

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

City of Del Rey Oaks 2011 Municipal Service and Sphere of Influence Review

Adopted on January 24, 2011

INTRODUCTION

This report provides information about the municipal services and Sphere of Influence boundaries of the City of Del Rey Oaks. It is for use by the Local Agency Formation Commission in conducting a statutorily required review and update process.

State law requires that the Commission conduct periodic reviews and updates of the Sphere of Influence of each city and district in Monterey County (Government Code section 56425(e)). A Sphere of Influence is the probable extent of the City's boundary and service area. The Sphere is an important tool used by LAFCO to encourage the orderly formation and growth of local government agencies, preserve open space and agricultural lands, discourage urban sprawl, and encourage the efficient provision of services. The law also requires the Commission to update information about municipal services before adopting Sphere updates (Government Code section 56430).

In 2009, the Commission adopted a comprehensive work program to carry out these requirements. The Commission's current focus of review is the seven cities on the Monterey Peninsula.

The analysis, conclusions, and recommendations in this report were prepared with information provided by, and in consultation with, the City of Del Rey Oaks. Data sources, including reference documents and a detailed survey completed by the City, are available for review in the office of LAFCO.

EXECUTIVE SUMMARY

Part One of this report contains information about the municipal services provided by the City of Del Rey Oaks. Information has been gathered about the capacity of services, the ability to

provide services, the accountability for service needs, and the efficiency of service provision. The information is organized by six statutory determinations that need to be made by the Commission. All of these determinations can be made for the City of Del Rey Oaks. The Executive Officer recommends that the Commission conduct a public hearing and adopt the updated service review information for the City of Del Rey Oaks. A draft Resolution will be prepared that supports this recommendation.

Part Two of the report reviews the Sphere of Influence of the City of Del Rey Oaks. The Sphere review corresponds to four statutory determinations that need to be made for a Sphere update. Exhibit A is a map of the City's currently adopted City limits and Sphere of Influence. First adopted in 1983, the City's Sphere of Influence is identical to the City limits, and now consists of about 670 acres or roughly one square mile. LAFCO approved a significant expansion of Del Rey Oaks in 1997, when 360 acres were added to the Sphere and City limits as part of the "Fort Ord Properties Reorganization."

The City's current focus of growth is to develop the annexed lands in the former Fort Ord area. The General Plan does not anticipate an expansion of the City's Sphere of Influence. However, the Cities of Del Rey Oaks, Monterey, and Seaside are considering a few minor changes to their respective Spheres of Interest and City limits to conform to property ownership in the vicinity of Canyon del Rey Road and Fremont Boulevard. Because the cities are not yet ready to formally initiate these proposals, the Executive Officer recommends that the Commission affirm the currently adopted Sphere of Influence (Exhibit A) for Del Rey Oaks with no changes at this time. A draft Resolution will be prepared that supports this recommended action.

PART ONE: MUNICIPAL SERVICE REVIEW

In 2007, the Local Agency Formation Commission of Monterey County conducted its first review of services provided by the City of Del Rey Oaks. This report presents a brief update. The information is organized by six determinations that need to be made for a municipal service review:

1. Growth and Population Projections for the Affected Area

The population of Del Rey Oaks was estimated by the California Department of Finance¹ at 1,649 in 2010, a slight decrease from the 2000 population of 1,650. The Association of Monterey Bay Area Governments (AMBAG) projects that the population will grow to 2,684 by 2025 and 3,171 by 2035. These increases are 62% and 92% higher than the 2010 population. Significant non-residential growth is planned for the Fort Ord lands that were annexed in 1997, but the City is now considering a change to allow residential uses in that area.

¹ California Department of Finance, Table 2: E-4 Population Estimates for Cities, Counties and State, 2001-2010, with 2000 Benchmark

Del Rey Oaks is primarily a residential community. It supported an estimated 354 jobs in 2005, and AMBAG projects that the number of jobs will increase to 416 in 2025 and 462 in 2035.

2. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, including Infrastructure Needs or Deficiencies

The City's 1997 General Plan includes goals and policies that provide a framework for orderly growth and development and emphasize the provision of services and facilities concurrent with need. The City annually reviews the present and planned capacity of public facilities and the adequacy of services, including any infrastructure needs or deficiencies, through the City's Annual Budget process, and adoption of a Capital Budget and Capital Improvement Program. The City Council's review and update of these documents ensures that city services, facilities, and infrastructure will address existing demands and projected growth.

The City of Del Rey Oaks is directly responsible for providing a variety of public services and facilities, including: law enforcement and police; parks, recreation facilities, open space; street maintenance; landscaping and landscape maintenance; storm drain maintenance; surface water disposal and flood control. The City receives additional services through contracts with neighboring cities and other local agencies.

The City is working with the Seaside County Sanitation District to improve sewer lines throughout the City. Within the annexed area of the former Fort Ord, the City's Redevelopment Agency will assist private developers to complete needed infrastructure and services.

Water service is provided in Del Rey Oaks by the California American Water Company (Cal Am). The provision of water by Cal Am is constrained by State Water Resources Control Board Order WR 95-10, which determined that approximately 70 percent of the Cal Am supply is based on unlawful diversion from the Carmel River. Order WR 95-10 imposes a constraint on new development by requiring that any new water supply be used to reduce diversions from the Carmel River prior to allowing new users. The Marina Coast Water District, the Monterey County Water Resources Agency, and Cal Am are proposing a Regional Water Project to increase the supply of water through desalination. The City is participating with other Monterey Peninsula cities to ensure that Monterey Peninsula ratepayers are represented in these plans.

3. Financial Ability of Agency to Provide Services

The City Manager's transmittal letter for the 2010-2011 Fiscal Year Budget describes a conservative approach to budget planning and states that the budget "maintains public services and balances revenue and expenditures, at a time when the majority of

government agencies are running severe deficits and are fiscally struggling to provide basic services to the communities they serve.”

The City’s Fiscal Year 2010-11 operating budget of \$1,915,000 is one percent higher than the previous year’s budget. Salaries and benefits for the City’s eleven employees (FTEs) account for 69% of the City’s budgeted expenditures.

The City has been able to slightly expand its budget because City revenues were only three percent less than anticipated in Fiscal Year 2009-10. The FY 2010-11 Capital Outlay Budget is \$524,255 and is funded primarily with State bond monies.

The City’s revenue sources include property tax, sales tax, licenses, permits, franchise fees, and grants. An additional source of revenue is a supplemental sales tax, which is projected to account for 21% of the total revenue budgeted in Fiscal Year 2010-2011. The add-on sales tax of 1 percent was approved by Del Rey Oaks voters in November 2006 and is set to expire in 2012, unless extended. City sales tax revenues have been boosted by the 2001 opening of the Stone Creek Shopping Center at Highway 68 and Canyon Del Rey Road, and by the expansion of the Safeway at Canyon Del Rey and Fremont Boulevard.

During the past few years, the City of Del Rey Oaks has experienced a reduction in revenues due to the sluggish economy and the state budget deficit. The City has responded by lowering the payments for contracted services, including fire protection / emergency response and vehicle maintenance. The City supplements its services with dedicated volunteers such as the “Citizens Action Group” that recently painted City Hall and filled planters with flowers. This group also coordinates the annual community garage sale, picnic, and holiday party.

4. Status of, and Opportunities for, Shared Facilities

The City of Del Rey Oaks receives several public services via contracts with neighboring cities and other local agencies, including: fire protection / emergency medical response from the City of Seaside Fire Department; wastewater collection and pump station maintenance through a Joint Powers Agreement with the Seaside County Sanitation District, and the treatment and recycling of wastewater by the Monterey Regional Water Pollution Control Agency. The City contracts with the City of Seaside for routine street sweeping operations. Also, the City contracts with the City of Monterey for building inspection services and the maintenance of City vehicles. The City participates in the county-wide dispatch and emergency communications system and is a participant in the Monterey Bay Self Insurance Authority, a joint powers authority providing insurance to member cities.

The City is part of the working group that is discussing the formation of a joint powers agency to provide fire service throughout the Monterey Peninsula. This model could

also be applicable to other government services, including police protection and public works.

The City cooperates with other local jurisdictions to provide storm water management activities through the Monterey Regional Storm Water Group. The Regional Water Quality Control Board has issued a General Permit to this regional joint effort.

A number of regional special districts provide municipal services to Del Rey Oaks. These include:

- Monterey Peninsula Airport District;
- Monterey Peninsula Regional Park District;
- Monterey Regional Waste Management District (landfill);
- Monterey Regional Water Pollution Control Agency;
- Monterey-Salinas Transit District, and
- Northern Salinas Valley Mosquito Abatement District.

5. Accountability for Community Service Needs, including Government Structure and Operational Efficiencies

Del Rey Oaks is a General Law city. The City Council consists of an elected Mayor holding a two-year term and four Council Members elected at large for four-year staggered terms. Public meetings and City operations are widely publicized through the media, through mailings, and by use of the City web site. City and community activities are publicized through the “Acorn,” a City-published newsletter, and through bulletin board postings at central locations in the City.

6. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy

In 2006, the Local Agency Formation Commission adopted policies encouraging mitigation for regional traffic impacts and encouraging well-ordered, efficient urban development patterns. Consistent with these policies, the City requires mitigation of regional traffic impacts through contributions to a regional transportation improvement fund. The 1997 General Plan also states that a goal of the City is to “strive to create a ‘village’ atmosphere within the City.”

Service Review Conclusion and Recommendation

All of the required service review determinations can be made for the City of Del Rey Oaks. The Executive Officer will recommend that the Commission adopt this updated service information for the City of Del Rey Oaks. A draft Resolution will be prepared with determinations that support this recommendation.

PART TWO: SPHERE OF INFLUENCE REVIEW

The Del Rey Oaks Sphere of Influence was adopted by LAFCO in 1983. It is identical to the City limits. A major expansion of the Sphere and City limits took place in 1997, when 360 acres were added as part of the “Fort Ord Properties Reorganization.” That area is annexed and undeveloped at this time. A minor change in the Sphere and City limits was approved by LAFCO in 2003. Exhibit A is a map of the currently adopted City limits and Sphere of Influence.

Following is a review of the City of Del Rey Oaks Sphere of Influence, including its relationship with the City limits. The review is organized by four determinations that need to be made for a Sphere update:

1. The Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands

The City is primarily built out, except for the Fort Ord lands annexed in 1997. Existing land uses in the developed area of the City consist mainly of low density single-family homes. There are also areas of medium-density housing, retail commercial, offices, and industry. Lands annexed in 1997 have not been developed, but the General Plan designates the area for a hotel/conference center, office parks, a golf course, and open space uses. Due to the current national economic downturn, City officials may consider housing and other land use alternatives for this area.

Del Rey Oaks has no agricultural land in the Sphere or adjacent to the Sphere. The City maintains approximately thirteen acres of parkland. The Monterey Peninsula Regional Park District maintains the 17-acre Frog Pond Wetland Preserve within the City.

2. The Present and Probable Need for Public Facilities and Services in the Area

The City of Del Rey Oaks is directly responsible for providing a variety of public services and facilities. The City receives additional services via contracts with neighboring cities, other local agencies and volunteers. The City’s 1997 General Plan includes goals and policies that provide a framework for orderly growth and development, and emphasizes the provision of services and facilities concurrent with need. New developments are required to “pay their own way” and not overly burden existing City residences and services consistent with applicable laws. The City Council examines the community’s need for public facilities and services during the preparation of the annual budget. The City’s budget is based on responding to the needs of the community and providing service level enhancements where affordable.

3. The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

The City of Del Rey Oaks reviews service levels, and plans for their expansion and/or maintenance, through its annual operating and capital outlay budgets. Public services, facilities, and infrastructure are being improved, or are planned for improvement, to meet the needs of future populations to the extent allowed with the City's current budgetary constraints. The City's 2010-2011 Capital Outlay Budget includes funding for roadway resurfacing projects and park additions and improvements.

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

For purposes of this review, a relevant "community of interest" is any group or entity in an unincorporated area that shares common social or economic interests with a city, and that could be potentially annexed to a city or added to a city's Sphere of Influence.

The Del Rey Oaks Sphere of Influence is the same as the City limits, and therefore there are no communities of interest that are relevant within the unincorporated Sphere. Adjacent to the City's Sphere, however, are two unincorporated areas that are not in the Sphere of Influence of any city. One is the Monterey Peninsula Airport. The other is a five-acre area consisting of four parcels at the end of Casanova Avenue. Both areas are contiguous with each other and to the Cities of Del Rey Oaks and Monterey. Both areas share common interests with Del Rey Oaks and Monterey.

Potential Changes to the Sphere of Influence and City Limits

The City does not anticipate any request for major Sphere of Influence amendments.

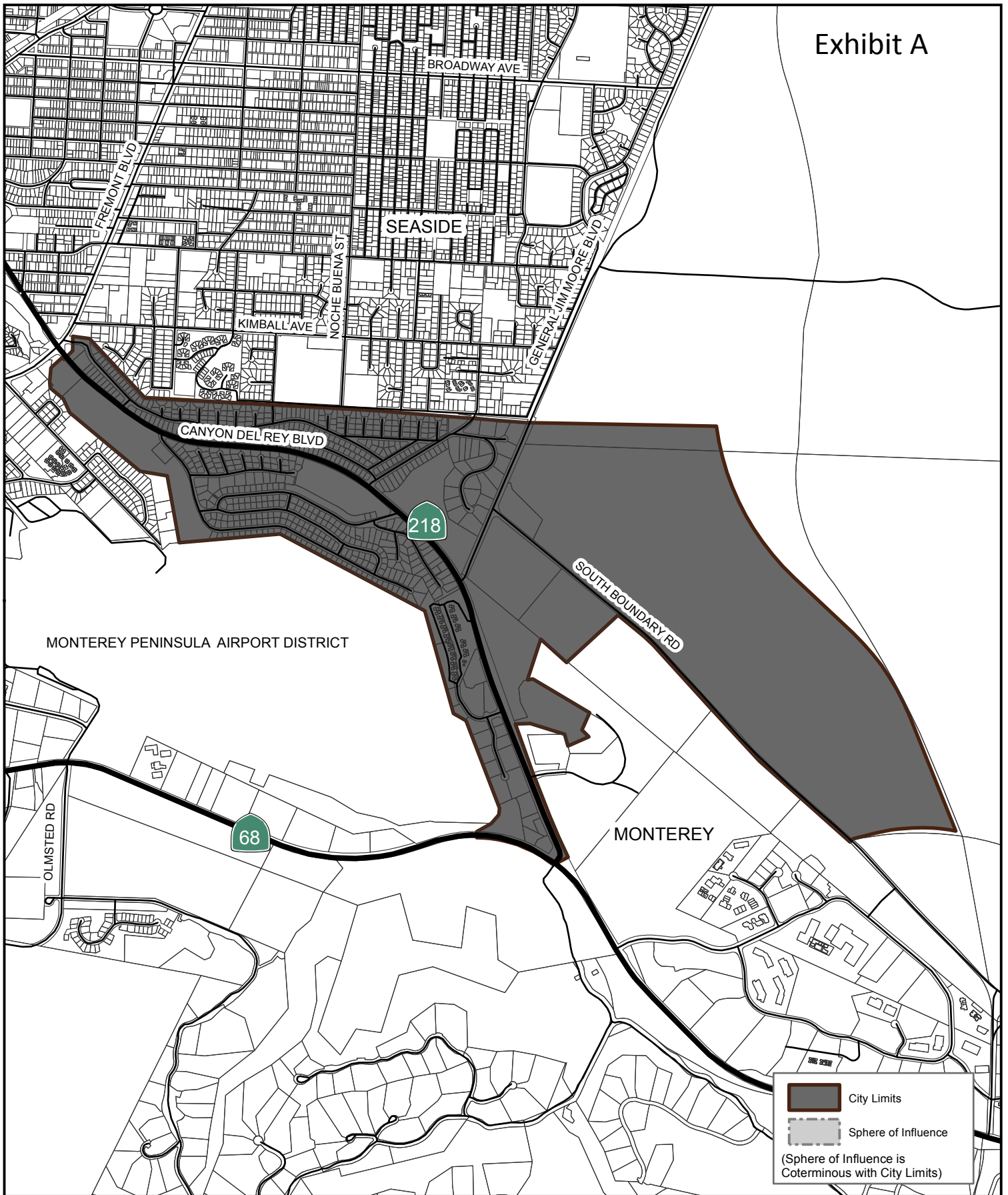
The City of Del Rey Oaks, together with the Cities of Monterey and Seaside, is considering a joint application to LAFCO to "clean-up" their Spheres of Influence and municipal boundaries. These minor changes would involve an exchange of approximately 12 acres between the cities. The purpose is to align the boundaries more closely with parcel lines and ownership patterns. The timing for this proposal will depend on the planning, environmental review, and implementation processes and schedules of the three cities.

No discussions are underway to consider adding two unincorporated areas to the Sphere of Influence of either the City of Del Rey Oaks or the City of Monterey. As described above, the Monterey Peninsula Airport and an area of four parcels at the end of Casanova Avenue are next to, but not in, the Sphere of Influence of either the City of Del Rey Oaks or the City of Monterey. The cities, Airport District and property owners are not actively considering any changes in boundaries.

Sphere of Influence Review Conclusion and Recommendation

Because the City is not yet ready to request that LAFCO consider a minor Sphere amendment, the Executive Officer recommends that the Commission affirm the currently adopted Sphere of Influence (Exhibit A) with no changes at this time. A draft Resolution will be prepared that provides the necessary determinations for this action.

Exhibit A: Currently Adopted City Limits and Sphere of Influence Map, City of Del Rey Oaks.



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LOCAL AGENCY FORMATION COMMISSION

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City Boundaries

DEL REY OAKS

Last LAFCO-Approved Change: 07/28/2003
Sphere of Influence Affirmed: 01/24/2011
Map Prepared: 01/31/2011