-site and **\$13.5 million** off-site.  
The City's existing sewer flows, including the Department of Corrections, are approximately 2.4 million gallons per day. The proposed Miramonte project sewage flows are projected to be 1.17 MGD, bringing the total existing sewage flows plus project flows to 3.57 MGD. These projected flows are within the City's water reclamation facility's treatment capacity of 5.7 MGD and disposal capacity of 5.5 MGD.
- **Water:** Four water main points of connection would be used to provide water service to the proposal area. A new well, three new 500,000-gallon storage tanks, a new booster pump station, and on-site water mains will be needed to serve the Proposal area. The project builder(s) will pay its proportionate share of off-site improvements through City impact fees or CFD financing. The City intends to fund the maintenance of water system improvements through City funds or ratepayers. The anticipated order-of-magnitude construction cost estimates for on-site improvements is **\$36.2 million** and for off-site improvements is **\$13 million**.

The Proposal area is within the Salinas Valley Groundwater Basin Forebay Aquifer Subbasin Groundwater Sustainability Plan (GSP), which was adopted in 2022. The Subbasin has historically not been considered in overdraft. According to the GSP, the subbasin was in overdraft during only three years from 1980 to 2016 and calculation of the mitigation of overdraft is not needed at this time. In its Miramonte proposal, the City asserts that development within the proposal area consistent with the Specific Plan would not contribute to overdraft conditions, and the proposed SOI/reorganization is compatible with the Salinas Valley Basin Groundwater Sustainability Agency

GSP. The City's 2017 Water Supply Assessment for the proposal area stated that the water demand for the plan area will be 980 acre feet per year (AFY). In comparison to the existing agricultural water demand for the site of 1,586 AFY, the water demand for the proposal area would be 587 AFY less than the existing agricultural use.

- **Storm Drainage:** Pipes would be constructed on-site to convey stormwater flows to four stormwater detention basins and 23 potential stormwater bioretention basins to be constructed on-site. The project builder(s) will pay its proportionate share of off-site improvements through City impact fees or CFD financing. The City intends to fund the maintenance of the on-site storm drainage system improvements through a future CFD. The anticipated order-of-magnitude construction cost estimates for on-site improvements is yet to be determined and for off-site improvements is included in the off-site roadways cost estimate, plus \$750,000.
- **Parks and Open Space:** The Miramonte project will mitigate its park impacts by dedicating land required to meet park needs for the population within the project. Approximately 150 acres of open space and 40 acres of parks are planned within the Proposal area. The project builder(s) will fund construction of on-site street landscaping and in-track neighborhood parks and will pay its proportionate share of on-site developed parks, paseos, and trails through City impact fees or CFD financing. The City intends to fund the maintenance of the landscaping, parks, and trail improvements through a future CFD. The anticipated order-of-magnitude construction cost estimates for on-site park and trail improvements is **\$11.5 million**.
- **Public Safety (police and fire/emergency medical services):** The Miramonte proposal identifies that that a police/fire substation will be required at phase five to serve the Proposal area. The project builder(s) will pay its proportionate share of the police/fire substation improvements through City impact fees or CFD financing. The City intends to fund the maintenance of the police/fire substation through a future CFD. The anticipated order-of-magnitude construction cost estimates for a new onsite fire/police station is **\$4.2 million**. In a meeting regarding City fire/emergency medical services, CAL FIRE estimated that capital costs for a new fire station would be around **\$5 million**, which excludes costs of a new police station.

Please see related discussion of ongoing police and fire services in the next **City Services** section.

#### **Anticipated Infrastructure Costs: Limited Information Available**

Most of the costs associated with building the infrastructure outlined above are not currently known. However, they will be very significant, in the tens of millions of dollars. Most construction costs will be borne by future developers, in some cases with reimbursement from City impact-fee funding. Some of these costs are ultimately passed along to future homebuyers as part of a residential unit's purchase price. Subsequently, ongoing maintenance of the infrastructure is typically funded either through City ratepayer fees (e.g., for water or sewer) and/or via use of a CFD, also known as a Mello-Roos District – a special tax assessed against the property. This combination of costs associated with construction and maintenance of new infrastructure can greatly affect the purchase price of a residential unit.

The City intends to quantify the Miramonte infrastructure costs through a comprehensive financing plan that will be a required component of one or more development agreements that the City will enter into with a future developer or developers. The development agreement(s) will, in turn, be a prerequisite to City approval of a final subdivision map or any development permits.

In the current absence of a comprehensive financing plan, it is not possible to determine with any certainty whether – or under what assumptions – development of the proposed City expansion will be economically feasible with regard to infrastructure costs or to ongoing operations and maintenance costs of these future public facilities. Nor is it possible to estimate how these costs will affect the purchase price and associated monthly costs of home ownership in the affected area. However, the City of Soledad has demonstrated its intention to use future finance studies and development agreements to require new development to be economically feasible without impacting existing City residents. Soledad also has extensive recent experience in administering development of new neighborhoods, as discussed in the **Prior Annexations and Existing Infill Development Sites** section, above.

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## City Services

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Since its incorporation in 1921, the City's services have increased and broadened in scope to meet the needs of its growing population. The City's primary functions within its ten departments are summarized in this section along with supplemental information regarding the City's plan for delivering essential city services to the Proposal area.

**City Manager's Office:** This office is responsible for the overall administration of all City government departments and oversees the enforcement of all pertinent State/Federal laws and municipal ordinances. The City Manager is responsible for all City operations including Human Resources and the City Clerk functions, and oversees preparation of the annual budget.

**Police Department:** Consists of 21 sworn law enforcement officers and three civilian personnel. The Department has developed a positive working relationship with the citizens of the community. In 2017, the City of Soledad appeared for a second consecutive year as one of the "50 Safest Cities in California." To further reduce crime and improve the quality of life for its residents, the Police Department has implemented many enforcement and community policing programs which are designed to increase police and citizen interactions.



The Police Department's response time is on average five minutes or less within the City. The City considers this to be an acceptable response time within its jurisdiction. Response times to the Miramonte proposal site are expected to be on average five minutes.

**Fire Department:** Provides fire protection, technical rescue, and basic life support (EMT) services. Since 2012, the City Fire Department has been staffed through the City's service agreement with CAL FIRE. Fire Department staffing includes: two Fire Captains, three Engineers, one part-time training Fire Captain, and five shared administrative support positions with Aromas Tri-County and South Monterey County Fire Protection District. The existing City fire station currently houses two Type 1 Fire Engines and one pick up. In October 2022, the City received a \$2 million grant from the State of California for the purchase of a new ladder truck that can reach multi-story buildings and large commercial properties.



In addition to standard mutual and automatic aid agreements with nearby departments, the City has a service contract to provide fire and emergency response to the areas of the Mission Soledad Rural Fire Protection District, which consists of approximately 60 square miles with approximately 1,150 inhabitants surrounding the City. The Fire Protection District intends to expand its southwestern boundaries to fully serve the approved Paraiso Springs Resort project at the edge of its existing service area.

The Insurance Service Office (ISO) issues ratings to Fire Departments throughout the Country, assigning a classification from 1 to 10. A classification of 1 represents superior property fire protection whereas a classification of 10 indicates that the area's fire suppression program does not meet ISO's minimum criteria. The Department's ISO Public Protection Classification is 3/3X/10, which means:

- 3 – properties within 5 miles of fire station and within 1,000 feet from hydrant

- 3X – properties within 5 miles of fire station but beyond 1,000 feet of a hydrant
- 10 – properties beyond 5 miles of a fire station

Irrespective of the City’s Miramonte Proposal, the City and CAL FIRE would like to increase the City’s fire station staffing from the current two-person on-duty to a three-person on-duty staffing model when the City’s service agreement with CAL FIRE is renewed in five years. This staffing change would increase the existing department budget by an estimated 30-40% and ensure compliance with National Fire Protection Association (NFPA) Standard 1710 (Organization and Deployment of Fire Suppression Operations by Career Fire Departments).

The countywide ambulance provider American Medical Response West (AMR) currently bases one of its ambulances within the City of Soledad. CAL FIRE described AMR’s response times as consistently reliable within the City, arriving generally within the same timeframe as the City fire service. The City currently has no plans to move from basic life support service to advanced life support (paramedic) service capability. Three-person staffing, to include one paramedic, would be a long-term goal.

The Fire Department’s emergency response time within the City is currently six minutes or less from the time of dispatch to arriving on the scene of the emergency. The City considers this to be an acceptable fire response time within its jurisdiction. To serve the Miramonte proposal area from the existing fire station, CAL FIRE estimates that the City’s response times would increase by one to two minutes depending on the location of the emergency. Construction of the new fire station at the Miramonte project site would drastically decrease response times. CAL FIRE believes that the City’s plan to construct the new fire station at phase five of the Miramonte project is adequate. The anticipated staffing of the new fire station is a three-person on-duty staffing model with an additional Type I Fire Engine.

Areas of concern regarding the Fire Department’s capacity to provide uninterrupted services include:

- 1) The City’s existing fire station facility no longer meets the City’s needs and is minimally staffed with two on-duty firefighters at all times;
- 2) The City Fire Department provides only basic life support response and must rely on the availability of the County-wide AMR ambulances to effectively respond to more severe medical emergencies (although AMR currently provides timely responses within the City, response times could increase in the future if AMR chooses to base its ambulance outside of the City);
- 3) The City Fire Department also serves outlying areas within the surrounding Fire Protection District where growth such as the Paraiso Springs Resort will occur; and
- 4) Development of the proposed sphere and annexation area will add approximately 800 single family residential dwelling units before the new fire substation is built, potentially adding additional burdens to service delivery.

**Public Works Department:** Responsible for maintaining the city’s streets and sidewalks, public parks, right-of-way landscaping, community facilities, traffic signals, streetlights, the storm drain system, and the city’s fleet of emergency and non-emergency vehicles and equipment. This department also provides utility services (water and sewer), graffiti abatement, and emergency response support to Fire and Police. The Department’s four divisions are:



1. **Administration:** Responsible for the overall performance of the Public Works Department and ensures compliance with relevant laws and ordinances
2. **Engineering Services:** Provides engineering, construction, and inspection services
3. **Parks/Facilities/Fleet Maintenance:** Maintains all City-owned parks, facilities, and vehicles



4. **Water & Wastewater:** Provides a potable and fire service water supply and system, develops a recycled water program, and provides wastewater services. The division is responsible for
  - Operation & maintenance of the City's five deep-water wells, one booster pump station, four one-million gallon above ground water storage reservoirs, and 46 miles of pipes that comprise the City's water distribution system
  - Operation & maintenance of the City's sanitary sewer system with 36 miles of gravity pipelines and Water Reclamation Facility with treatment capacity of 5.7 million gallons per day (MGD) and disposal capacity of 5.5 MGD<sup>4</sup>. Average daily flow to the facility is currently approximately 2.4 MGD
  - Operation & maintenance of the City's storm drain system
  - Administration of the City's contract for garbage services with Tri-Cities Disposal (run by Monterey City Disposal Service, Inc.) under the Joint Powers Agreement for landfill operator Salinas Valley Solid Waste Authority, which includes all the Southern Monterey County cities.
  - Administration of the City's closed landfill.
  - Management of the City's programs for Capital Improvement Plan (CIP) projects for Water and Wastewater, the Urban Water Management Program, and other programs.
  - Ensuring compliance with all federal, state, and local regulations pertaining to the laboratory, recycled water, solid waste, stormwater, water, and wastewater.

**Parks and Recreation Department:** Maintains the City's thirteen parks totaling 25 acres, as well as two lineal miles of roadway landscaping totaling approximately 2.5 acres. Responsibilities include daily grounds cleanup, grounds and facility improvement, repair of playgrounds and amenities, graffiti removal, mowing, pruning, fertilizing, weeding, and spraying. The department also offers a variety of recreation programs for all ages at the Soledad Community Center.



**Community and Economic Development Department:** Promotes economic vitality and safe, livable neighborhoods, sustainable development, affordable housing, and reinvestment in the community. The department is comprised of five divisions:

1. **Economic Development:** Promotes investments in the City and helps secure quality goods and services for local residents and businesses. Recent successes include the opening of an eight-screen movie theater in October 2021 and securing additional retail businesses within the City, including a Grocery Outlet, Ross, and Dutch Brothers Coffee. Current Economic Development initiatives include: the Front Street Container Village Project, Citywide Façade Grant Program, Small Business Recovery Grant Program, and Hotel Incentive Program.

The Hotel Incentive Program is designed to recruit more hotel development by providing up to 70% of the Transient Occupancy Tax (TOT) a hotel creates over a 10-year period, or \$2 million, whichever occurs first. The City's location along Highway 101 is lending itself to the promotion of more electric vehicle charging stations which promote a new level of economic development. Essentially, electric vehicle drivers have about 45 minutes to spend while charging and those individuals are visiting the City's local businesses. The division utilizes business analytics data to help recruit commercial development to the City. The City uses the Buxton subscription to

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<sup>4</sup> The City's Addendum to the Miravale III Specific Plan EIR stated that the permitting of the City's Water Reclamation Facility is not complete as the facility was never fully completed. The City is in this process now and it is anticipated that the facility can be completed and rated as designed.



support these efforts. The division actively markets and collaborates with the private development sector on different redevelopment ideas for the Los Coches Adobe and vacant eight-acre City owned property on Los Coches Road.

2. **Building & Safety:** Ensures that all new development in Soledad is constructed in accordance with the highest safety standards and that all existing structures are maintained in a safe condition. The division is also responsible for enforcing various land use, property development, building and sign regulations through Code Enforcement.
3. **Housing:** Operates housing programs and housing development projects to address community needs. The division works with residents, developers, stakeholders, and non-profit organizations to preserve affordable and accessible rental and ownership housing opportunities for diverse income levels to help boost economic activity in the community. The division assists developers with meeting the standards of the City's inclusionary housing ordinance. The City is working with the Soledad Unified School District on the creation of teacher housing on a vacant City-owned property at Monterey and Soledad Streets. The City will begin an update of the Housing Element in January 2023.
4. **Planning:** Works with other departments and the community to provide a continuing quality of life for the residents and business owners located in the City of Soledad. Additionally, the Planning Division also works with land developers regarding commercial, industrial, and residential developments; and promotes and implements plans for the balanced and orderly growth of the city and ensures that all new development is constructed in accordance with good design practices. The Planning Division is also responsible for the review and issuance of permits for fences and walls, patio covers, signage, and residential and commercial additions, and provides over-all general zoning information and General Plan information. The division assists homeowners in understanding laws related to Accessory Dwelling Units (ADUs) and the process for the creation of an ADU on the property of a primary residence. The City will embark on updating the current General Plan in January 2023.
5. **Successor Agency** to the former redevelopment agency: Makes payments on outstanding debts and disposes of any remaining non-housing assets. City Council members serve as the Soledad Successor Agency of the former Redevelopment Agency for the City.

**Community Engagement Department:** Seeks to strengthen, create, coordinate, and facilitate high impact public/private, cross-sector community engagement and strategic partnerships with residents, businesses, educational, non-profit, philanthropic, and other governmental entities. The Community Engagement Department oversees the City's social connectivity and creative use of technology, including social media, to gain efficiencies and enhance communication between government, residents, and partners. Additionally, the Community Engagement Department oversees the City's internship program and volunteers at City Hall.

**Finance Department:** Prepares the annual budget and works with external auditors to make sure a timely audit of the city's financial records is completed. The City Council has delegated management authority and responsibility for implementing the investment policy to the Finance Director, who ensures procedures for the operation of the investment program are consistent with the investment policy and the requirements of applicable laws.

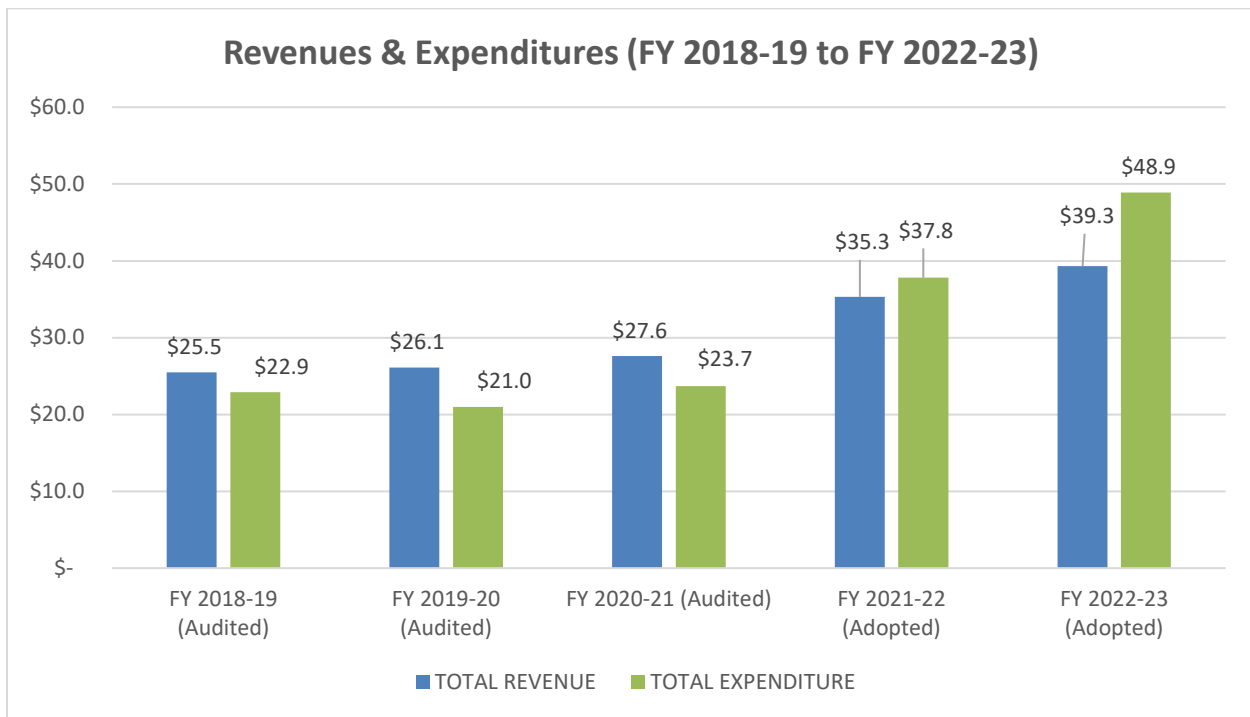
**Human Resources Department:** Responsible for recruitment and selection, policies and procedures, training and development, workers' compensation administration, benefits administration, and labor/employment relations.

**Information Technology Department:** Supports the City's various technology needs and upgrades digital systems to create a more connected and efficient workplace. The department also strives to empower citizens with access to city services and resources using smart technology that reduces waste and inefficiencies.

## Finances

This section highlights the City’s financial performance during the most recent fiscal years. The most recent audited financial statements were prepared for Fiscal Year 2020-21. At the end of FY 20-21, total revenue collected was approximately \$27.6 million, representing a 5.7% increase from the previous year (\$26.1 million in FY 19-20). Total expenses for FY 20-21 were approximately \$23.7 million, which increased from the previous year by 12.7% (\$21 million in FY 19-20).

The City has ended each audited fiscal year (i.e., through FY 20-21) with a surplus. However, the two most recent adopted budgets, for FY 2021-22 and FY 2022-23, anticipate expenditures to exceed revenues to address the City’s deferred maintenance and deferred projects. For example, due to several vacancies in staff, the City has carried over water and sewer infrastructure deferred maintenance projects and its general plan update project from previous fiscal years to FY 22-23. The City maintains healthy fund balances that are able to fund these anticipated projects. Once these projects are completed, the City’s financial outlook is to resume balancing expenditures with revenues.



### Revenues

#### Governmental Funds Revenue

Approximately 55% of total City revenue comes from Governmental Funds revenue sources.

Governmental Funds Revenue (FY 2020-21)	
Revenue	Amount
Taxes and Assessments	\$ 10,893,043
Licenses, permits, and impact fees	\$ 1,259,939
Intergovernmental	\$ 2,101,058
Charges for services	\$ 79,184
Fines and forfeitures	\$ 37,177
Rents, interest, loan repayments, and other	\$ 1,660,956
<b>Total Governmental Funds Revenue</b>	<b>\$ 15,031,357</b>

### Proprietary Funds Revenue

The other approximately 45% of City revenues derive from water, sewer, and solid waste enterprise services (“Proprietary Funds”).

Proprietary Funds Revenue (FY 2020-21)	
Revenue	Amount
Charges for Services	\$ 12,126,845
Non-Operating	\$ 418,024
<b>Total Proprietary Fund Revenue</b>	<b>\$ 12,544,869</b>

### Expenditures

#### Governmental Funds Expense

56% of the City’s total expenses derive from Governmental Funds expenses.

Governmental Funds Expenditure (FY 2020-21)	
Expense	Amount
General Government	\$ 1,672,102
Public Works	\$ 2,079,568
Community Development	\$ 741,460
Public Safety	\$ 5,641,337
Community Services	\$ 871,406
Capital Outlay	\$ 2,109,675
Debt Service - Principal	\$ 36,108
Debt Service - Interest and Fiscal Charges	\$ 23,760
<b>Total Governmental Operations Expense</b>	<b>\$ 13,175,416</b>

#### Proprietary Funds Expense

Proprietary Funds expenses represent approximately 44% of total expenditures during FY 2020-21.

Proprietary Funds Expenditure (FY 2020-21)	
Expense	Amount
Contractual Services and Utilities	\$ 4,647,505
Personnel	\$ 3,054,359
Supplies and Materials	\$ 1,289,835
Depreciation	\$ 1,521,082
<b>Total Operating Expense</b>	<b>\$ 10,512,781</b>

### Assets and Liabilities

The City’s total assets are \$134.8 million, the majority of which represents capital assets of approximately \$88.5 million. Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items). These physical assets have financial value but are not available for spending. Cash, investments, accounts receivable, and other assets make up the balance of about \$46.3 million.

Liabilities are approximately \$40.1 million, of which \$2.7 million is “current” (short-term) in nature, primarily accounts payable and accrued expense. Non-current liabilities of \$37.4 million include \$1.8 million in liabilities due within one year, \$29.1 million in liabilities due in more than one year, approximately \$900,000 in compensated absences, and \$5.6 million in net pension liability related to the

City's participation in the California Public Employees' Retirement System. The City's pension liability is further discussed in the **Future Challenges and Opportunities** section.

### Net Position

Net position is the difference in value between an agency's assets and liabilities. Net position includes the net value of capital assets, restricted assets, and unrestricted assets. The City's annual net income (revenues minus expenses), plus one-time capital contributions such as grant funds, constitutes the annual change in the City's net position.

As of June 30, 2021, the total net position balance ended with approximately \$96.1 million. The following table highlights the net position balance from FY 2017-18 through FY 2020-21. As shown in the table below, the City's net position has increased steadily from \$74 to \$96.1 million.

	FY 2017-18 (Audited)	FY 2018-19 (Audited)	FY 2019-20 (Audited)	FY 2020-21 (Audited)	FY2021-22
Net Position – Beginning of Year	\$76,686,072	\$81,745,083	\$87,234,794	\$91,324,860	\$96,088,814
Net Position – End of Year	\$81,322,583	\$87,234,794	\$91,324,860	\$96,088,814	TBD (pending audit)
Change (\$)	\$4,636,511	\$5,912,211	\$4,090,066	\$4,763,954	TBD

### Fund Balance/Reserves

The City's Proprietary Funds balances on June 30, 2021 totaled approximately \$15.1 million. This amount includes \$1.5 million in the Wastewater Enterprise Reserve and \$500,000 in the Water Enterprise Reserve. The Governmental Funds balances/reserves on June 30, 2021 also totaled approximately \$15.1 million. This amount consisted of \$5.6 million in the Unassigned Fund, \$3.1 million in the Circulation Improvements Fund, \$1.9 million in the Lighting, Landscape, & Park Maintenance Fund, \$1.5 million in the Low-Income Housing Activities Fund, \$1.5 million in the City's Contingency/Emergency Reserve, \$800,000 in the Capital Improvement Projects Fund, and \$600,000 in the Public Safety Programs Fund. After deducting restricted and committed fund balances from the \$15.1 million total, the City would have approximately \$7.1 million in unrestricted fund balances. This amount will be critical in the event of unforeseen emergency or reduction in City revenues due to economic conditions.

### City Budget and Financial Planning

Each year the City Council reviews and adopts an annual budget and five-year capital improvement project program. The budget is a detailed annual operating plan that identifies estimated costs and revenues. The budget includes the projects, services, and activities to be carried out during the year, along with available revenues.

The adopted FY 2022-23 City of Soledad budget anticipates approximately \$39.3 million in revenues and \$48.9 million in expenses. The budget includes approximately \$31.1 million in Governmental Funds expenses, including \$12.6 million in General Fund expenditures, \$5.3 million in Community Development Grant expenditures, \$350,000 in other grant expenditures, \$1.3 million in Impact Fee expenditures, \$130,000 in Public Safety & Fire expenditures, \$1.4 million in Special Assessment Districts expenditures, \$3.7 million in Streets & Transportation expenditures, and \$6.2 million in American Rescue Plan Act expenditures. The budget includes approximately \$17.8 million in Proprietary Funds expenses, including \$4.8 million in Water Operations Fund expenditures, \$9.1 in Wastewater Fund expenditures, \$3.5 million in Solid Waste Fund expenditures, and \$400,000 in Sanitation Fund expenditures. Financial control is

maintained through providing bi-monthly bank warrant register reports with a list of the City's checks as a consent agenda item for review by the City Council and public.

The availability of revenues to fund the budget depends largely on taxes and assessments for the Governmental Funds and charges for services for the Proprietary Funds as described in the Revenues subsection above. These two categories comprised 83% of the City's revenues in FY 2020-21.

The City endeavors to be cost-effective and reduce expenses for the City and its residents. Some cost-saving practices include competitive bidding for capital projects and major purchases, preventive maintenance for fleet vehicles, and obtaining grant funds and low-interest loans for capital projects. The City's finances are professionally audited by a qualified accounting firm annually, in accordance with State law and best practices.

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### Shared Facilities and Services

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The City of Soledad coordinates with other local agencies to implement cost-efficient service delivery. Since 1998, the Soledad Fire Department has provided fire protection and emergency response services to the Mission Soledad Rural Fire Protection District through a service agreement. Since 2012, the City has contracted with CAL FIRE for staffing of the City Fire Station, which provides for efficiencies in service provision through sharing of certain CAL FIRE resources with CAL FIRE-served agencies of Aromas Tri-County Fire Protection District and South Monterey County Fire Protection District. The Fire Department also has automatic aid agreements with Correctional Training Facility Fire Department and the Greenfield Fire Department, and mutual aid agreements with fire service providers county-wide.

The City participates in the Monterey County Joint Gang Task Force with the Federal Bureau of Investigation (FBI) and state and local law enforcement offices. The City provides wastewater treatment facilities to the Correctional Training Facility, Salinas Valley State Prison, and Gabilan Conservation Camp and to the Dole agricultural processing facility located in the unincorporated County. The City is a member of the Salinas Valley Solid Waste Authority, doing business as Salinas Valley Recycles, a joint powers agency, which also includes Monterey County (eastern half of the unincorporated county), and the Cities of Gonzales, Greenfield, King City, and Salinas. The City participates in the Monterey Bay Self Insurance Authority, a joint powers authority providing insurance to member cities.

The City is a member agency of the Central Coast Community Energy Joint Powers Authority (CCCE) along with 32 other cities and five counties. CCCE's purpose is to source clean and renewable electricity at competitive prices for customers throughout their service area. In May 2022, the City became a member of the South Salinas Valley Broadband Authority, a joint powers agency, which also includes Monterey County, and the Cities of Gonzales, Greenfield, and King City. The South Salinas Valley Broadband Authority's purpose is to develop and oversee the expansion of open-access municipal broadband service to all residents within the Authority's jurisdiction.



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## Governance; Transparency and Accountability; Staffing

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### Governance

Soledad is governed by a five-member city council. Four City Councilmembers are elected at large to serve staggered four-year terms. The Mayor of Soledad is elected by the voters at large and serves a two-year term. The City has recently adopted a Notice of Intent to transition to district-based elections by the 2024 election. Recent elections campaigns have been lively and active.



### Transparency and Accountability

The City Council holds one goal setting session each fiscal year, conducts an annual review of organizational performance with the City Manager, and holds one annual joint study session with the City Planning Commission.

The City of Soledad is general law city. As such, the City Council is subject to Title Four of California Government Code Section 34000 et seq. and its adopted City Council Rules, Policies and Procedures, which describes general rules and conduct of business as approved by the City Council in November 2010. Per Soledad Municipal Code, City Councilmembers receive salaries at a rate of \$612 per month and the Mayor receives a salary of \$712 per month. Councilmembers are allowed reimbursement for actual and necessary expenses incurred in the performance of their duties.

Councilmembers receive the State-required ethics training and sexual harassment prevention training at least every two years. They are informed of limitations on public gifts and are referred to State Fair Political Practices Committee Documents for detailed information. City Councilmembers and staff submit Form 700 Statements of Economic Interests as required by the State. The City's website hosts detailed information concerning City services. In addition to meeting agendas and agenda materials, the website provides City financial information, links to recent city-related news articles, annual financial audits, copies of City resolutions, and the Soledad Municipal Code.

### City Council Meetings

City Council meetings are held the first and third Wednesdays of each month at 6:00 PM. The meetings are open, accessible, and publicly noticed in accordance with the Brown Act. Each meeting has a time on the agenda reserved for public comments. Closed-session discussions are limited to issues allowed by State law. The City Council Rules, Policies and Procedures state that the regular meeting agenda shall be posted in a location that is freely accessible to members of the public.

### Staffing

The City has an authorized staff of 93 full-time employees. In addition, the City employs part-time Recreation Leaders and Instructors to extend Park and Recreation programming to the community. The City is proactive in maintaining staff skills through training. Training provided for City employees during the last two years include:

- For all staff: Ethics, sexual harassment prevention, & supervisor/leadership training
- For finance staff: Generally Accepted Accounting Principles annually



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## Future Challenges and Opportunities

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**Economy:** The City is a growing tourist destination, located just 10 miles from Pinnacles National Park, four miles from the restored Mission Soledad, and with over twenty vineyards and wineries within a 30-mile radius. The City is positioned to grow with the region's strong agricultural economy, surrounded mostly by prime agricultural land and located 26 miles south of Salinas. The City plans to use these advantages to attract business and to generate jobs for its growing population.

**Population Reduction at the Salinas Valley State Prison, California Correctional Training Facility, and Gabilan Conservation Camp:** The City's territory includes a sizeable population at the three correctional facilities. Due to the state-wide efforts to reduce its prison population, from 2010 to 2020, the combined population at the three facilities decreased from 10,103 to 5,948. In 2021, one of the CTC's minimum-security housing units closed. The City benefits from these facilities through job generation, economic activity, and grant funding eligibility. Further reductions in population at these facilities could impact the City's economy and revenues.

**Overcrowded Housing:** Public health concerns relating to overcrowding have drawn increasing attention in recent years. This issue is further discussed in the **Population and Growth** section, above.

**Unfunded Pension Liability and Other Uncontrolled Expenses:** The City's CalPERS pension liability was identified as approximately \$5.6 million in the FY 2020-21 audit. This liability has increased an average of 17.8% per year over the past six audited fiscal years. For FY 2021-22, CalPERS reported that it has approximately \$611 billion in pension debt and is 72% funded, meaning it has 72 cents for every dollar of promised retirement benefits. Due to the state of CalPERS's investments, local governments can expect continuing high increases to pension costs for the next several years. In June 2021, the City's Unfunded Accrued Liability (UAL) for its Miscellaneous Plan was \$933,422 (91.5% funded) in 2021 and for its Safety Plan was \$2,715,894 (85.2% funded). In June 2021, CalPERS reported that the City's UAL for its PEPRA Miscellaneous and PEPRA Safety Plans were slightly above 100% funded. For pension contributions as a percentage of employee payroll, there has been a trend of increases over time, for the City's Miscellaneous Plan, from 8% in 2015 to 10.3% in 2021, and for the City's Safety Plan, from 17.8% in 2015 to 30.8% in 2021. According to CalPERS's projections in 2021, the City's projected UAL contributions for its pension plans will begin to decrease annually starting in FY 23-24. This is generally due to more new employees being hired under PEPRA.

In summary, the City's rate of increase in revenues has not been keeping pace with increasing pension costs. The same is happening with increases to cost of living, workers' compensation insurance, the City's contract with CAL FIRE for provision of Fire Protection and Emergency Medical Services, and health care costs.

**Transportation:** Congestion along Highway 101 can be challenging, especially relating to the interface between agricultural truck traffic and general traffic. A 39% increase in City's population, as proposed in the City's sphere of influence and reorganization proposal, and increased levels of commercial/industrial activity will put additional stress on the highway, interchanges, and arterials. The project builder(s) will pay its proportionate share to fund the construction of the improvements required by the CEQA mitigations through payment of City traffic impact fees (off-site improvements within the City) and the TAMC Regional Development Transportation Impact Fee (off-site improvements to highway and regional facilities). However, the TAMC Regional Development Transportation Impact Fee program does not currently include planned improvements to Highway 101 interchanges within or in proximity to the City.

**Soledad-Mission Recreation District:** The City and Soledad-Mission Recreation District (an independent special district) have discussed opportunities to share resources to increase cost-efficient service delivery to their respective constituents. Both agencies offer various recreation programs in facilities directly adjacent to one another. An arrangement to share staff, facilities, and resources might be able to benefit both agencies by achieving economies of scale, thereby reaching more constituents through their programs at a lower cost. The existing shared-service delivery model between the City and Mission Soledad Rural Fire Protection District could serve as an example of a cooperative shared services arrangement for future discussions.

# Determinations

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## Municipal Service Review Determinations

Per Government Code Section 56430(a)

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### 1. Growth and population projections for the affected area

Based on available Census data, the City has a current population of approximately 24,925 as of 2020. AMBAG projects that the City of Soledad will grow from 24,925 in 2020 to 29,133 in 2045 (approximately 17% total growth rate in that period compared to 12% for the County as a whole).

### 2. The location and characteristics of any disadvantaged unincorporated communities (“DUCs”) within or contiguous to the sphere of influence

One large Census block group in unincorporated Monterey County southwest of the City meets the income criteria of a DUC. However, this area is forty times the size of the City in area and has no identifiable inhabited area contiguous to the City’s sphere of influence. In conclusion, there are no potential DUCs within or contiguous to the City’s existing sphere of influence.

### 3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs and deficiencies (Including Needs or Deficiencies Related to Sewers, Municipal and Industrial Water, and Structural Fire Protection in Any Disadvantaged Unincorporated Communities Within, or Contiguous to, the Sphere of Influence)

The City is a capable service provider of fire protection, law enforcement and police, parks, recreation facilities, open space, street construction, street maintenance, street lighting, street sweeping, landscaping and landscape maintenance, retail water, wholesale water, water treatment, water replenishment, water conservation, sanitary sewer collection, sanitary sewer treatment, recycled/reclaimed water, pump station maintenance, storm drain maintenance, surface water disposal, and flood control within its existing City limits. The City has constructed, acquired and adequately maintains its public facilities and other infrastructure.

### 4. Financial ability of agency to provide services

The City has demonstrated a financial ability to provide services within its City limits. The City has maintained a positive balance of revenues over expenses over the past five years of completed annual audits. The City budgets revenues and expenses and updates its five-year capital improvement project program annually. Its financial status is reviewed annually in professionally prepared audits. This service review’s **Finance** section, above, outlines relevant financial information for the City, and demonstrates the City’s financial solvency.

The City’s 654-acre Miramonte expansion proposal includes a sphere of influence amendment and annexation expanding the city to the north of the existing city limits. The proposal asserts that delivery of City services to the Proposal area is financially feasible. To gain understanding regarding the Proposal’s financial feasibility, LAFCO staff retained financial consultant Berkson Associates to prepare a review memorandum of the Proposal and its financial documents. Berkson Associates’ review memorandum concluded that the Proposal provided insufficient information “to make findings about the ability of the Project to provide adequate services and facilities and not adversely affect residents living within the current City boundaries.” The City subsequently provided some supplemental information, partially responding to LAFCO staff’s request for additional financial information. Nevertheless, the City has not yet completed pending infrastructure master plans, impact fee studies, and a comprehensive financing plan. Without these detailed studies, LAFCO is unable to fully evaluate financial feasibility of City service delivery to the Proposal area.



## 5. Status of, and opportunities for, shared facilities

The City consistently partners with public agencies to implement cost-efficient service delivery. Since 1998, the Soledad Fire Department has provided fire protection and emergency response services to the Mission Soledad Rural Fire Protection District through a service agreement. Since 2012, the City has contracted with CAL FIRE for staffing of the City Fire Station, which provides for efficiencies in service provision through sharing of certain CAL FIRE resources with other local fire protection agencies. The City participates in the Monterey County Joint Gang Task Force with the Federal Bureau of Investigation (FBI) and state and local law enforcement offices. The City provides wastewater treatment facilities to the Correctional Training Facility, Salinas Valley State Prison, and Gabilan Conservation Camp and to the Dole agricultural processing facility located in the unincorporated County. The City is a member of a number of joint powers authorities, which include the Salinas Valley Solid Waste Authority, the Monterey Bay Self Insurance Authority, the Central Coast Community Energy Joint Powers Authority (CCCE), and the South Salinas Valley Broadband Authority.

Within the past two years, the City and Soledad-Mission Recreation District have discussed opportunities to share resources to increase cost-efficient service delivery to their respective constituents. No substantive organizational changes have been implemented or identified as of yet.

## 6. Accountability for community service needs, including government structure and operational efficiencies

Registered voters within the city elect a mayor and four councilmembers on an at-large basis. Elections are frequently lively and active. The City maintains an informative website and meets the requirements of State law for transparency, accountability and ethics as outlined in this review. Approval of the City's current proposal would allow additional opportunities for city growth and bring future residents into the city, giving them voting rights in City governance and increasing public awareness of City operations and activities.

## 7. Any other matter related to effective or efficient service delivery, as required by commission policy

LAFCO has reviewed its local policies and there are no other pertinent matters.

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### Sphere of Influence Determinations

Per Government Code Section 56425(e)

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Based on the recommended determinations in this section, and the information in this study, this study provides support for the recommended Sphere of Influence expansion for the City of Soledad.

#### I. The Present and planned land uses in the area, including agricultural and open-space lands

The City's existing sphere and boundaries encompass a wide range of land uses, including open space and agricultural land. The primary agricultural area within the City's existing sphere is a 68.7-acre area to the west of the City limits and adjacent to Highway 101. The City's proposed 654-acre sphere and reorganization area consists mostly of agricultural lands, within which are approximately 466 acres of Prime Farmland and Farmland of Statewide Significance.

Present and planned land uses, particularly within the City's proposed sphere of influence expansion, are discussed and evaluated in the City's adopted 2005 General Plan, the 2005 General Plan's certified Final Environmental Impact Report (EIR), the City's certified 2010 Miravale III Specific Plan Final EIR, the City's adopted 2018 Miravale III Specific Plan, and adopted 2018 Miravale III EIR Addendum, and in the approved 2016 City-County MOA for orderly planning, growth, and development based on the City's General Plan and EIR. The MOA's fundamental objective is to balance the preservation of open space and prime agricultural lands with the need for orderly City growth. The MOA provides for permanent

agricultural edges to be provided along the City's north, south, and west edges, growing the City toward the foothills and protecting the highest-quality agricultural lands in lower-lying areas. The MOA provides for a clear, logical urban boundary on the City's southern edge along Highway 101. The MOA commits the City to establish a comprehensive mitigation program for the loss of agricultural lands within the City's urban growth area. In general, the City's Sphere of Influence proposal, including impacts to, and preservation of, agricultural lands meets the minimum requirements of the City-County MOA.

## **2. The present and probable need for public facilities and services in the area**

The proposed sphere of influence expansion consists primarily of agricultural lands that will need urban services when they are annexed to the City and developed, subject to LAFCO approval. The City will be obligated to provide new services and enhancements to existing services as development occurs. The necessary improvements will be guided by the City's adopted 2018 Miramonte Specific Plan, by the adopted 2018 Miravale III EIR Addendum, by conformance to the plan for providing services accompanying the City's sphere of influence amendment and reorganization proposal, by future development of circulation, water, sewer, and storm drainage master plans, by future development of a comprehensive financing plan as part of the City's development process, and by future development of City Capital Improvement Plans.

## **3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide**

The present capacity of public facilities and services within the City of Soledad adequately meets the needs of City residents. The City will undertake an expansion of these facilities and services, as needed, including a planned expansion of the City's water distribution system, circulation system, and public safety/fire protection services, as development occurs. As noted in #2, above, identification and implementation of the necessary future public improvements will occur through several mechanisms.

## **4. The existence of any social or economic communities of interest in the area, if the Commission determines that they are relevant to the agency**

There are no social or economic communities of interest in the area that have been determined to be relevant to the City.

## **5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.**

As outlined within the Municipal Service Review Determinations, above, there are no potential disadvantaged unincorporated communities within the city's existing sphere of influence.

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## **Sources and Acknowledgements**

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Information that LAFCO received from City representatives was essential in developing this study. City staff met with LAFCO staff and provided, through the City's web site, copies of audits, financial statements, budgets, policies and procedures, Municipal Code, and photographs. Key City representatives who contributed to development of the draft document included City Manager Brent Slama, Director of Community and Economic Development Bryan Swanson, Director of Finance Mike Howard, Director of Information Technology Steven Andranigian, and CAL FIRE Battalion Chief Jason Luckenbach. LAFCO's earlier Municipal Service Review and Sphere of Influence Study provided additional background information about the City. LAFCO staff also utilized information provided by the Association of Monterey Bay Area Governments ("AMBAG") 2022 Regional Growth Forecast, published in June 2022, and the 1990, 2000, 2010, and 2020 U.S. Censuses.