

# LAFCO *of Monterey County*

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LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

## City of Pacific Grove 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 Pacific Grove. 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 Pacific Grove. Data sources, including Elements of the City's General Plan and the adopted Fiscal Year 2010-11 budget 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 Pacific Grove. 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 Pacific Grove. The Executive Officer recommends that the Commission conduct a public hearing and adopt the updated service review information for the City of Pacific Grove. A draft Resolution will be prepared that supports this recommendation.

Part Two of the report reviews the Sphere of Influence of the City of Pacific Grove. The 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 1986, the Sphere of Influence is nearly identical to the City limits. Only one unincorporated parcel is in the Sphere – the three-acre Mission Linen property. The City's ability to expand is limited by the ocean and proximity to the City of Monterey and the unincorporated Del Monte Forest area outside of the Sphere. The City of Pacific Grove has no plan to initiate a change to its Sphere of Influence. Annexation of the Mission Linen property is probably the only practical opportunity for future City expansion, and no such action is planned at this time.

The Executive Officer recommends that the Commission affirm the currently adopted Sphere of Influence (Exhibit A) with no revisions. 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 Municipal Service Review of the City of Pacific Grove. 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 Pacific Grove was estimated by the California Department of Finance<sup>1</sup> at 15,683 in 2010, a slight increase over the 2000 population of 15,522. The Association of Monterey Bay Area Governments (AMBAG) prepares population forecasts throughout the region. According to the most recent AMBAG population forecast, the City population is anticipated to remain flat indefinitely, as the physical boundary of the City is characterized as "built-out."

An estimated 6,936 jobs were located within the City limits in 2005. AMBAG projects that employment within the City will increase to 7,684 jobs in 2025 and 7,837 in 2035.

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

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

The City's 1994 General Plan includes goals and policies that provide a framework for orderly, well planned, and balanced development consistent with the historic nature of the City, the capacity of its infrastructure, and the ability to assimilate new growth.

In December 2009, the City Council adopted a five-year work plan. The work plan includes a Vision and Mission Statement and Strategic Goals to guide long-term financial health and community sustainability. The Council's work plan is comprised of more than 50 projects to achieve its service and financial goals. Given the uncertainty of the economic recovery and the certainty of increasing costs, the City Council will periodically review its goals and progress in completing work plan projects to ensure that the present and planned capacity of public facilities address existing demands and projected growth, and that the quality of the delivery of public services is consistent with the City's financial resources.

The City of Pacific Grove is directly responsible for providing of a variety of public services and facilities, including: law enforcement and police; cemetery maintenance & burial services (El Carmelo Cemetery); library services; parks, recreation facilities, open space; street maintenance; street lighting; 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's FY 2010-11 budget places an emphasis on infrastructure maintenance and repairs. The Budget includes \$3.4 million ear-marked for sewer system improvements, which include reconstructing two pump stations and the fifth phase of planned wastewater improvements. Storm and wastewater systems are the biggest infrastructure needs in the City, and the City has submitted joint grant proposals with the City of Monterey to address these deficiencies. The City also requires that sewer laterals be improved to current standards when individual properties change ownership.

The budget also includes funding for retrofitting most city-owned streetlights in the downtown area, improving the intersection of Eardley Avenue and Lighthouse Avenue, improving sewer infrastructure at Lovers Point Park, and constructing a coastal trail link to Asilomar State Beach.

Water service is provided by the California American Water Company (Cal Am). This water service 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 Fiscal Year 2010-11 Budget describes the budget as preserving existing service levels in all areas, without major changes or supplemental funding to launch new programs.

The City's revenue sources include property tax, sales and use tax, transient occupancy tax, utility user tax, licenses and permits, franchise fees, and grants. An additional source of revenue for the City is a supplemental sales tax approved as Measure "U" by Pacific Grove voters in June 2008. The approval of Measure U enacted a 1 percent increase in the sales tax, bringing it to 9.25%.

Measures to raise monies specifically for the Pacific Grove City Library were rejected by City voters in 2009 and 2010. Each measure would have brought in tax revenues of about \$600,000 per year for the library. Although both measures obtained the approval of the majority of voters, they lacked the super majority needed for adoption.

During the past few years, the City of Pacific Grove has experienced a reduction in revenues due to the downturn in the national and statewide economy and the politics involved in addressing the state budget deficit. The City has responded to a reduction in revenue by, for example, contracting with the Cities of Monterey and Carmel-by-the-Sea for fire, building, and traffic law enforcement services, and partnering with a nonprofit organization to operate and maintain the collections of the Museum of Natural History. Also, the City is working with employee associations to develop options for containing the City's costs for employee retirement.

The City Council's highest-priority goals are economic development and revenue growth to support services. The FY 2010-11 budget contains several strategies to advance these goals. The City will design the first phase of downtown improvements, which include enhancing the intersection of Lighthouse Avenue and Forest Avenue, upgrading median landscaping, and developing a streetscape plan for Lighthouse Avenue in downtown. The budget includes funding to work with property owners on Forest Avenue to attract high-quality retailers and services, and at the American Tin Cannery to implement a vision for renewing the property consistent with current market opportunities. City staff will also assist in developing options to use the Holman Building as a catalyst for downtown renewal.

Changes are underway to streamline the development review and permitting process. The intent is to create an expeditious and predictable process while balancing public participation and property rights.

The availability and affordability of water are principal elements in developing the local economy. The City's FY 2010-11 budget earmarks funds to review the use of gray-water as a source for watering City properties, including the Pacific Grove Golf Course. This would release potable water credits for economic development.

#### **4. Status of, and Opportunities for, Shared Facilities**

The City of Pacific Grove supports efforts to coordinate or consolidate services with other area cities, provided that these efforts can be accomplished in ways that retain a high quality of service and reduce the cost to the public.

The City currently receives several public services through contracts with neighboring cities and other local agencies. The City of Monterey provides Pacific Grove with a broad range of emergency response, preparedness, and loss prevention services. These services include emergency response and impact mitigation of fires, fire alarm activations, vehicle collisions, rescues, medical emergencies, hazardous materials, severe weather, hazardous conditions, ocean rescue, and other miscellaneous service requests. The City of Pacific Grove also contractually receives building inspection services from the City of Monterey.

Wastewater collection, treatment and recycling and pump station maintenance are provided through a Joint Powers Agreement with the Monterey Regional Water Pollution Control Agency. The City participates in the county-wide dispatch and emergency communications system.

In December 2008, Pacific Grove executed a contract with the City of Monterey to consolidate the fire departments of the two neighboring cities. More recently, discussions have explored a possible Joint Powers Authority for fire protection for the Cities of Pacific Grove, Monterey, Carmel-by-the-Sea, and Seaside, with services to be provided under contract to Del Rey Oaks and Sand City. Some participants in these discussions have suggested that this joint powers model could apply in the future to the provision of other municipal services, including police protection and public works.

The Pacific Grove and Monterey (City) Public Libraries share a computer system with a combined database of holdings. This expands access to library materials for customers of both libraries, and is a more efficient use of community tax dollars.

The Pacific Grove Police Department contractually receives services from the City of Carmel-by-the-Sea for traffic enforcement. The two cities are exploring additional ways of working together, including shared police administration, patrols, jail facilities, animal

control, parking enforcement, training, investigations, and public information. Pacific Grove also participates in the “Monterey Peninsula Regional Special Response Unit.” This joint unit, composed of police officers from six Monterey Peninsula Cities and Cal State Monterey Bay, lessens the Peninsula’s reliance on the County’s other SWAT units located a 30-minute drive away in Salinas.

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 Pacific Grove residents. These include:

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

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

Pacific Grove is a Charter city. The City Council consists of an elected Mayor holding a two-year term and six 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.

Residents and businesses of Pacific Grove are known for their civic mindedness. The City’s website lists eighteen boards, commissions, and committees to help guide the City’s future. Business organizations and service clubs provide support for community projects and events. For example, the Pacific Grove Chamber of Commerce, in partnership with the City of Pacific Grove, obtained a grant from the Monterey Peninsula Regional Park District to remodel the “Little House” in Jewell Park for community use. The remodel work is now underway with Chamber, Rotary Club, and other volunteers.

**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 administered by the Transportation Agency for Monterey County. Pacific Grove’s

General Plan calls for the City to preserve Pacific Grove's character and regulate development so as not to overburden the City's infrastructure.

### **Service Review Conclusion and Recommendation**

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

## **PART TWO: SPHERE OF INFLUENCE REVIEW**

Exhibit A is a map of the current City limits and Sphere of Influence. The Pacific Grove Sphere of Influence was adopted by LAFCO in 1986, and hasn't changed since that time. The Sphere is the same as the City limits, plus one unincorporated parcel. The three-acre unincorporated Mission Linen property<sup>2</sup> is a county island that is completely surrounded by incorporated Pacific Grove. This commercial property is located at 801 Sunset Drive (Highway 68) at the intersection of Congress Avenue. The City unsuccessfully negotiated to include this parcel as part of a 17-acre Forest Grove annexation in 1976<sup>3</sup>. Annexation of the Mission Linen parcel is probably the City's only opportunity for future expansion. No annexation action is contemplated at this time, but the City may be interested upon a change of ownership or use of the property.

Following is a review of the City of Pacific Grove Sphere of Influence, including its relationship with the City limits. The review is organized by the 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 of Pacific Grove's land use pattern is well established. The City's total area is approximately 1,830 acres, excluding that portion of the City that extends into Monterey Bay and Pacific Ocean. The predominant land use in the City of Pacific Grove is residential (46%), and most of the residences are single-family dwellings. Commercial/Professional land uses account for approximately 5% of the land in the City. No land is designated for industrial use. The City limits include a significant amount of land devoted to parks and natural areas (19%), including Pacific Grove Golf Course, Asilomar State Beach, and George Washington Park. No significant agricultural areas

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<sup>2</sup> Assessor's Parcel Number 007-101-036.

<sup>3</sup> Forest Grove became a part of the City first through acquisition of unincorporated lands with financial assistance from the Monterey Peninsula Regional Park District in 1975. Three of the open space parcels were annexed as Forest Grove Annex No. 1 in March, 1976 and 17 acres were annexed in November, 1976, which resulted in the creation of the 3-acre island of unincorporated territory.

exist in, or adjacent to, the City. Pacific Grove is virtually “built-out” with very little buildable vacant land. The City’s land use policies focus on managing existing uses, infill, and land use intensification.

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

The City of Pacific Grove is directly responsible for providing a variety of public services and facilities. The City receives additional services via contracts with neighboring cities and other local agencies. The City’s 1994 General Plan includes goals and policies that provide a framework for orderly, well planned, and balanced development consistent with the historic nature of the City, the capacity of its infrastructure, and the ability to assimilate new growth.

The City’s FY 2010-11 budget places an emphasis on infrastructure maintenance, including sewer, street, landscaping, trail, and lighting improvements.

In December 2009, the City Council adopted a five-year work plan with a Vision and Mission Statement and Strategic Goals to guide long-term financial health and community sustainability. The City Council periodically reviews its goals, and progress in attaining these goals, to ensure that the present and planned capacity of public facilities address existing demands and projected growth, and that the quality of the delivery of public services is consistent with the City’s financial resources.

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

The City of Pacific Grove reviews service levels, and plans for their expansion and/or maintenance, through its Capital Improvement Plan and annual operating budget and through adopted master plans. Public services, facilities and infrastructure are being improved, or planned for improvement, to meet the needs of future populations to the extent allowed with the City’s current budgetary constraints.

## **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 Pacific Grove Sphere of Influence is the same as the City limits, with one exception. The Mission Linen property is in the unincorporated Sphere and is surrounded by the City limits. This property shares an economic interest with the City of Pacific Grove. It has a Pacific Grove address and is accessed by City streets. It is also within the



boundaries of the Pebble Beach Community Services District and receives wastewater and fire protection services from that District.

The City's 1994 General Plan defines the unincorporated Spanish Bay, Country Club, and Gowen Cypress areas of Del Monte Forest as within the City's Planning Area. These unincorporated areas are not within the City's Sphere of Influence. However, they do have strong economic and social ties to the City, including being in the Pacific Grove Unified School District. Residents of these unincorporated areas frequent Pacific Grove for convenience shopping, personal and business services, recreation, and other reasons. While the City does not anticipate annexing these unincorporated areas, the areas do impact the flow of traffic within Pacific Grove.

### **Potential Changes to the Sphere of Influence and City Limits**

The City of Pacific Grove does not anticipate initiating any request for a Sphere of Influence amendment. The only adjacent unincorporated land is located within the Del Monte Forest, a gated community with a private road network. Many municipal services are performed in this area by the Pebble Beach Community Services District.

As described above, only one unincorporated parcel is in the City's Sphere of Influence. Upon a change of ownership or use, the City may pursue annexation of the Mission Linen Parcel.

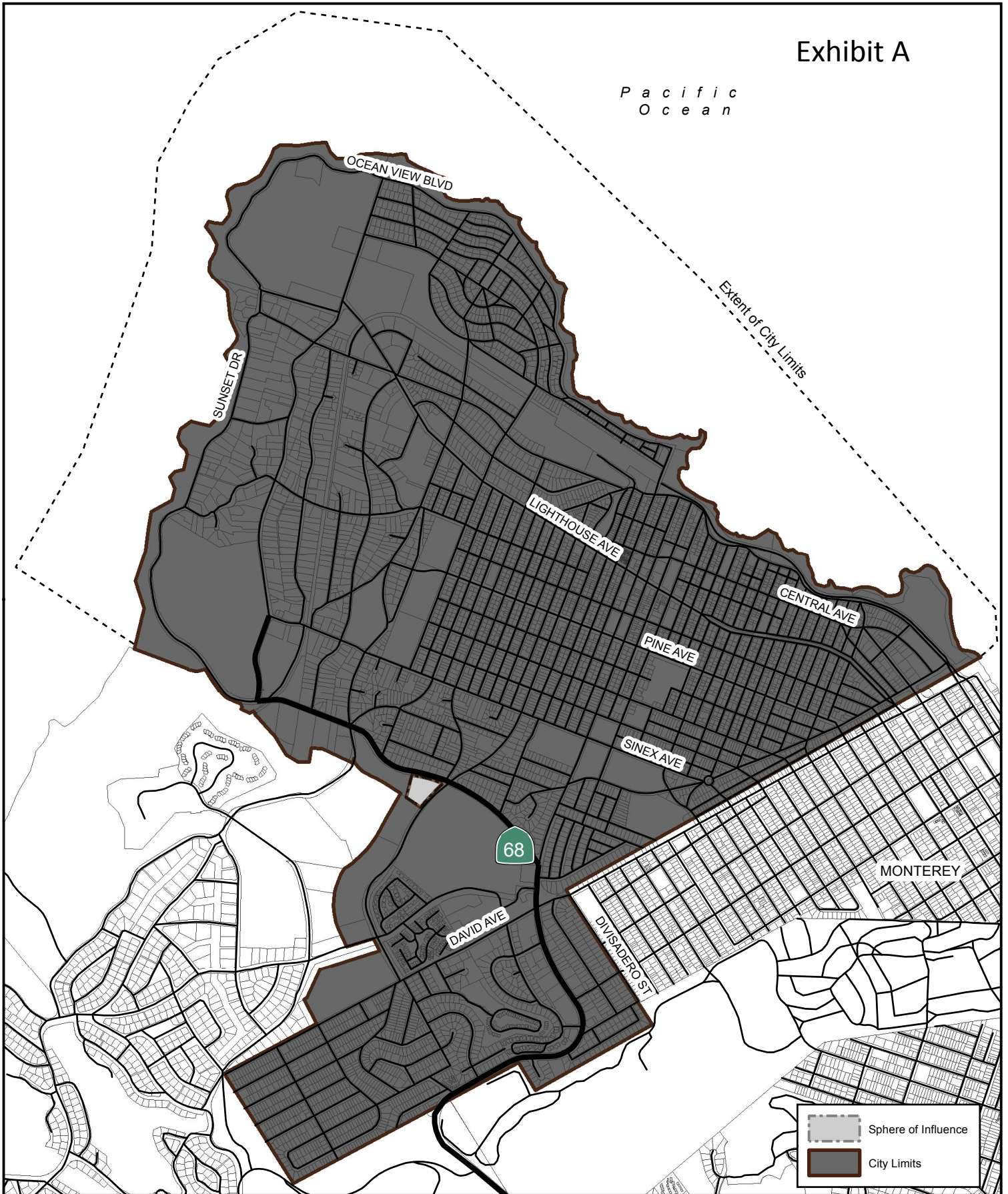
### **Sphere of Influence Review Conclusion and Recommendation**

Because the City does not plan an expansion of its Sphere of Influence, the Executive Officer recommends that the Commission affirm the currently adopted Sphere of Influence for the City of Pacific Grove (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 Pacific Grove.

# Exhibit A

Pacific  
Ocean



**LAFCO of Monterey County**

LOCAL AGENCY FORMATION COMMISSION

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Feet

City Boundaries

**PACIFIC GROVE**

Last LAFCO-Approved Change: 05/27/1986  
Map Prepared: 01/11/2011