

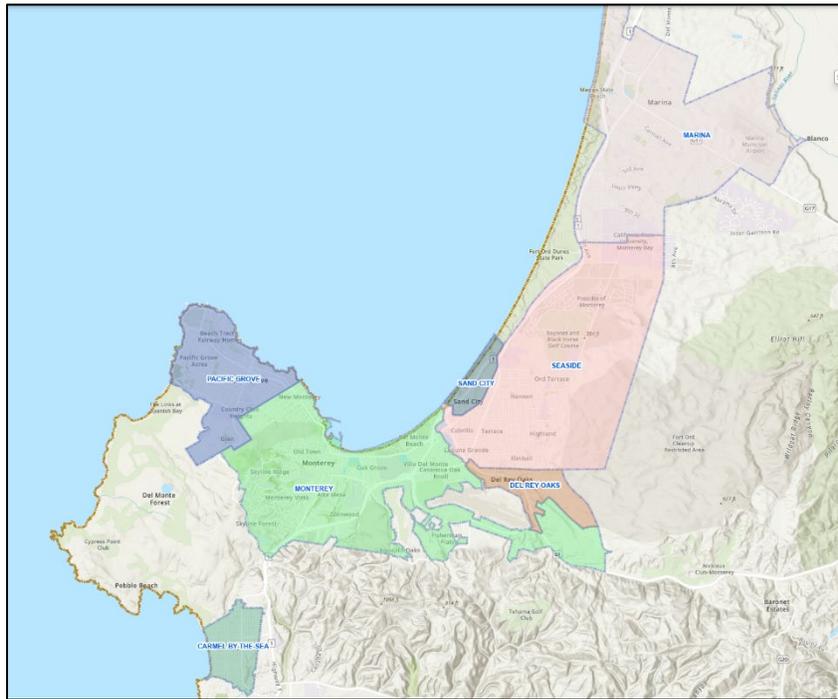
LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

2024 Municipal Service Review and Sphere of Influence Study:

Monterey Peninsula–Area Cities

- Marina
- Seaside
- Sand City
- Del Rey Oaks
- Monterey
- Pacific Grove
- Carmel-by-the-Sea



Public Review Draft – October 23, 2024

COMMISSIONERS

Chair Kimbley Craig, City Member
Vice-Chair Wendy Root Askew, County Member
Mary Adams, County Member
Ian Oglesby, City Member
Mary Ann Leffel, Special District Member
Chad Lindley, Special District Member
Matt Gourley, Public Member
Chris Lopez, Alternate County Member
Anna Velazquez, Alternate City Member
David Kong, Alternate Special District Member
Mike Bikle, Alternate Public Member

STAFF

Kate McKenna, AICP, Executive Officer
Darren McBain, Principal Analyst
Jonathan Brinkmann, Senior Analyst
Safarina Maluki, Clerk to the Commission / Office Administrator

COUNSEL

Reed Gallogly, General Counsel

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

132 W. Gabilan Street, Suite 102, Salinas, CA 93901

P.O. Box 1369, Salinas, CA 93902

(831) 754-5838

www.monterey.lafco.ca.gov

Table of Contents

Executive Summary

Introduction.....	4
Key Findings.....	5
Recommended LAFCO Actions.....	9

City Profiles

Marina.....	13
Seaside.....	21
Sand City.....	25
Del Rey Oaks.....	29
Monterey.....	33
Pacific Grove.....	41
Carmel-by-the-Sea.....	45

Determinations, as Required by State Law.....	49
---	----

Sources and Acknowledgements.....	52
-----------------------------------	----

Executive Summary

Introduction and Background

This study provides information about the operations, services, and spheres of influence¹ of the seven Monterey-Peninsula area cities, listed below in a roughly north-to-south order:

- Marina
- Seaside
- Sand City
- Del Rey Oaks
- Monterey
- Pacific Grove
- Carmel-by-the-Sea

The seven cities have a combined population of about 100,000 in an approximately 32-square-mile area. Marina was incorporated as a city in 1975. The other six cities were incorporated between 1850 (Monterey) and 1960 (Sand City), predating the statewide advent of LAFCOs in 1963. The Peninsula-area cities directly provide a wide range of municipal services to their residents. (Note: Although LAFCOs are legally charged with regulating the services that special districts provide, this is not the case with cities. Statewide, all cities are able to provide any municipal services without LAFCO oversight).

Regional public agencies provide additional services to both city residents and the nearby unincorporated communities. These regional agency services pertain to the regional airport, regional parks, landfill and recycling facilities, the Moss Landing harbor, regional transit, health services, mosquito abatement, and water resources management. These services extend to residents of some or all of the seven cities, depending on each regional agency's boundaries.²

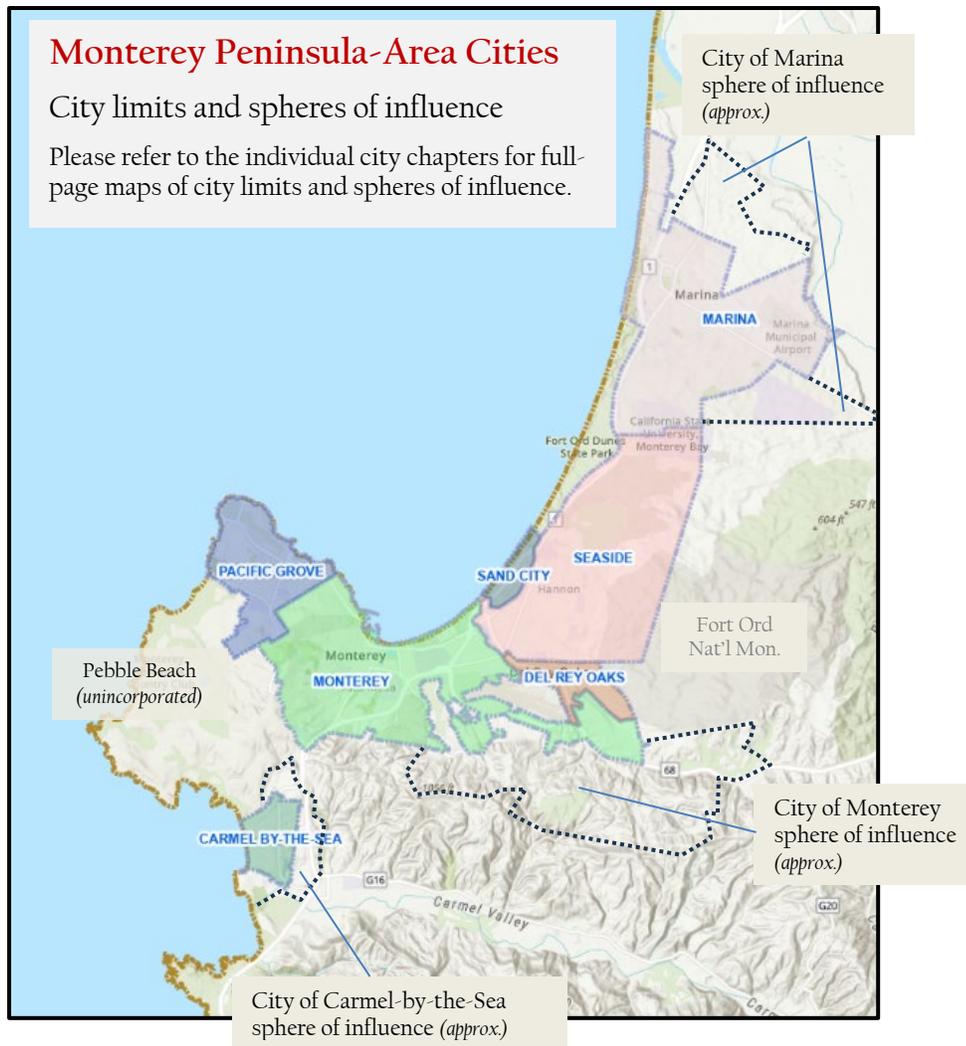
Monterey, Seaside, and Marina's city fire departments provide fire protection/prevention and emergency medical response services to their own residents. In addition, under existing contracts, Monterey provides these services to the cities of Carmel, Pacific Grove, and Sand City, Monterey Peninsula Airport District, and U.S. Navy's La Mesa Village; and Seaside provides these contractual services to Del Rey Oaks. Unincorporated communities adjacent to the seven Peninsula areas are within the boundaries of several fire protection services districts (North County, Monterey County Regional, Cypress, and Pebble Beach Community Services District). These districts and the cities provide additional emergency response to each other's service areas, as needed, under existing mutual and automatic aid agreements.

Marina Coast Water District provides water service to Marina and to areas of Seaside, Del Rey Oaks, and Monterey that were formerly part of Fort Ord. Water service to the balance of the Peninsula area is provided by the California American Water Company (Cal Am, an investor-owned public utility) – with the exception of Sand City, which has its own water supply source in a city-owned desalination plant. Cal-Am's water service is constrained by State Water Resources Control Board Order WR 95-10, which determined that approximately 70% of the Cal Am supply was based on unlawful diversion from the Carmel River. Order WR 95-10 imposed 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. Marina Coast also provides wastewater collection services within its district boundary, primarily to City of Marina residents but also other portions of the former Fort Ord.

Wastewater treatment to most of the Peninsula communities is provided by Monterey One Water, which – as a joint powers authority rather than a special district – is not regulated by LAFCO. Wastewater from the City of Carmel-by-the-Sea, along with Carmel Valley and Pebble Beach unincorporated communities, is pumped to Carmel Area Wastewater District's treatment plant.

¹ 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."

² Maps of all special districts' boundaries and spheres of influence are available on LAFCO's website.



Key Findings

The following key findings highlight the study’s most significant observations and conclusions.

1. The cities are efficient and effective service providers.

The seven Monterey Peninsula-area cities are reliably and consistently delivering public services to their residents in a responsive and accountable manner. The cities are professionally administered and are guided by duly elected city councils.

Aging city facilities are a recognized issue. There are significant, ongoing needs for costly reinvestment to maintain a high level of city services. The cities monitor the capacity of their public facilities and the adequacy of public services through the adoption and implementation of General Plans, annual budgets, and capital improvement programs. Where opportunities exist, the cities partner with each other, and with regional service providers (special districts and JPAs) to achieve efficiencies and economies of scale.

2. Substantial population growth is projected through 2050, especially in Marina.

AMBAG’s current (*September 20, 2024*) draft Regional Growth Forecast anticipates that the Peninsula-area cities’ total population will increase from about 99,200 in 2023 to about 119,845 in 2050. AMBAG is forecasting much higher growth – in terms of a percentage increase – for the seven Peninsula cities (+20.8% overall) than for both Monterey County and the tri-county region (+6% overall for each).

More than half of this population increase is projected to occur within the City of Marina. The second-highest population increase is anticipated to occur in the City of Monterey, with the third-highest being in Seaside. However, it is worth noting that, between 2010 and 2023, the seven Peninsula cities' total population actually shrank by about 2.1% (from 101,274 to 99,181). Marina and Sand City are the only two cities whose populations grew during this period. The largest population decreases were in Carmel, Seaside, and Monterey (-16.6%, -8.6%, and -2.2%, respectively).

3. Anticipated future growth and development is mostly within existing city limits.

Unlike in the Salinas Valley cities, growth and development for the Monterey Peninsula-area cities in the foreseeable future will take place mostly within the city limits as they currently exist. Only three of the seven Peninsula cities (Marina, Monterey, and Carmel) have a sphere of influence beyond the existing city limits. These SOIs were designated by LAFCO in the 1980s and have remained mostly unchanged – with very few sphere amendments or annexations – since that time. Also dissimilar from the Salinas Valley cities, lands within the Marina, Monterey, and Carmel SOIs are largely either already developed or have other significant constraints such as a low property-tax base or a voter-approved growth moratorium in place. Partly for these reasons, these three cities do not currently anticipate any significant near-term annexations of areas within their existing SOIs. The City of Marina is currently updating its General Plan and may request one or more sphere amendments when that process is complete.

The other four cities (Seaside, Sand City, Del Rey Oaks, and Pacific Grove) do not have a sphere of influence designated beyond existing city limits. In general, these cities are either completely or mostly surrounded by other cities or public lands, and therefore have little or no opportunity to expand. One exception is that part of Seaside is bordered by potentially developable lands to the northeast (the former Monterey Downs site, although no development is anticipated there in the near term).

Undeveloped sites that are designated or planned for development appear to provide many years of future growth capacity within existing city boundaries. Marina and Seaside appear to have the most vacant land available for development within city limits. Sand City and Del Rey Oaks also have significant areas of undeveloped land, and Monterey has a large sphere of influence (i.e., potential future city expansion area) with several large undeveloped parcels in the Highway 68 corridor.

4. No sphere of influence changes are currently needed.

No sphere of influence changes are currently being requested by the Cities, or recommended by LAFCO staff. About a third of the unincorporated East Garrison community is currently within Marina's sphere as designated by LAFCO in the 1980s, when this area was still part of an active military base. The rest of East Garrison is outside the city's sphere. LAFCO should comprehensively review and update Marina's sphere, including potential removal of the East Garrison portion and addition of other areas, after the city has completed its General Plan update process, which is currently in progress. No significant annexations are anticipated by the Cities within the existing SOIs. However, the Cities are considering several minor boundary adjustments that this study has helped identify and address.

5. Unincorporated development in the cities' spheres of influence is a potential disincentive to city annexations and orderly city growth. This study recommends City-County consultation, with participation by affected special districts – and a potential memorandum of agreement (MOA) about future development along the existing city edges. These discussions could help provide guidance and more certainty to the agencies, communities, and landowners, going forward.

As stated above, most future growth and development for the Peninsula-area cities, in the near future, is anticipated to take place within the existing city limits. A relatively small amount of new development may occur within cities' spheres of influence. However, it is not necessarily the case that city annexation will take place before such development occurs. The County of Monterey's current draft Housing

Element update (in progress) identifies several unincorporated housing opportunity sites within the existing spheres of Marina, Monterey, and Carmel, as well as an area that Marina has identified as a potential future sphere amendment (UC MBEST Center East).³

The County has a right to allow development to occur within its permitting jurisdiction, in accordance with its adopted General Plan. The County, as with the cities, also has obligations to provide development capacity for new housing pursuant to the Regional Housing Needs Allocation. Under the Affirmatively Furthering Fair Housing policy mandates of the federal Fair Housing Act, the County has a responsibility to ensure that new unincorporated housing and other development is fairly distributed throughout all areas of the county, including the Peninsula area – much of which is within cities. The County's identification of opportunity sites is also guided by access to public services and infrastructure, as well as County policy objectives such as a preserving agriculture, open space, and natural habitats. For all these reasons, it is logical that some of the County's housing opportunity sites and other development parcels would be located near the cities. In addition, the Marina, Monterey, and Carmel sphere designations have been in place for about 40 years with no definitive movement toward annexing these areas into the cities since then.

However, the Marina, Monterey, and Carmel sphere designations are intended to reflect those cities' long-term expansion and direction of growth. County development occurring in a city's sphere could potentially lead to projects that conflict with the city's plans and goals. Development projects that obtain all needed services and entitlements in the county may also pose an unintended obstacle to orderly and efficient city growth by reducing the number of sites available to be developed post-annexation, or by channeling city growth around sites that were already developed under county jurisdiction.

The potential concerns outlined in the previous paragraph exist on a limited scale and do not require any sphere changes or other LAFCO actions. It is also important to note that the County does reach out to consult with the affected city, on a project-by-project basis, when an unincorporated development project is being proposed within a city's sphere of influence. But to address this subject in a more comprehensive and proactive way, one of this study's recommendations is that the County of Monterey and the Cities of Marina, Seaside, Monterey, and Carmel consider consulting specifically about future growth and development on the existing city edges. The parties could consider entering into a memorandum of agreement – similar, in concept, to the City-County MOAs adopted for the Greenfield, Gonzales, and Soledad areas between 2013 and 2016. Such an MOA could establish agreed-upon principles on matters such as whether development projects in a city's sphere should be able to occur under county jurisdiction in some situations, or require annexation into the city first.

Consultations and a potential MOA could involve each of the four cities individually, or one agreement for all the cities as a group. This process could also include participation by affected special districts such as Monterey County Regional Fire District and Cypress Fire Protection District. These agencies currently provide vital services to unincorporated areas adjacent to cities, including areas within the designated spheres of influence of Marina, Monterey, and Carmel. In the future, a large annexation to one of the cities – and detachment from the district – would materially affect the district's operations and property tax base. Including these agencies in consultations regarding city-edge development could provide greater clarity and certainty as the agencies strategize for their long-term financial resiliency.⁴

³ The County's adopted General Plan also – in concept – provides for substantial development to occur directly adjacent to Seaside (the former Monterey Downs project, now defunct). However, this site is not within the city's designated sphere, is not identified as a housing opportunity site in the County's draft Housing Element, and appears unlikely to be developed in the foreseeable future.

⁴ The recommended consultations and a potential MOA regarding future development on the existing city edges are a suggestion that is intended to aid long-term planning. This recommendation does not bind or commit any agency

6. Significant future growth and development in the Highway 68 corridor – including in the City of Monterey’s designated sphere of influence – will increase needs for fire protection and emergency medical services.

The Highway 68 corridor contains a large amount of existing residential and commercial development, both within the City of Monterey and in the unincorporated county. In addition, the City of Monterey’s designated sphere of influence (i.e., future growth area) extends easterly along Highway 68 to York Road. Although much of the city’s sphere has already been developed under County jurisdiction, significant additional development is anticipated to occur in the future.

Unincorporated residential and commercial areas along the 68 corridor are within the boundaries of Monterey County Regional Fire District and – to a smaller extent – Cypress Fire Protection District. Future growth and development will increase demands on these agencies as well as on the City of Monterey’s fire and medical services.

The City provides automatic aid and mutual aid to unincorporated areas along the Highway 68 Corridor. The City also provides fire and medical response to the Monterey Peninsula Airport District by contract. Depending on a service call’s location, the City’s fire engine located at the airport is often the closest fire response company to an emergency in the 68 corridor. However, large areas of the 68 corridor are outside the city limits or the city’s sphere of influence. Potential enhancements to fire protection facilities and/or emergency vehicle access to keep pace with evolving needs and opportunities in the 68 corridor should continue to involve partnerships among the City, other local agencies in the nearby area, and potentially Caltrans.



(the Cities, the County, or special districts). State law does require City-County consultation prior to amending a city’s sphere of influence. In addition, when annexation to a city is proposed, LAFCOs require analysis of the proposal’s conformance to a wide range of requirements of state law and the commission’s locally adopted policies. Among many other factors, LAFCO must consider and make determinations regarding “The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county” (Government Code Section 56668[c]). The CEQA environmental clearance and LAFCO’s review of a future city annexation will also need to address any potential effects that may be associated with land designations changing from a State Responsibility Area to a Local Responsibility Area (LRA).

Recommended LAFCO Actions

Based on the analysis and 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;
2. Adopt the study and its recommended determinations in accordance with Government Code sections 56430(a) and 56425(e);
3. Affirm the currently adopted spheres of influence of all seven Peninsula-area cities (Marina, Seaside, Sand City, Del Rey Oaks, Monterey, Pacific Grove, and Carmel-by-the-Sea) with no changes at this time;
4. Encourage the Cities of Marina, Seaside, Monterey, and Carmel – along with the County of Monterey and special districts such as Monterey County Regional and Cypress Fire Protection District – to consider consulting about future growth and development on the existing city edges. Following these discussions, the parties could consider entering into a memorandum of agreement addressing potential future annexations, land uses, municipal finances, or other related aspects of future growth and development on the city edges;
5. Encourage the City of Marina to clarify, as part of its current General Plan update process, that the City does not intend to annex East Garrison in the foreseeable future, and to consider requesting that LAFCO remove northern East Garrison from the City's sphere of influence as part of a future comprehensive sphere amendment (following completion of the City's General Plan update); and
6. Encourage the City of Monterey to continue to explore ways to partner with local agencies such as Monterey County Regional Fire District, Cypress Fire Protection District, Monterey Peninsula Airport District, and Del Rey Oaks, as well as the California Department of Transportation (Caltrans), regarding fire protection, emergency medical response, and emergency vehicle access in the Highway 68 corridor as needs and opportunities evolve in the future.

Note: The City and the other local agencies mentioned above are only responsible to provide fire protection and emergency medical response in their respective jurisdictions but could potentially benefit from a cooperative funding agreement, joint powers authority, other collaborative service delivery model, or additional emergency vehicle access. Participation in any future discussions or agreements would be at the discretion of the agencies themselves.



(blank page)

City Profiles

(blank page)

City of Marina

Incorporated	1975
Land Area within City Limits (approx.)	8.9 square miles
Designated Sphere of Influence (beyond city limits)	Approximately 2,750 acres / 4.3 square miles
Population Includes portion of CSUMB within Marina	Current: 22,269 (as of 2023) Projected: 27,568 – 2030 31,706 – 2040 34,305 – 2050 <i>(data source: AMBAG)</i>
Annual Revenues Fiscal Year 2024-2025, adopted budget	\$70.0 million

Municipal Services

The City of Marina directly provides a range of public services and facilities, including a municipal airport. Marina residents receive water and wastewater collection services through the independent Marina Coast Water District. Marina is also within the boundaries of the Monterey Regional Waste Management District, the Monterey-Salinas Transit District, Monterey Peninsula Regional Park District, Moss Landing Harbor District, and Northern Salinas Valley Mosquito Abatement District. Part of Marina is also within Salinas Valley Health’s district boundary.

Marina is rapidly growing. Marina is one of only two cities – along with much smaller Sand City – whose populations actually grew between 2010 and 2023. Marina added about 2,551 residents (12.9% total growth) during that period. According to AMBAG’s current draft regional growth forecast through 2050, Marina is the main growth center not only for the Monterey Peninsula but for the county as a whole. Marina’s projected total population growth (+12,043 through 2050) is numerically higher than for any other city in Monterey County. As a percentage, Marina’s projected 54% cumulative growth through 2050 is exceeded only by Sand City (+168%). Some current and recent major development projects in Marina city limits include the Dunes on Monterey Bay, Sea Haven, the Promontory, and Armstrong Station.

New growth generates one-time development impact fees and raises the City’s annual property tax revenues. However, these funding streams have not necessarily kept pace with the needs for streets, parks, and other community facilities such as the public safety (combined police and fire) station and city hall.

On July 23, 2024, the City Council held a study session to provide direction on potentially placing a general obligation bond measure – in the range of \$20 million to \$60 million – on the November 2024 ballot to finance construction of new public facilities. A majority of the Council voted to direct city staff to prepare a \$50 million bond measure for possible placement on the November 2024 general election ballot. A two-thirds majority of Marina voters will be needed to pass the bond measure under current state law. If the ballot measure ultimately passes, then property owners will be assessed for bond costs that vary depending on a property’s value. For example, bond repayment would cost an estimated \$272 per year for the owners of a median single-family house with an assessed valuation of \$497,000.

City Boundaries and Sphere of Influence

Lands within the city limits total about 5,740 acres. LAFCO designated Marina's sphere of influence was in 1982 and amended it in 1985. There have been no sphere changes and no annexations since that time.

Existing Sphere: Beyond the current city limits, the adopted sphere consists of two unincorporated areas, further described below. The City of Marina is currently engaged in updating its General Plan, a process that is anticipated to extend over the next one to two years. The current draft General Plan update anticipates that both areas will remain in the city’s sphere.

- 1) **About 1,500 acres north of the city limits:** Formerly part of the Armstrong Ranch, this site is now owned by RAMCO Enterprises. This area was included within the City's original Sphere of Influence in 1982. Previously used mostly for grazing, much of the site has been converted to active row crop production over the last approximately five years.

Prior to the closing of Fort Ord, this area was considered the most logical direction of Marina's growth. The City of Marina could consider proposing to annex this area. However, in 2000, Marina voters adopted an Urban Growth Boundary Initiative (in effect, a moratorium on developing this area). The voter-adopted initiative encouraged efficient growth patterns and concentrated future development within, and adjacent to, existing developed areas. The initiative prohibited most new development in this area, except for park and open space uses. Originally set to expire in 2020, the initiative's expiration date was extended to 2040 in a 2020 citywide ballot measure.



After developing lands within the existing city limits, this area remains a logical and potentially feasible direction for Marina's future growth. Retaining this area in the city's sphere is also consistent with a LAFCO policy that encourages future urban uses to be served by one municipal government rather than multiple special districts (as would be the case if potential future development were to occur in the unincorporated county).

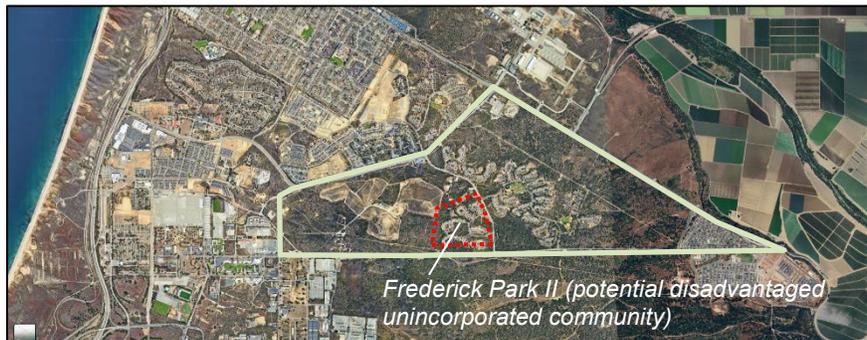
Farmland considerations: As non-irrigated grazing and/or fallowed land, this area is neither currently nor previously designated as Prime or Important Farmland by the State of California's Department of Conservation. However, its current use—partially in active cultivation of strawberries or other high-value row crops—indicates that at least some of this area is viable as agricultural land. If annexation of this area for urban development is proposed in the future (presumably sometime after 2040), LAFCO will consider the annexation proposal's impacts to any agricultural resources, along with potential mitigation actions.

Proximity to landfill and wastewater treatment facilities: Parts of this area are directly adjacent to the Regional Waste Management District's (ReGen Monterey) Eco-Park (landfill, composting, and recycling facilities) and Monterey One Water's wastewater treatment and recycling operations. For many years, residents have objected to foul odors pervading this general area. Quality-of-life conflicts impact existing and potential future residential development and could also potentially compromise the long-term viability of these significant public facilities. In December 2023, a City-commissioned study confirmed that the public sites – and not nearby agriculture – were the main source of the odor problems. The study recommended odor mitigation measures, such as enhanced coverage of composting operations, which are being implemented.

Monterey County Regional Fire District: MCRFD provides fire and emergency medical response throughout the City's sphere of influence. This specific area was annexed to the Fire District's boundaries in 2018. City annexations typically – but do not necessarily – involve detachment from a fire protection district. In the event of a future annexation to Marina, the proposal's potential financial and operational impacts on the Fire District – as well as potential impacts to levels of service – will need to be analyzed and considered. However, because of the approved Urban Growth Boundary Initiative, annexation of this area appears unlikely to be proposed through at least 2040.

2) About 1,250 acres of the former Fort Ord, generally located between Imjin Parkway, Reservation Road, and Inter-Garrison Road.

Existing land uses within this area include the former Fort Ord landfill, Ord Market gas station and convenience store, CSUMB's East Campus Housing area, open-space parcels, and the northern approximately one-third (70 acres) of the unincorporated East Garrison community.



Parts of this area were proposed for annexation in 1985 and again in 1991, but in both instances the application was withdrawn before proceeding to a public hearing. The Whispering Oaks business park was proposed as a County development project in the southwest corner of this area in the early 2000s but is no longer planned. LAFCO staff met with representatives of Marina and CSUMB to discuss annexation of most of this area (not East Garrison) in 2009 and 2017. However, no definitive steps toward annexation have occurred since then.

City management staff has indicated that the City remains interested in annexing portions of this overall area, particularly around the Ord Market site, where a future mixed-use development is planned. One important constraint on annexation and development is the prevalence of an endangered plant species (sand gilia) and associated requirements to identify and set aside suitable acreage for mitigation. In addition, an extremely low tax base – due to CSUMB's East Campus housing being publicly owned – means that very little property tax revenue would become available to help fund City services following annexation.

All of this area is within the boundaries of Monterey County Regional Fire District. If and when any areas are proposed for annexation to the City of Marina – and detachment from MCRFD – in the future, state law requires LAFCO to analyze potential impacts associated with the jurisdictional change. The effects of detachment from MCRFD could include levels of service (a change from Advanced Life Support to Basic Life Support response), financial impacts to the Fire District's tax base, or other potential impacts.

A portion of this area (Frederick Park II) appears to meet the statewide definition of a disadvantaged unincorporated community, or DUC, based on median household income criteria. Under state law, if a greater-than-ten-acre area adjacent to a DUC is proposed for annexation to a city, an annexation application for the DUC must also be filed. This subject is further discussed in the **Determinations** section of this study.

East Garrison subarea: The sphere of influence's line bisecting the East Garrison community is unintentional and unplanned. The designation appears to have been determined simply by extending the sphere to the point where Reservation Road and Inter-Garrison Road met. LAFCO amended Marina's sphere in this way in 1985, when East Garrison was still part of an active military installation – i.e., long before East Garrison was planned or developed as a civilian residential community. All or most of East Garrison's main developed area may have been located north of Inter-Garrison Road at that time.



East Garrison, in its modern form, was planned, approved, and built as an unincorporated community with most municipal services to be provided by its own dedicated community services district (an independent

public agency with an elected board of directors). LAFCO approved formation of the East Garrison CSD in 2005. Since that time, the County of Monterey Board of Supervisors has served as the CSD's interim governing body, with most services and management provided by County Public Works staff.⁵ This arrangement was intended to be an interim, short-term solution. However, it remains in effect unless and until a majority of registered voters in East Garrison vote for the CSD to become independent from the County. To date, the voters have declined to do so twice, in 2017 and 2022.

Marina's current adopted General Plan shows northern East Garrison as being within the sphere of influence, as amended by LAFCO in 1985, but no planned future land-use designation is shown. In recent years, some East Garrison residents have expressed interest in annexing to the City of Marina. East Garrison residents who support annexing to the city may feel an affiliation with the Marina community in general, or believe that the City of Marina would be able to provide public infrastructure and services at a lower cost than the rates currently charged by the County of Monterey. No formal steps have been taken, by the city or by residents, to propose annexation.⁶



The existing sphere designation – with about a third of East Garrison within the City's sphere – is essentially an outdated designation. It does not reflect decisions made, over the last 20 years, to develop East Garrison as a semi-autonomous community that will eventually have its own independent community services district providing comprehensive municipal services. Leaving part of East Garrison in the City's sphere is inconsistent with LAFCO policies that promote logical and orderly growth and discourage dividing a community.

The City's current General Plan does not identify a future land-use designation for any part of East Garrison, as noted above. The City is currently working on a comprehensive update of its General Plan. The process is anticipated to be complete sometime in 2026. After the public process is complete and the City adopts the new General Plan, the City may request that LAFCO amend the City's sphere to reflect the updated General Plan.

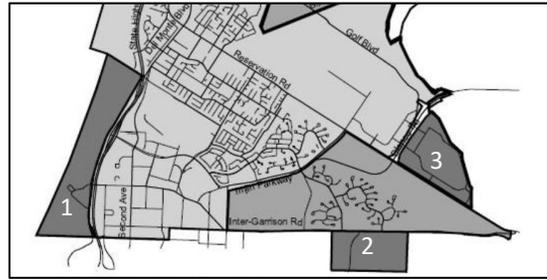
Based on the facts discussed above, one of this study's recommended LAFCO actions is to encourage the City of Marina to clarify, as part of its General Plan update, that the City does not intend to annex East Garrison in the foreseeable future, and to consider requesting that LAFCO un-designate the northern third of East Garrison from the City's sphere of influence. This change should occur as part of a future comprehensive sphere amendment (following completion of the City's General Plan update). LAFCO could potentially take this area out of the City's sphere now. However, staff recommends that LAFCO defer on revising the sphere of influence until after the City's General Plan process is complete – including identifying other potential City expansion areas – so LAFCO can consider amending the City's sphere in a single, comprehensive action. City staff has reviewed this recommendation and affirmed that the East Garrison will be discussed with the city's General Plan Advisory Committee and City Council as part of the city's current process.

⁵ Monterey County Regional Fire District provides fire and emergency medical response, and would most likely continue to do so following East Garrison CSD becoming independent from the County. All of East Garrison is within the Fire District's jurisdictional boundaries, and the District has made major investments in building an East Garrison fire station (completed in 2017).

⁶ State law (the Cortese-Knox-Hertzberg Act) requires city annexations to be physically contiguous with existing city limits. Therefore, annexing any part of East Garrison to the City of Marina would necessarily involve also annexing lands between Marina and East Garrison, i.e., the former landfill, CSUMB East Campus housing, and open space/habitat parcels, as needed, to connect East Garrison all the way to the existing city limits. Annexing these areas involves several constraints, as outlined earlier in this chapter. Annexation was formally proposed, but then withdrawn, in 1985 and 1991 and has been explored several times since then but no recent proposal has come forward.

Potential future sphere of influence expansions: Marina’s current General Plan, adopted in 2000, identified three areas as potential future additions to the city’s sphere of influence:

- 1) Fort Ord Dunes State Park: Bringing this area into the city could enhance the City’s ability to apply for grant funding for to improve public access and other similar projects. The City would like to become more active in pursuing and implementing these types of public-benefit projects.
- 2) Parcels south of Inter-Garrison Road, designated for open-space uses in the City’s current General Plan
- 3) About 280 acres of undeveloped land immediately east of the MBEST Center (across Blanco Road from the existing city limits): This U.C.- and Federal government-owned land is designated in the currently adopted (2010) Monterey County General Plan for mixed-use planned development, and the County’s current draft Housing Element identifies the site for development of up to 932 housing units. The City’s General Plan designates the site for commercial and industrial uses.

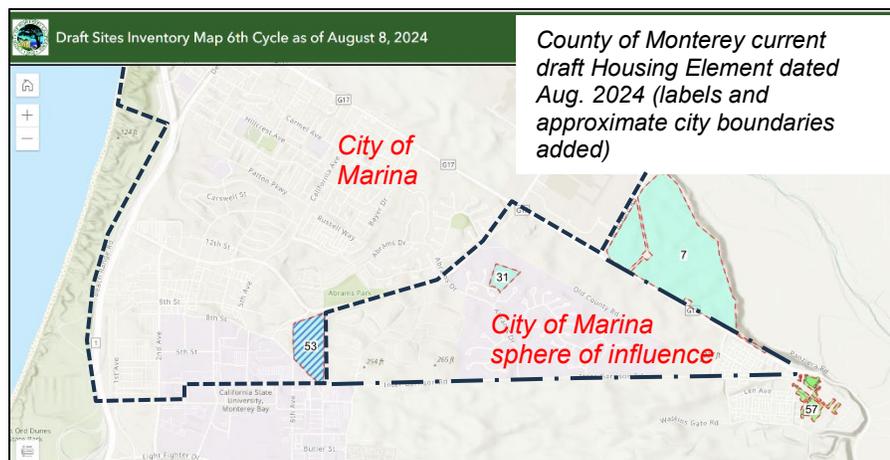


In effect, the MBEST East site is designated for development in both the County and the City, each with its own parameters and standards, but immediately adjacent to the city. This circumstance could form an unintended obstacle to orderly development by creating uncertainty as to what development is allowed or desired in this area. Development occurring in the County’s permitting jurisdiction could also be incompatible with some City goals, plans, or standards. One way of addressing these types of concerns would be for the City and the County to enter into a memorandum of agreement regarding growth and development on the existing city edges.. An MOA could identify additional areas where the City plans to grow in the foreseeable future (i.e., future development areas identified in Marina General Plan 2045, once it is adopted by the City Council) and could involve participation by affected special districts such as the Monterey County Regional Fire District. The idea of a potential Peninsula-area MOA is further discussed below.

The City’s General Plan update process is currently underway. The timing for completion will depend on the City’s public process and schedule. The City has the option to submit a sphere of influence amendment at any time, but is not anticipated to do so until 2026, after the General Plan update is complete. Because the City is not yet ready to initiate a sphere amendment proposal, the Executive Officer recommends that the Commission affirm Marina’s currently adopted sphere of influence with no changes at this time.

Potential Unincorporated Development in and Around the City’s Sphere of Influence

The County of Monterey’s current draft Housing Element identifies an unincorporated housing opportunity site – labeled 31 in the map to the right – within the City of Marina’s designated sphere of influence. The 13-acre site designate a total of up to 131 housing units. Another site (#7) is adjacent to the city’s sphere, in an area where the city’s General Plan



indicates the city intends to expand as discussed above. This site is designated for up to 932 housing units in the County's current draft Housing Element.⁷

The potential for unincorporated (county) development to occur along the city edges – including in a city's existing sphere of influence – is not new or unique in the local context, but it can involve certain disadvantages. If opportunity sites in a city's future growth area are developed under county jurisdiction, this can unintentionally discourage the city's orderly growth and the efficient, city-centered delivery of municipal services, as mentioned above. Unincorporated development, or development designations, within a city's sphere can potentially conflict with the city's land use goals and plans. The addition of county residents adjacent to a city can also increase demands on a variety of city services such as libraries and parks.

One possible mechanism for addressing these types of concerns would be for the City and the County – along with affected special districts such as the Monterey County Regional Fire District – to enter into a memorandum of agreement regarding future growth and development on the city edges. Among other discussion areas, the MOA could address:

- Whether, or under what circumstances, development projects in the city's designated sphere of influence should proceed under county jurisdiction or require annexation into the city first,⁸
- Potential funding agreements for city-adjacent unincorporated development to offset increased demands on city services, and
- A framework for addressing the financial effects of detaching large areas from the tax base of a regional special district such as MCRFD, at such time when city annexations occur in the future.

In addition to establishing more clarity and certainty regarding development along the city edges, these consultations and a possible MOA, would satisfy a requirement of state law for city sphere of influence amendments. The city's current General Plan update, in progress, anticipates three potential future sphere expansions (areas #1-3 on the map on the previous page). Before a city can request a sphere amendment, the Cortese-Knox-Hertzberg Act requires City-County consultation “to reach agreement on development standards and planning and zoning requirements within the sphere to ensure that development within the sphere occurs in a manner that reflects the concerns of the affected city and is accomplished in a manner that promotes the logical and orderly development of areas within the sphere” (Government Code Section 56425).

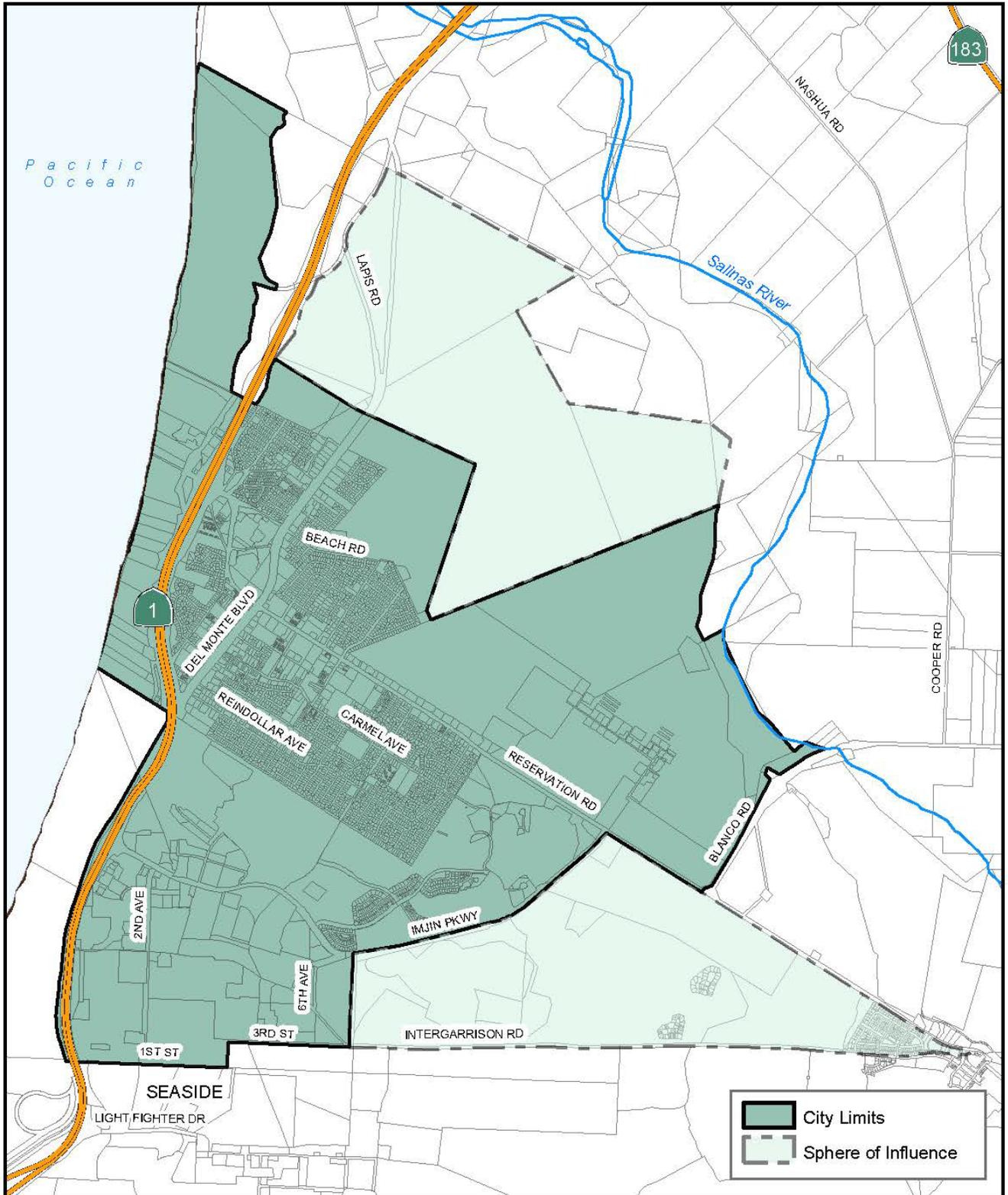
Recommended LAFCO Actions

Based on the information and analysis in this study, the LAFCO Executive Officer recommends that the Commission:

1. Reaffirm the City of Marina's currently designated sphere of influence with no changes at this time, pending completion of the City's General Plan update (in progress),
2. Encourage the City of Marina to clarify, as part of its current General Plan update process, that the City does not intend to annex East Garrison in the foreseeable future, and to consider requesting that LAFCO remove northern East Garrison from the City's sphere of influence as part of a future comprehensive sphere amendment (following completion of the City's General Plan update), and
3. Encourage the City of Marina – along with the County of Monterey, other participating cities, and special districts such as Monterey County Regional Fire District – to consider consulting about future growth and development on the city edges, including in the city's existing and anticipated future sphere of influence. Following these discussions, the parties could consider entering into a memorandum of agreement addressing potential future sphere amendments or annexations, land uses, municipal finances, or other related aspects of future growth and development on the city edges.

⁷ Site #53, owned by the U.C. Regents, is located within the city limits. However, the County's draft states that “The City of Marina has provided a letter of provision allowing the use of the site in the County's Housing Element.” County site #57, in East Garrison, is also adjacent to the city's current sphere. However, this study recommends that this area of city's sphere should be modified (removing the northern third of East Garrison from the city's sphere) following completion of the city's ongoing General Plan update, as discussed above.

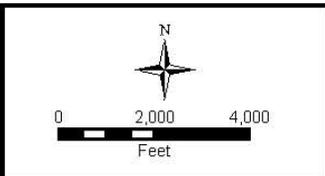
⁸ If annexation is pursued, the City and County would need to address a “no net-loss” provision of State housing law, meaning the City would need to accommodate or possibly rezone additional land if the sites identified in the County Housing Element are not developed to the projected density.



LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
 Salinas, CA 93902
 Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
 Salinas, CA 93901
 FAX (831) 754-5831



CITIES

MARINA

Last LAFCO-Approved Change: 05/28/1985
 Sphere of Influence Affirmed: 01/24/2011
 Map Prepared: 12/14/2012

(blank page)

City of Seaside

Incorporated	1954
Land Area within City Limits (approx.)	8.9 square miles
Designated Sphere of Influence (beyond city limits)	None
Population Includes portion of CSUMB within Seaside	Current: 30,187 (as of 2023) Projected: 30,507 – 2030 31,521 – 2040 32,626 – 2050 (data source: AMBAG)
Annual Revenues Fiscal Year 2024-2025, adopted budget	\$81.1 million

Municipal Services

The City of Seaside directly provides a range of public services and facilities, including fire protection and emergency medical services, parks and recreation; and many others. The Seaside Municipal Water System, operated by the City, provides water to the Del Monte Heights area from an existing well. The remainder of the central core of the City is served by the California American Water Company (Cal-Am). Water service provided by Cal-Am and by the Seaside Municipal Water System currently continues to be constrained due to the overdraft status of the Seaside Basin and a determination that water was being unlawfully diverted from the Carmel River.

Water in much of the former Fort Ord area is provided by the independent Marina Coast Water District. This water supply is also constrained. Most of Marina Coast’s water comes from wells drawing from the Monterey Subbasin of the overdrafted Salinas Valley Groundwater Basin. Availability of potable MCWD water for new development projects is subject to fitting within each city’s allocated amount. However, the district is increasing its use of recycled water to offset and reduce usage of potable water from groundwater sources. LAFCO approved a major expansion of Marina Coast’s jurisdictional boundaries in 2018. In 2022, LAFCO approved annexation of the Campus Town and Parker Flats Apartments sites into Marina Coast. All of the annexed sites were already within city limits.

In the original city limits, wastewater collection services are provided by the Seaside County Sanitation District, which also provides sanitary sewer service to the Cities of Del Rey Oaks and Sand City. The City of Seaside contractually provides staff to this district. Wastewater collection within the former Fort Ord is provided by the Marina Coast Water District.

All of Seaside is within the boundaries of the Monterey Regional Waste Management District, the Monterey-Salinas Transit District, Monterey Peninsula Regional Park District, and Northern Salinas Valley Mosquito Abatement District. The older part of the city, located to the south, is also within the Monterey Peninsula Airport District’s boundary.

The city’s current, 1970s-era fire station is located on Broadway Avenue in central Seaside. The Seaside Fire Department provides fire and emergency medical services to the City of Del Rey Oaks. The Fire Department also has automatic aid agreements with the City of Monterey and mutual aid agreements with fire service agencies countywide.

Portions of the former Fort Ord are still used by, and under the control of, the U.S. Army. In these areas of the city (the Ord



Military Community, or Presidio of Monterey Annex), much of the infrastructure and public services provided are controlled by the Army. This includes streets, police service, and – for the time being – fire protection facilities. These services are provided to the Ord Military Community by the City of Monterey under an intergovernmental support agreement between Monterey and the U.S. Department of the Army. The Presidio of Monterey Fire Department station, located on General Jim Moore Boulevard, is leased from the City of Seaside.

Seaside is the most populous city in the Monterey Peninsula area, at about 30,200 (year 2023 data). Seaside has several major development project in progress, Campus Town being the largest. Substantial additional lands available within city limits, as discussed below. However, according to AMBAG, projected population growth in Seaside is relatively modest. AMBAG projects that Seaside’s population will grow by about 2,450 people (8% overall) through 2050. This growth is comparable to Monterey County as a whole, but less than the two other relatively populous Peninsula cities – Marina (54% total growth) and Monterey (14%).

City Boundaries and Sphere of Influence

No sphere of influence is currently designated beyond city limits. The City does not anticipate any request to amend the sphere in the foreseeable future.

Some of the City’s major priority areas for new growth and development include Campus Town, The Projects at Main Gate, and Seaside Resort located in the former Fort Ord. All of these sites are within the already-existing city limits. Campus Town, the largest of these projects, proposes development of 1,485 housing units, about 200,000 square feet of commercial and office space.

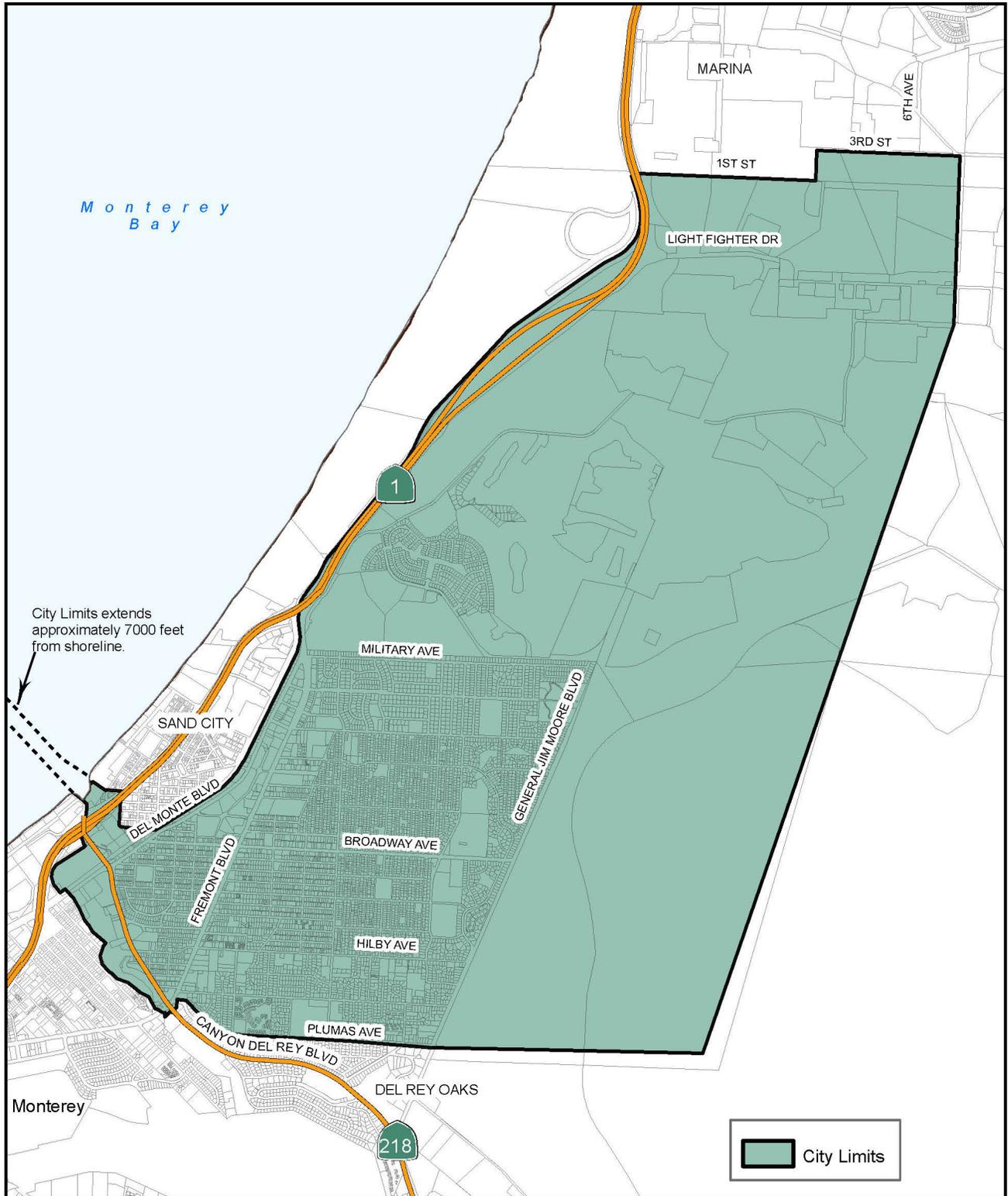


Additional sites are available within the existing city limits for longer-term future development. The largest among these is the Seaside East area, just east of General Jim Moore Boulevard. These parcels are identified as a future specific plan area in the City’s 2040 General Plan. The City’s 2024 decision to adopt the General Plan has been challenged in court by LandWatch Monterey County.

The 710-acre Monterey Downs project was proposed for development, partly in Seaside and partly in the unincorporated county, until the project was discontinued in 2016. There is also a relatively small amount of existing county development in this area, on parcels labeled Future Seaside Public Yard and Army Parcel on the map to the right.



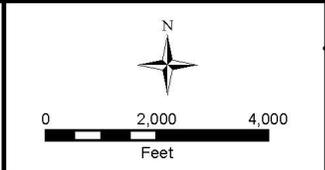
No development project is currently proposed or anticipated on the former Monterey Downs site (either in the city or the county). The City’s recently adopted General Plan does not anticipate any city expansion into currently unincorporated lands. Campus Town, Seaside East, and other undeveloped sites within the already-existing city limits appear to provide several decades, or more, of development capacity.



LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
 Salinas, CA 93902
 Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
 Salinas, CA 93901
 FAX (831) 754-5831



CITIES

SEASIDE

Last LAFCO-Approved Change: 08/23/1983
 Sphere of Influence Affirmed: 01/31/2011
 Map Prepared: 06/22/2012

In the much longer term, the City could conceivably grow into the former Monterey Downs area (north of the Fort Ord National Monument). The County's draft Housing Element for 2023-2031 does not identify any of the former Monterey Downs parcels as a housing opportunity site. However, the County's adopted General Plan continues to designate the site for development, mostly of a single-family residential and office/R&D nature. Any potential future city expansion into this area would necessarily involve extensive city-county consultation and negotiations.

One possible future action would be for the City of Seaside – along with affected special districts and other Peninsula-area cities that interface with potential development sites in the unincorporated county – to enter into a memorandum of agreement with the County of Monterey regarding growth and development along the existing city edges. An MOA could identify any sites where the City of Seaside anticipates expanding in the long term, and consider designating these areas as a future proposed addition to the city's sphere of influence (subject to a LAFCO public hearing process). These consultations and a future MOA could include participation by nearby service districts such as Monterey County Regional Fire District.

Potential Minor Boundary Adjustments

In the future, a minor adjustment of the Seaside-Sand City boundary on three Olympia Avenue parcels (behind Home Depot) would align city boundaries with property ownership lines. City staff is aware of a few other potential minor cleanup-type sphere amendments and annexations in other areas of the city. No formal proposals have yet been initiated for any of these minor adjustments. These or other potential boundary changes will depend on the processes and schedules of the involved public agencies. Therefore, the Executive Officer recommends that the Commission affirm the City of Monterey's currently adopted sphere of influence with no changes at this time.

Recommended LAFCO Actions

Based on the information and analysis in this study, the LAFCO Executive Officer recommends that the Commission:

1. Reaffirm the City of Seaside's currently designated sphere of influence with no changes, and
2. Encourage the City of Seaside – along with the County of Monterey, other participating cities, and special districts such as Monterey County Regional Fire District – to consider consulting about future growth and development on the city edges. Following these discussions, the parties could consider entering into a memorandum of agreement addressing potential future sphere amendments or annexations (if applicable), land uses, municipal finances, or other related aspects of future growth and development on the city edges.

Sand City

Incorporated	1960
Land Area within City Limits (approx.)	0.6 square miles
Designated Sphere of Influence (beyond city limits)	None
Population	Current: 378 (as of 2023) Projected: 1,025 – 2030 1,092 – 2040 1,121 – 2050 <i>(data source: AMBAG)</i>
Annual Revenues Fiscal Year 2024-2025, adopted budget	\$13.4 million

Municipal Services

Sand City directly provides some municipal services such as law enforcement, parks, and a potable water supply. Fire protection and emergency medical response are currently provided by the City of Monterey by contract. Sanitary sewer collection and treatment are performed by Seaside County Sanitation District and Monterey One Water (a joint powers authority), respectively. Seaside County Sanitation District also provides storm drain maintenance for the city.



Sand City is within the boundaries of the following regional special districts: Monterey Regional Waste Management, Monterey Peninsula Regional Parks, Northern Salinas Valley Mosquito Abatement, Monterey Peninsula Airport, and Monterey-Salinas Transit. MST's main Peninsula-serving "Jazz" bus line terminates at Sand City's transit station on Playa Avenue, in the Edgewater Shopping Center. The future Surf! Busway and Bus Rapid Transit Project will provide service from Marina to the Peninsula. Sand City is anticipated to be the southern terminus until additional funding extends service to Monterey.

In 2010, Sand City began producing potable water through desalination. The city's desalination facility now produces up to 300 acre-feet per year of potable water. This municipal facility uses reverse osmosis technology to convert brackish water to potable water for use within the city. The plant allows the city to be independent of the moratorium on new water connections imposed on areas that must rely on Cal-Am water allocations. This project has also helped Cal-Am, the plant's contractual operator, to reduce pumping from its wells on the Carmel River, consistent with state directives. The plant also includes energy recovery devices that reduce its power needs by about 50%.



Desalination facility

In 2022, the city was awarded State Water Resources Control Board grants to help fund a stormwater improvement project on Contra Costa and Catalina Streets. The project will capture, treat, and infiltrate stormwater, thereby reducing urban pollutants entering the Monterey Bay.

The city is planning to build a coastal recreational trail that will connect Calabrese Park and City Hall to Tioga Avenue, cross over Highway 1 to the coast, and then traverse westward through the dunes to an existing viewing platform at the end of West Bay Street. City staff is also developing plans for a new trail connecting the existing, heavily used Monterey Bay Coastal Recreation Trail through Sand City along the former railroad right-of-way now owned by TAMC. This trail segment would start from the intersection

of Canyon Del Rey and Del Monte Boulevards in Seaside (between McDonald's and Starbucks). Within Sand City, the trail will extend from Contra Costa Street northward through the disused rail corridor and along public streets, and connect back to the coastal recreational trail and transit station at Playa Avenue.



Sand City is the least populous city in Monterey County and the fifth-least populated city in California. The 2023 population was 378, up from 334 in 2010. The Sand City population is projected to increase to 1,013 by the year 2050. By percentage, this growth rate (+168%) is far higher than for any other municipality in Monterey County.

Historically, most development in Sand City has been of a commercial and industrial nature, along with a small number of single-family houses. While the residential population of the city is small, commercial and industrial land uses draw an estimated daytime population of employees and shoppers that approaches 10,000. The current Regional Housing Needs Allocation (RHNA) requires Sand City to provide capacity for at least 260 net new residential units through the year 2031. Planned future development in the city's state-certified Housing Element places an increasing emphasis on mixed-use development, including medium- and high-density housing. Future development potential is supported by the existence of a city-owned desalination plant, as mentioned above.

City Boundaries and Sphere of Influence

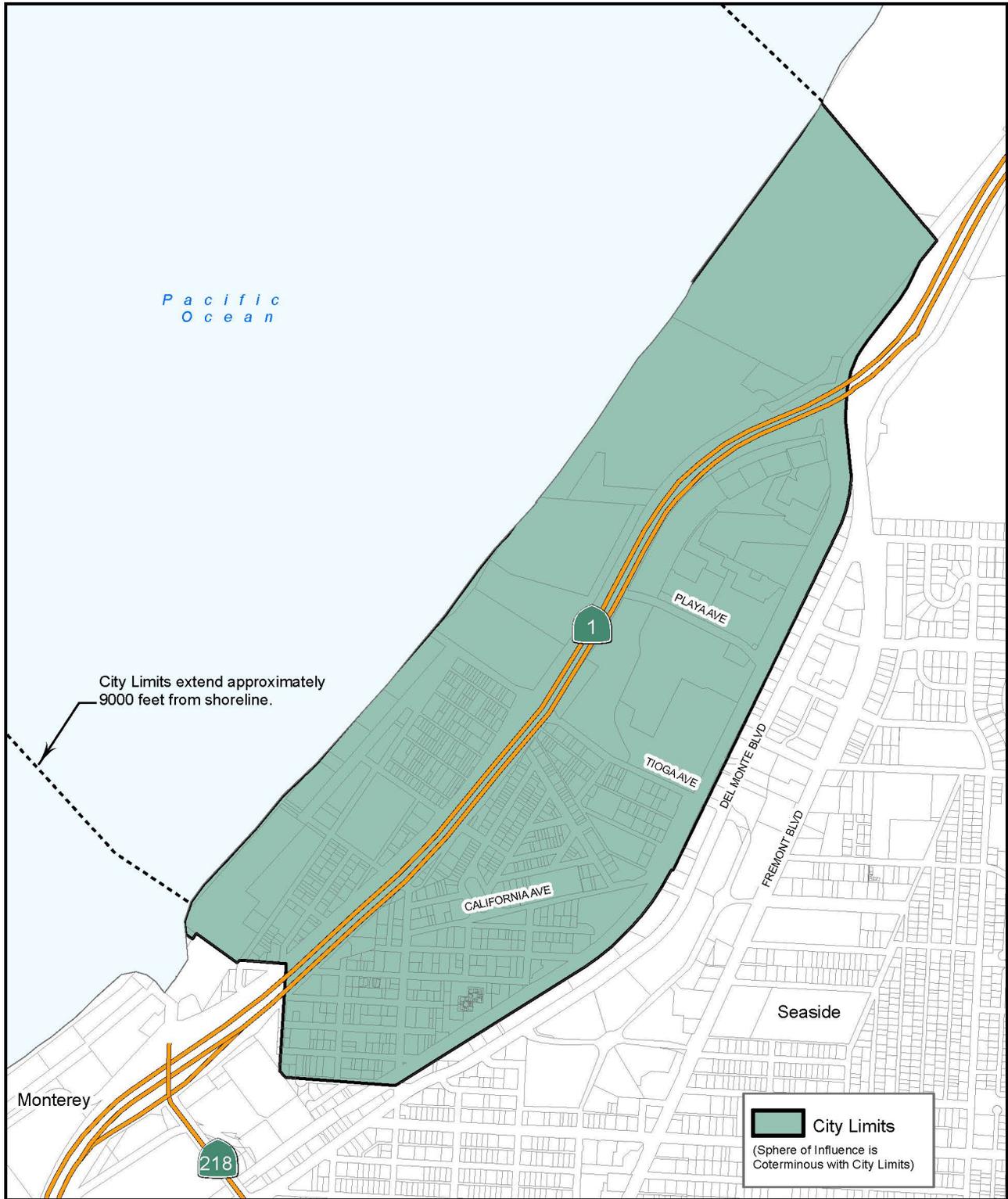
LAFCO designated Sand City's sphere of influence in 1983, with no changes since then. No sphere is designated beyond existing city limits. The city is geographically constrained on all sides. Sand City abuts Fort Ord Dunes State Park to the north and the City of Seaside to the south and east. On the west, the city faces Monterey Bay and extends about two miles into the Bay, corresponding to historic boundary lines of the 19th-century (Mexican era) rancho that included this area. No significant changes to Sand City's boundaries or sphere appear likely in the future. A potential minor boundary adjustment to align property ownership lines with city boundaries, within three parcels located at the end of Olympia Avenue behind The Home Depot, is under review by staff of Sand City, Seaside, and LAFCO.

Although Sand City has no sphere of influence designated (or realistically possible) beyond current city limits, there are substantial sites designated for development within the existing city limits. In January 2024, construction began on a four-story, 215-room hotel on Tioga Avenue across from Costco. The project site is a portion of the city's South of Tioga specific plan area, which will eventually provide up to 356 condominium or apartment units.

Other significant potential future development projects include the Monterey Bay Shores Eco-Resort (184 hotel rooms, 184 condominiums, and a conference center) and The Collection/King Ventures hotel site (up to 342 hotel/resort rooms). Additional development capacity exists within the East Dunes Specific Plan area, which abuts the South of Tioga planning area.

Recommended LAFCO Actions

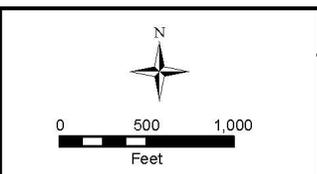
Based on the information and analysis in this study, the LAFCO Executive Officer recommends that the Commission reaffirm the Sand City's currently designated sphere of influence with no changes.



LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
 Salinas, CA 93902
 Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
 Salinas, CA 93901
 FAX (831) 754-5831



CITIES

SAND CITY

Last LAFCO-Approved Change: 08/23/1983
 Sphere of Influence Affirmed: 01/24/2011
 Map Prepared: 06/21/2012

(blank page)

City of Del Rey Oaks

Incorporated	1953
Land Area within City Limits (approx.)	1.1 square miles
Designated Sphere of Influence (beyond city limits)	None
Population	Current: 1,559 (as of 2023) Projected: 1,670 – 2030 1,850 – 2040 1,958 – 2050 <i>(data source: AMBAG)</i>
Annual Revenues Fiscal Year 2024-2025, adopted budget	\$4.8 million

Municipal Services

The City of Del Rey Oaks directly provides some public services and facilities such as law enforcement, parks, street maintenance, and storm drain maintenance. The City of Seaside provides fire protection and emergency medical services by contract.

Within the original city limits, potable water service is provided by the California American Water Company (Cal-Am) and wastewater collection service is provided by the Seaside County Sanitation District. One city neighborhood, Carlton Drive near the Frog Pond Wetland Preserve, is on individual septic systems.

For the former Fort Ord parcels that were annexed to Del Rey Oaks in 1997, city staff anticipates that MCWD will provide water service and SCSD will provide sewer service when these parcels are eventually developed. The former Fort Ord parcels in Del Rey Oaks are within SCSD's district boundary but have not yet been annexed to MCWD. Del Rey Oaks is also within the boundaries of the Monterey Regional Waste Management District, the Monterey-Salinas Transit District, Monterey Peninsula Regional Park District, Northern Salinas Valley Mosquito Abatement District, and Monterey Peninsula Airport District.

In March 2023, the City Council approved an agreement with the Transportation Agency for Monterey County for construction of an initial segment of the Fort Ord Regional Trail and Greenway. Construction of a 1.5-mile trail segment in Del Rey Oaks began in May 2024. When completed, this section of the FORTAG trail network will extend from Ryan Ranch, through Del Rey Oaks and Seaside, to connect with the Monterey Bay Coastal Recreation Trail.

The City is also pursuing improving the intersection of South Boundary Road and General Jim Moore Boulevard, widening and resurfacing South Boundary Road, and undergrounding utilities in this area. Del Rey Oaks received \$8 million from the now-dissolved Fort Ord Reuse Authority to partly fund these infrastructure improvements, and is looking into potential grants to fund additional remaining costs.



With currently about 1,559 residents, Del Rey Oaks has the second-smallest city population in Monterey County. The city is projected to add 402 residents by the year 2050. While numerically small, this population increase (+26% overall) is nevertheless much higher than for Monterey County as a whole (+6%).

City Boundaries and Sphere of Influence

LAFCO designated the city's sphere of influence in 1983. In 1997, 360 acres of the former Fort Ord were added to the sphere and city limits. The City owns these former Fort Ord parcels. The city is mostly 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. The city maintains approximately thirteen acres of parkland. The Monterey Peninsula Regional Park District owns and maintains the 17-acre Frog Pond Wetland Preserve within the city.



Former Fort Ord lands annexed in 1997 have not yet been developed. Most recently in February 2023, the city published a notice of the site's availability for purchase and development. In July 2024, the city entered into an exclusive negotiating agreement with San Francisco-based developer City Ventures to evaluate the feasibility of building housing on the site.

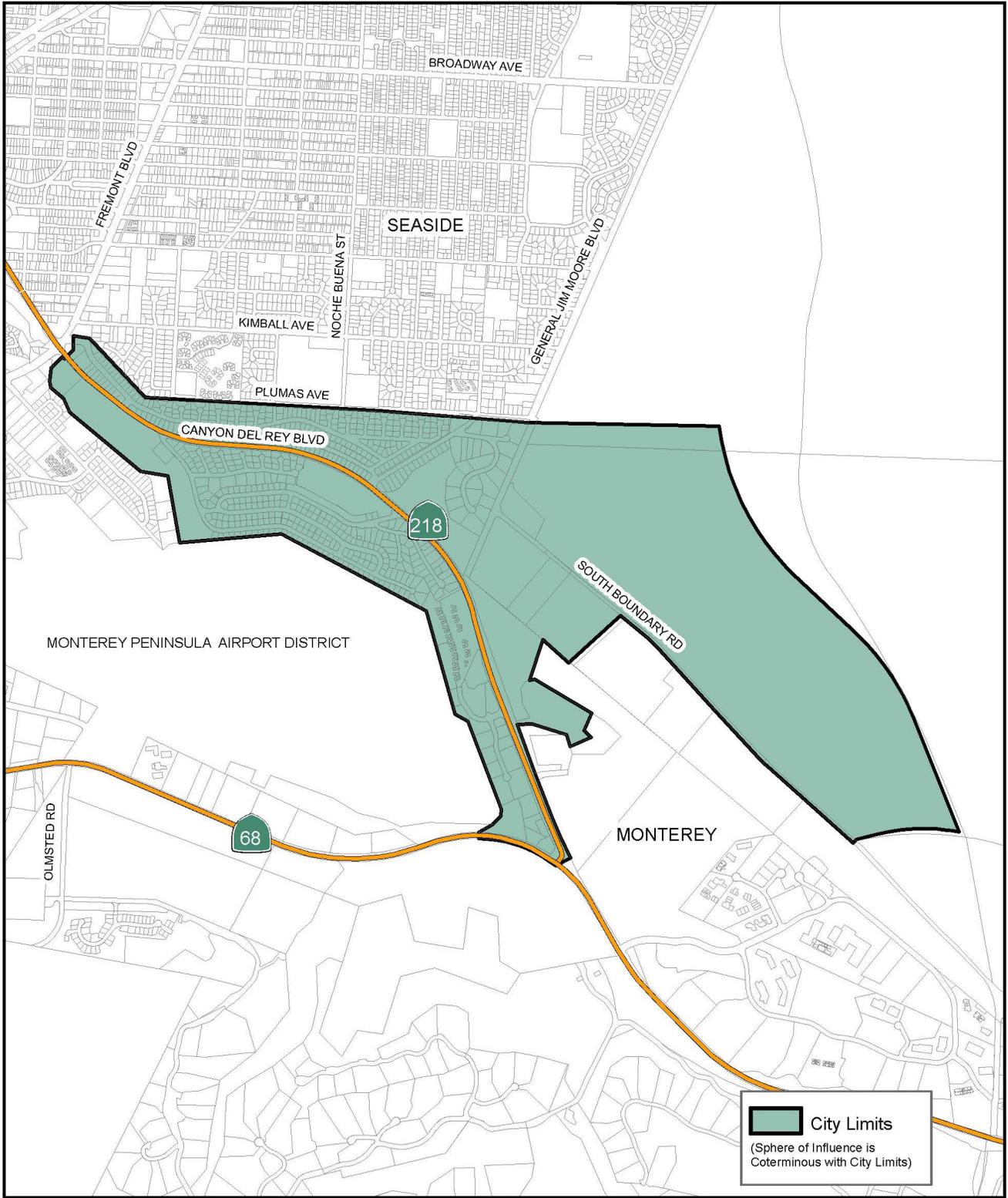
No sphere is currently designated beyond existing city limits. No further city expansion appears likely, in that the city is constrained by Seaside, Monterey, the airport property, and the Fort Ord National Monument.

City staff is aware of a potential minor cleanup-type sphere and boundary adjustment on the south side of Boundary Road, on former Fort Ord lands, that would align city boundaries with property ownership lines. This adjustment consists of detachment from the City Del Rey Oaks, and annexation to the City of Monterey, for a six-acre parcel that Monterey now owns but is still located within Del Rey Oaks City limits. This minor boundary change – or others that may arise in the future – has not yet been filed. The timing will depend on the processes and schedules of the involved public agencies (primarily the City of Monterey). Therefore, the Executive Officer recommends that the Commission affirm the City of Del Rey Oaks currently adopted sphere of influence with no changes at this time.



Recommended LAFCO Actions

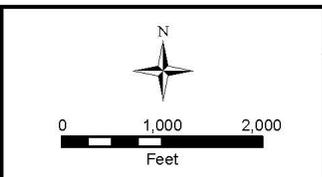
Based on the information and analysis in this study, the LAFCO Executive Officer recommends that the Commission reaffirm the currently designated City of Del Rey Oaks sphere of influence with no changes.



LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
 Salinas, CA 93902
 Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
 Salinas, CA 93901
 FAX (831) 754-5831



CITIES

DEL REY OAKS

Last LAFCO-Approved Change: 07/28/2003
 Sphere of Influence Affirmed: 01/24/2011
 Map Prepared: 06/20/2012

(blank page)

City of Monterey

Incorporated	1850
Land Area within City Limits (approx.)	8.7 square miles
Designated Sphere of Influence (beyond city limits)	Approximately 5,000 acres / 7.8 square miles
Population Includes Defense Language Institute and Naval Postgraduate School	Current: 27,189 (as of 2023) Projected: 28,714 – 2030 29,995 – 2040 30,859 – 2050 (data source: AMBAG)
Annual Revenues Fiscal Year 2024-2025, adopted budget	\$109.2 million

Municipal Services

The City of Monterey directly provides a range of public services and facilities such as police and fire protection, recreation, harbor, cemetery, conference center, regional sports and aquatics center, library, parking, campgrounds, beaches, and wastewater collection services. Potable water service is provided by Cal-Am. Wastewater treatment is provided by Monterey One Water. Monterey is within the boundaries of the Monterey Regional Waste Management District, the Monterey-Salinas Transit District, Monterey Peninsula Regional Park District, Monterey Peninsula Airport District, and Northern Salinas Valley Mosquito Abatement District.

Monterey is a leader in promoting government partnerships at the local and federal levels. The City provides services to government agencies as outlined below:

- Fire and emergency medical services to Carmel-by-the-Sea, Pacific Grove, Sand City, Monterey Peninsula Airport District, and U.S. Navy (Naval Postgraduate School and La Mesa Village housing)
- Fleet maintenance services to Carmel-by-the-Sea, Pacific Grove, Monterey Peninsula Regional Park District, and Monterey Peninsula Water Management District
- Maintenance, engineering, transportation planning, and forestry services (maintenance of buildings, streets, sewers, storm drains and water systems, forestry, and other special projects) to the U.S. Army at the Presidio of Monterey, Ord Military Community, and U.S. Army Signal Activity – Camp Roberts
- Internet and network service to the U.S. Navy (Naval Postgraduate School), National Weather Service, California State Parks, Monterey Peninsula Water Management District, Monterey One Water, and Monterey-Salinas Transit.
- Limited tree maintenance services to Seaside

The City's provision of services to the military has allowed Monterey to benefit from economies of scale and expand its services. In recent years, the City has annually provided approximately \$11 million in municipal services to the U.S. Army at the Presidio of Monterey, Ord Military Community, and U.S. Army Signal Activity – Camp Roberts. The existing federal contract with the Army continues to be fully funded by the federal government and provides several hundred thousand dollars in revenue annually to the City to help pay for the cost of administering the program.

AMBAG anticipates substantial growth within the City of Monterey through the year 2050. The currently projected increase of about 3,700 residents by 2050 is the second-highest in the Peninsula area, after Marina.

Aging City Facilities

The need for costly building upgrades is a substantial concern that the City of Monterey recognizes. In a February 2024 State of the City address, the city manager discussed the need to invest in upgrading or replacing city buildings such as the library (cost estimate \$20 million to \$50 million), the police and fire headquarters (up to \$150 million), and many other city facilities. The city manager also identified that the City typically allocates only about 2% of its general fund revenues to the Capital Improvement Program. He stated that this amount (about \$2 million) has remained relatively constant over the last 20 years. The City is continuing to work on identifying priority projects and funding mechanisms for aging infrastructure.

Fire Protection and Emergency Medical Services

The Monterey Fire Department currently provides fire services and emergency medical response to a wider community of about 55,000 people, about half of whom are City of Monterey residents. MFD operates out of six permanent stations: Three within the City of Monterey (on Pacific Street, Hawthorne Street, and Dela Vina Avenue), and one each in Pacific Grove, Carmel, and a new station on the north side of the Monterey Peninsula Airport District runway. At present, there is also a temporary modular building, on the south side of the airport property, which MFD operates out of during the day (8:00 AM to 8:00 PM). Fire Station 11 on Pacific Street is served by two companies (one engine and one ladder truck).

In 2022, the City hired a private consultant, Citygate Associates, to prepare a comprehensive Community Risk Assessment and Standards of Cover report for MFD. The Citygate report documented MFD's quick response times and stated, "In Citygate's more than 20 years of conducting fire service deployment studies, very few client agencies have met all the key best practice response performance measures to the same degree as the Monterey Fire Department."

Fire/EMS Services to the Monterey Peninsula Airport District

The Airport District is an independent special district that overlays much of the Peninsula area. The District's regional airport facility is mostly located in the unincorporated county, adjacent to – but outside of – the City of Monterey. A portion of the airport is located in the City of Monterey near the intersection of Olmsted Road and Highway 68. The Airport District is legally responsible for providing fire protection on the airport site, but not off-airport. The City of Monterey Fire Department provides "extraterritorial" (out-of-agency) services to the airport property by contract.

Before 2014, the Airport District operated its own fire services. Beginning in 2014, the District contracted with the City of Monterey to staffing for airport rescue firefighting (ARFF), fire protection, and emergency medical services (EMS) response. When the City of Monterey began serving as the District's Fire Department, the City hired the District's firefighters into the City's fire department. Under this cost-sharing service model, City firefighters operate out of an Airport District-owned fire station located on the airport property. The City utilizes District-owned fire vehicles to provide fire and EMS coverage both on-airport and to nearby neighborhoods located both in and outside of Monterey city limits.

Until 2023, the Airport District's former fire station was located on the south side of the runway. The District relocated the fire station to the north side of the runway after planning and constructing a new ARFF facility over the last several years. In 2022, the District initiated a Request-for-Proposals process to consider and evaluate alternative fire and EMS service providers at the relocated ARFF facility. The City of Monterey and a private firefighting company (Pro-Tec) submitted proposals. In April 2023, the District selected the City of Monterey as the fire and EMS service provider. In August 2023, the Monterey City Council and the Airport District's Board of Directors ratified an updated fire and EMS agreement to continue services.

In October 2023, the Airport District opened its new ARFF fire station facility on the north side of the airport and, in December 2023, demolished the old fire station on the south side of the airport. The Monterey Fire Department staffs the new airport ARFF fire station facility 24 hours a day.

Per the City-Airport contract for services, fire personnel at the north-side ARFF facility shall only respond to on-airport incidents, unless mutual aid is requested for an off-airport emergency. Emergency response from the new north-side ARFF fire station to areas south of the runway involves constraints that are necessary for public safety in an airport environment. For example, permission from the traffic control tower is needed to travel either across the runway or via the airport's west perimeter road. City staff have also expressed that, because of an on-site gate location, responding run times from the ARFF station to certain areas of the airport property (short- and long-term parking lots, airport terminal, rental car center, and traffic control tower) will increase as it requires off-airport travel through the Casanova Oak Knoll neighborhood, resulting in longer emergency response times to those specific locations. However, Airport District management's view is that on-airport gate access and travel are similar to when the ARFF facility was in its prior southside location, and no areas of the airport property are experiencing new access problems or delays because of the new ARFF location.

To ensure quick and appropriate response times, the City has placed a temporary modular building south of the runway near the short-term parking lot, closer and more accessible to the Airport District's facilities, as well as commercial and residential areas along the Highway 68 corridor. The City's fire personnel currently operate out of the temporary modular building from 10:00 a.m. to 7:00 p.m. From 7:00 p.m. to 10:00 a.m., fire personnel and their apparatus (fire engines, etc.) relocate to the north-side ARFF fire station.

Looking to the future, the City is researching the feasibility of developing a permanent fire station, in or near the Highway 68 corridor, to replace the temporary modular building. The City intends for the new fire station to serve – and enable shorter travel times to – both the Airport terminal areas and Highway 68 corridor. Other potential options that the City of Monterey has identified include:

- Working with the Airport District and Caltrans to explore direct emergency-vehicle-only access from the airport's west perimeter road to Highway 68, or
- Working with the Airport District and City of Del Rey Oaks to create an emergency-vehicle-only access from the east perimeter road to Del Rey Oaks, allowing direct access to Highway 218 and Highway 68. (In previous years, discussions about possibly creating an access point through Del Rey Oaks have not come to fruition, but a future agreement remains a possibility).

In the City's analysis, either of these two options would allow a Type 1 (structure fire) engine to respond from the airport's ARFF fire station to the Highway 68 corridor communities with significantly faster response times. As previously mentioned, the Airport District is only responsible for providing on-airport fire and emergency medical services. The existing facilities and service agreement are carrying out those obligations, and – on the whole – the City and Airport District have a successful, longstanding partnership.

Fire/EMS Services and Potential Growth in the Highway 68 Corridor

Monterey's current city limits extend along the Highway 68 corridor to York Road, including developed neighborhoods along Aguajito and Josselyn Canyon Roads. In addition, the city's LAFCO-designated sphere of influence – i.e., the city's future growth area – which totals about 5,000 acres, is mainly located along Highway 68. The City's General Plan, including the newly approved Housing Element, does not anticipate expanding into the sphere of influence area in the near future. However, much of the city's sphere – and beyond – in the Highway 68 corridor has already been developed under the County's jurisdiction. In the future, additional substantial growth development is likely to occur in the Highway 68 corridor as discussed in the next section, below.

The City provides automatic aid and mutual aid to unincorporated areas along the 68 Corridor, under existing, longstanding agreements among fire/EMS agencies in Monterey County. Depending on a service call's location, the City's Type 1 (structure) fire engine at the Monterey Airport's temporary location is often the closest fire response company. In the unincorporated county, Monterey County Regional Fire District's nearest station is located at Laureles Grade, six miles east of Olmsted Road.

The County of Monterey is in the process of updating its own General Plan’s Housing Element. In May 2024, an initial draft identified the potential to develop up to 1,418 housing units on several parcels in the Tarpey Flats area. These parcels are located south of the airport, within the city’s sphere of influence. In June 2024, in a Housing Element comment letter to the County, the City of Monterey expressed concern that “further development in the Tarpey Flats area would increase the demand on the City without any commitment or plan to fund fire service needs in the area or reimburse the City of Monterey for providing primary fire and emergency service response to the 1,418 units that are proposed to be built.” The letter stated that “the City requests a shared funding plan between the City and MCRFD for a new fire station and the ongoing operational costs of a new fire station in the Tarpey Flats area before any additional housing units are approved or built as presented in the draft Housing Element.” The City’s letter also expressed concern about potential impacts on other services such as law enforcement, parks, and libraries.

Subsequent to the City’s June 2024 letter, the County has removed the Tarpey Flats parcels from the revised draft Housing Element for the current (2023-2031) Regional Housing Needs Allocation housing cycle. These parcels are no longer under consideration as housing opportunity sites in the County’s revised draft Housing Element. However, in the longer-term outlook,



the Tarpey Flats area remains likely to eventually be developed. In addition, the County’s revised draft Housing Element continues to identify other Highway 68 corridor housing opportunity sites (further east, by York Road) both in and adjacent to the city’s designated sphere of influence, as discussed under the City Boundaries and Sphere of Influence section, below.

As stated earlier, the City of Monterey continues to explore ways to partner with local public agencies and potentially Caltrans regarding provision of fire protection, emergency medical response, and emergency vehicle access in the Highway 68 corridor. This study’s recommended LAFCO actions include encouraging the City to continue to explore partnership opportunities in this regard.

City Boundaries and Sphere of Influence

The city limits contain a land area of approximately 8.7 square miles. The city’s sphere of influence, outside the city limits, is about 7.8 square miles. The sphere was first adopted in 1983. In 2003, LAFCO approved a sphere amendment and concurrent annexation of about 138 acres of the former Fort Ord to the city. The unincorporated sphere of influence includes older residential neighborhoods around Aguajito and Josselyn Canyon Roads. These neighborhoods are largely “built out” at low-to-medium residential densities.

Newer subdivisions (Monterra, Tehama, and Laguna Seca Ranch, Pasadera, Hidden Hills, and other neighborhoods), with some vacant parcels, are located further east within the sphere. The unincorporated sphere also includes several hundred acres of open space owned by the Pebble Beach Company and park lands owned by the County of Monterey. Nearby, and within the city limits are Montage Health’s Westland House rehabilitation and hospice care facility, and the 135-acre Old Capitol site that the Pebble Beach Company deeded to the City of Monterey in 2019 for open-space uses.

Most of this overall area has a limited potential for new, additional development. The City’s adopted General Plan, including the recent Housing Element update approved by City Council in July 2024, does not anticipate expanding into the city’s sphere of influence – or annexing into the existing unincorporated sphere – in the near future. However, City staff is aware of several potential sphere amendments, detachments, and annexations that would align city boundaries with property ownership lines. Some of these sites include:

- Monterey Peninsula Airport District: The City and the Airport District entered into a Memorandum of Understanding in August 2023 to negotiate the potential detachment of several airport-owned parcels along Olmsted Road and Highway 68
- South Boundary Road: Annexation to the city of a six-acre parcel that Monterey now owns but is still located within Del Rey Oaks City limits
- Presidio of Monterey: Annexation of a seven-acre parcel near the SFB Morse Gate (the only Presidio parcel that is not within the City of Monterey)

In addition, there is a small (four-parcel) residential area in the unincorporated area, accessed from Casanova Avenue, that could benefit from joining the City of Monterey if the residents were to express interest in doing so in the future. This area is shown in the aerial photo to the right.



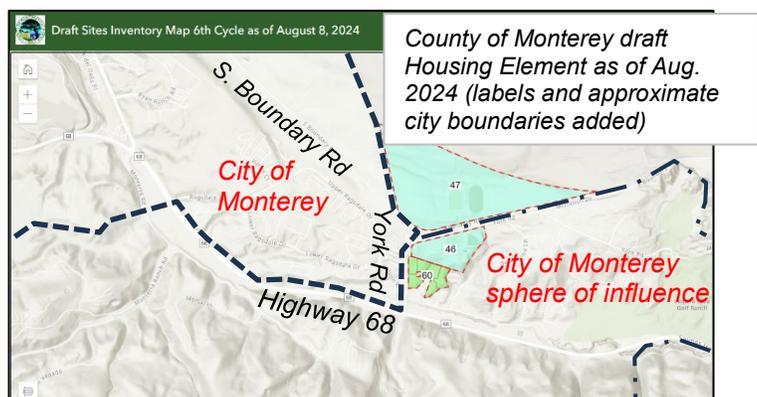
No formal proposals have yet been initiated for any of these minor adjustments. These potential boundary changes – or others that may come to light in the future – will depend on the processes and schedules of the involved public agencies. Therefore, the Executive Officer recommends that the Commission affirm the City of Monterey’s currently adopted sphere of influence with no changes at this time.

Potential Unincorporated Development in and Adjacent to the City’s Sphere of Influence

Most of the overall area within the city’s designated sphere has a limited potential for new, additional development. One exception is the Tarpey Flats area, located across Highway 68 from the airport. An initial draft of the County of Monterey’s in-progress Housing Element identified housing opportunity sites with capacity for up to 1,418 housing units at Tarpey Flats, as discussed above. The County has now withdrawn these parcels from its Housing Element. However, Tarpey Flats remains a likely long-term future development site.

In addition, the County’s current draft Housing Element identifies three Highway 68 corridor housing opportunity sites in and adjacent to the city’s designated sphere of influence, as shown in the map below. Sites #46 and 60, within the city’s existing sphere of influence, are designated in the County’s current draft Housing Element for a total of 171 housing units. Site #47, adjacent to the city’s sphere, is designated for an additional 60 units.

The potential for unincorporated (county) development occurring in and adjacent to the city’s sphere of influence is not a new or unique phenomenon. In this instance, much of the city’s sphere has already been developed under County jurisdiction. However, this type of development pattern does bring with it some disadvantages. If opportunity sites in a city’s future growth area are developed under county jurisdiction, this can unintentionally discourage the city’s orderly growth and the efficient, city-centered delivery of municipal services. Unincorporated development, or development designations, within a city’s sphere can potentially conflict with the city’s land use goals and plans. The addition of county residents adjacent to a city can also increase demands on a variety of city services such as libraries and parks.



One possible mechanism for addressing these considerations would be for the City and the County – along with regional special districts such as the Monterey County Regional Fire District – to enter into a formal memorandum of agreement regarding future growth and development on the city edges. Among other discussion areas, the MOA could address:

- Whether, or under what circumstances, development projects in the city’s designated sphere of influence should proceed under county jurisdiction or require annexation into the city first,⁹
- Potential funding agreements for city-adjacent unincorporated development to offset increased demands on city services, and
- A framework for addressing the financial effects of detaching large areas from the tax base of a regional special district such as MCRFD, at such time when city annexations occur in the future.

Recommended LAFCO Actions

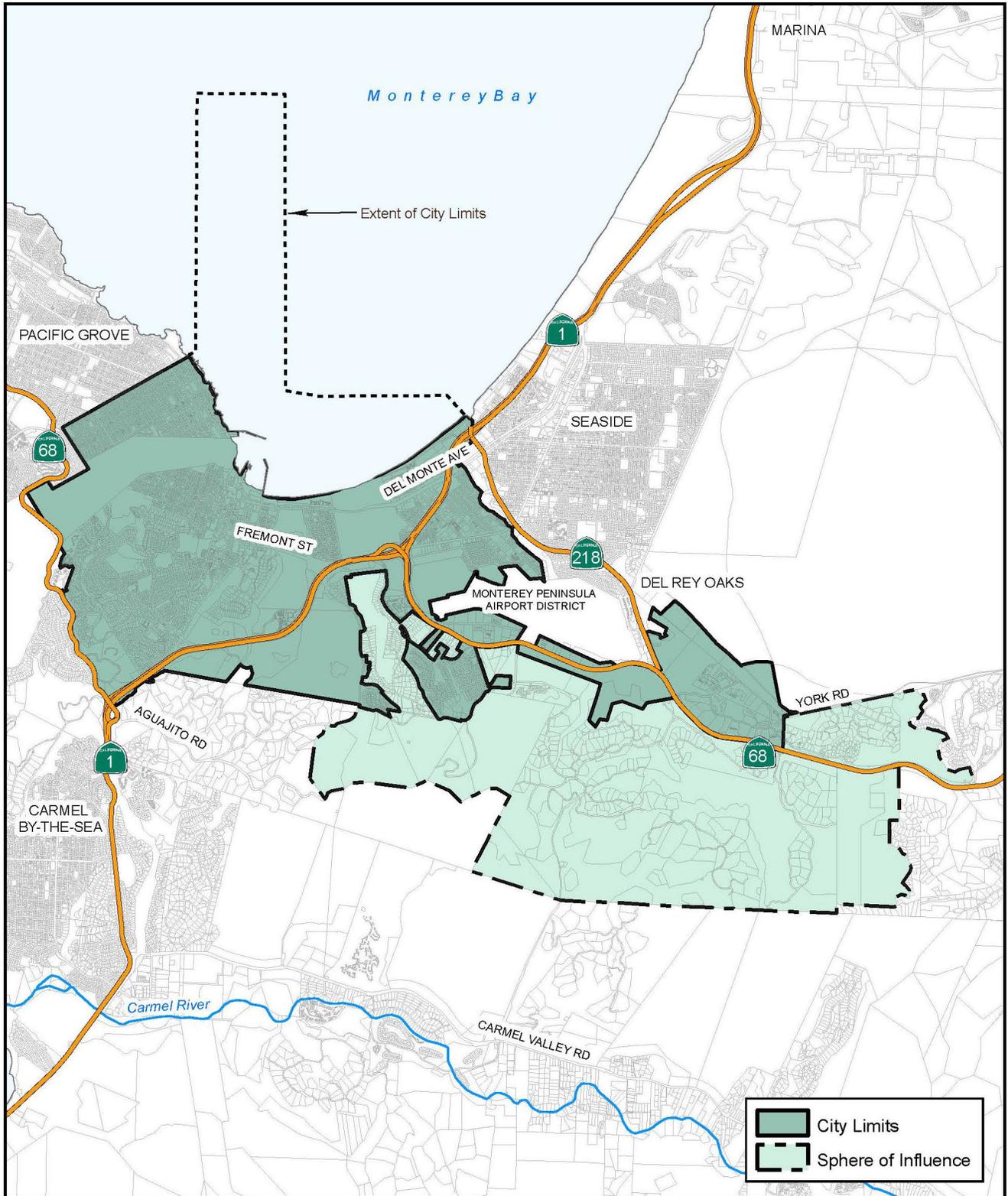
Based on the information and analysis in this study, the LAFCO Executive Officer recommends that the Commission:

1. Reaffirm the City of Monterey’s currently designated sphere of influence with no changes;
2. Encourage the City of Monterey to continue to explore ways to partner with local agencies such as Monterey County Regional Fire District, Cypress Fire Protection District, Monterey Peninsula Airport District, and Del Rey Oaks, as well as the California Department of Transportation (Caltrans), regarding fire protection, emergency medical response, and emergency vehicle access in the Highway 68 corridor as needs and opportunities evolve in the future.

(Note: The City and the other local agencies mentioned above are only responsible to provide fire protection and emergency medical response in their respective jurisdictions but could potentially benefit from a cooperative funding agreement, joint powers authority, other collaborative service delivery model, or additional emergency vehicle access. Participation in any future discussions or agreements would be at the discretion of the agencies themselves); and

3. Encourage the City of Monterey – along with the County of Monterey, other participating cities, and special districts such as Monterey County Regional and Cypress Fire Protection Districts – to consider consulting about future growth and development on the city edges, including the city sphere of influence. Following these discussions, the parties could consider entering into a memorandum of agreement addressing potential future annexations, land uses, municipal finances, or other related aspects of future growth and development on the city edges.

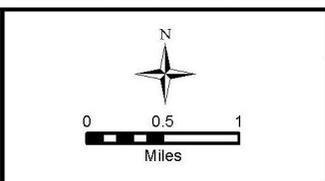
⁹ If annexation is pursued, the City and County would need to address a “no net-loss” provision of State housing law, meaning the City would need to accommodate or possibly rezone additional land if the sites identified in the County Housing Element are not developed to the projected density.



LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
 Salinas, CA 93902
 Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
 Salinas, CA 93901
 FAX (831) 754-5831



CITIES

MONTEREY

Last LAFCO-Approved Change: 09/22/2003
 Sphere of Influence Affirmed: 01/24/2011
 Map Prepared: 06/20/2012

(blank page)

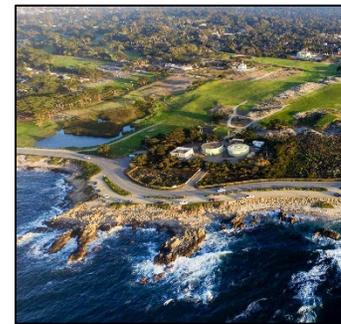
City of Pacific Grove

Incorporated	1889
Land Area within City Limits (approx.)	2.9 square miles
Designated Sphere of Influence (beyond city limits)	None
Population	Current: 14,872 (as of 2023) Projected: 15,223 – 2030 15,602 – 2040 15,894 – 2050 (data source: AMBAG)
Annual Revenues Fiscal Year 2024-2025, adopted budget	\$44.7 million

Municipal Services

The City of Pacific Grove directly provides a broad range of public services and facilities, including a municipal golf course. Fire protection and emergency medical services are provided by the City of Monterey via contract. Cal-Am – an investor-owned utility – is the water service provider.

Decades ago, Pacific Grove operated its own municipal wastewater treatment plant at Point Piños, next to the lighthouse and golf course. Most of the city’s wastewater treatment needs are now met by pumping effluent to the Monterey One Water (MIW) joint powers authority’s regional plant outside Marina. However, in 2017, the city repurposed its old treatment plant into a 250,000 gallon-per-day (125 acre-feet per year) water recycling facility. Renovating and reusing two existing tanks onsite provided 650,000 gallons of recycled water storage and eliminated the need and expense of constructing new tanks. This facility, which provides non-potable water supply for landscape irrigation uses by the city, indirectly reduces demands on Cal-Am water and potable recycled water produced by MIW.



Pacific Grove is within the boundaries of the Monterey Regional Waste Management District, Monterey-Salinas Transit District, Monterey Peninsula Regional Park District, Monterey Peninsula Airport District, and Northern Salinas Valley Mosquito Abatement District.

Pacific Grove’s current (2023) population of about 14,900 is projected to grow to about 15,900 by 2050. By percentage, this amount of population growth (+7% overall within this interval) is about the same as for Monterey County as a whole (+6%).

City Boundaries and Sphere of Influence

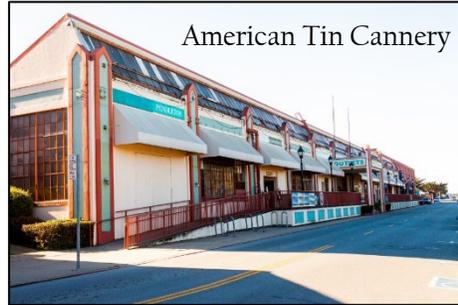
LAFCO designated Pacific Grove’s sphere of influence in 1986. No sphere is designated beyond the existing city limits. The city is constrained by the Pacific Ocean, the City of Monterey, and the Del Monte Forest (Pebble Beach) unincorporated community. Therefore, no future expansions are realistically likely.

In 2022, LAFCO approved annexation of the three-acre former Mission Linen parcel, a county island that was completely surrounded by incorporated Pacific Grove. The annexation process included successful negotiation of a memorandum of agreement between the City of P.G. and the Pebble Beach Community Services District. Under the MOA, the City and District agreed that the Mission Linen parcel would remain within PBCSD’s boundaries following annexation. The District thereby retains the site’s future

wastewater flows within the District's own wastewater collections system for producing recycled water at the Carmel Area Wastewater District's treatment plant, pursuant to established agreements and relationships between PBCSD and CAWD.

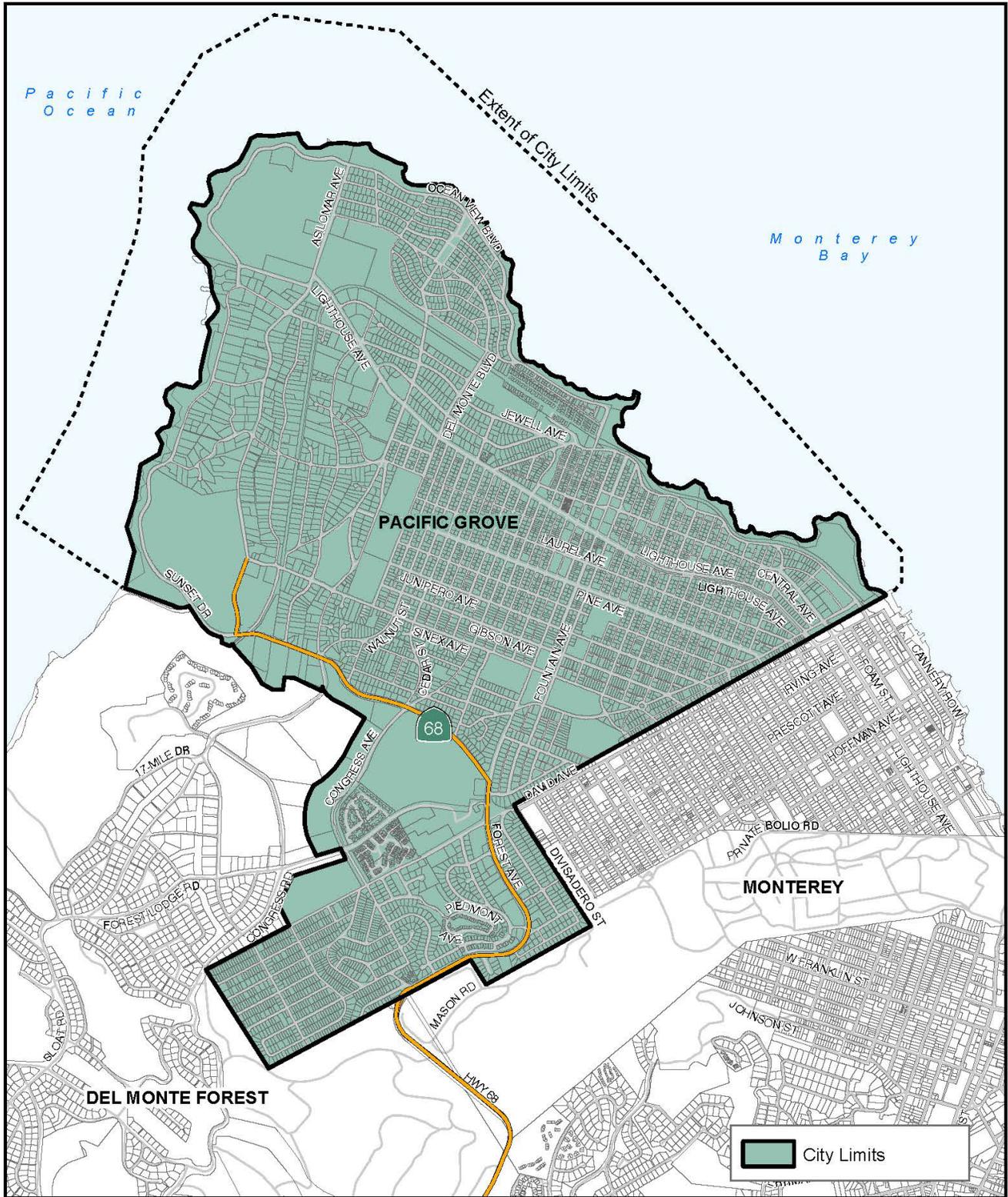


Pacific Grove is the second-oldest incorporated city on the Monterey Peninsula, and is generally built out. Along with Mission Linen, another significant development site within city limits is the 5.6-acre American Tin Cannery. This building, adjacent to Cannery Row, was constructed in 1926 as sardine can production plant. Currently an underutilized commercial center, the 225-room ATC Hotel and Commercial Project was approved by the City Council in 2022. Following an appeal, the Coastal Commission approved a reduced project in April 2024. Litigation is ongoing.



Recommended LAFCO Actions

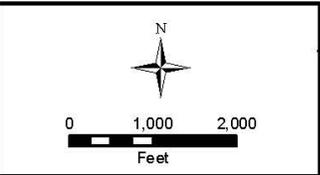
Based on the information and analysis in this study, the LAFCO Executive Officer recommends that the Commission reaffirm the currently designated City of Pacific Grove sphere of influence with no changes.



LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369
 Salinas, CA 93902
 Telephone (831) 754-5838

132 W. Gabilan St., Suite 102
 Salinas, CA 93901
 FAX (831) 754-5831



CITIES

PACIFIC GROVE

Last LAFCO-Approved Change: 02/28/2022
 Map Prepared: 12/12/2022

(blank page)

City of Carmel-by-the-Sea

Incorporated	1916
Land Area within City Limits (approx.)	1.1 square miles
Designated Sphere of Influence (beyond city limits)	Approximately 850 acres / 1.3 square miles
Population	Current: 3,105 (as of 2023) Projected: 2,881 – 2030 3,018 – 2040 3,082 – 2050 (data source: AMBAG)
Annual Revenues Fiscal Year 2024-2025, adopted budget	\$31.4 million

Municipal Services

The City of Carmel-by-the-Sea directly provides a variety of public services and facilities, including law enforcement, libraries, parks, and street maintenance. Fire protection and emergency medical response are provided by the City of Monterey via contract. The city administers an ambulance service. Carmel Ambulance staff are city employees who work closely with Monterey Fire staff housed at the Carmel Fire Station.

Cal-Am (an investor-owned utility) is the water service provider, and Carmel Area Wastewater District provides wastewater collection, treatment, and recycling. Carmel is within the boundaries of the Monterey Regional Waste Management District, Monterey-Salinas Transit District, Monterey Peninsula Regional Park District, Monterey Peninsula Airport District, and Northern Salinas Valley Mosquito Abatement District.

The City of Carmel-by-the-Sea provides traffic enforcement services within Pacific Grove. These two cities also cooperate on animal control and parking enforcement.

The city is currently studying options for replacing or rehabilitating the existing, 1960s-era police station. In 2023, the City Council engaged a consulting firm with expertise in law enforcement facilities. The consultants concluded that rehabilitating the existing station could cost up to \$11 million. The cost estimate for building a new station is up to \$20 million.



Carmel's population shrank considerably (by about 600 residents, or 16%) between 2010 and 2023. There are currently about 3,100 residents (2023 data). Carmel is the only Peninsula-area city whose population is projected to decrease (by 24 residents, or about 1%) through the year 2050. Nevertheless, the current Regional Housing Needs Allocation, or RHNA, requires Carmel to provide capacity for development of at least 349 net new residential units through the year 2031. The city has complied with its RHNA obligations by adopting an updated – and now state-certified – General Plan Housing Element in April 2024.

City Boundaries and Sphere of Influence

LAFCO adopted a sphere of influence for the City of Carmel-by-the-Sea in 1986. There have been no annexations or changes to the sphere since that time. The unincorporated sphere surrounds the city on

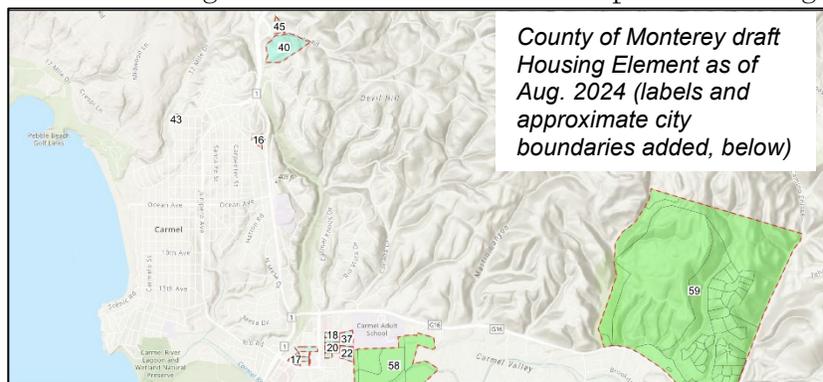
three sides and, at about 850 acres in area, is around 25% larger than the city itself. This relatively large sphere is mostly developed as single-family detached residences (unincorporated communities of Carmel Woods, Hatton Fields, Mission Fields, Mission Tract, Carmel Point, and Carmel Hills) on lots designated by the County General Plan for medium-density housing. Portions of the sphere, located south of the city limits, are designated for beach and wetlands, public/quasi-public uses, and visitor-serving uses. Parts of the sphere are located within the 100-year floodplain of the Carmel River. Areas in the city's sphere currently receive all needed municipal services through a network of public and private service providers.

For the most part, the city has no plans to either propose expansion of its designated sphere of influence or pursue annexation of areas within the existing sphere. The city may be interested in annexing a city-owned, 6.6-acre parcel (APN 009-521-002). This site, located between the Carmel Mission and the Carmel Area Wastewater District's wastewater treatment facility, is adjacent to the city limits and is within the city's designated sphere. The site is currently used by the city for storage and is not open to the public. Discussions are underway among the city, CAWD, and regional partner agencies about possibly developing this site as a passive open space (Rio Park). A publicly available open space on this site, along with improvements to CAWD's existing bridge over the Carmel River, would improve connectivity of various off-street trail systems in this area. Annexation of this site into the city is not necessarily a required element of achieving this project, but annexation could help facilitate the project moving forward. The timing of this potential annexation depends on the implementation processes and schedules of the agencies involved.

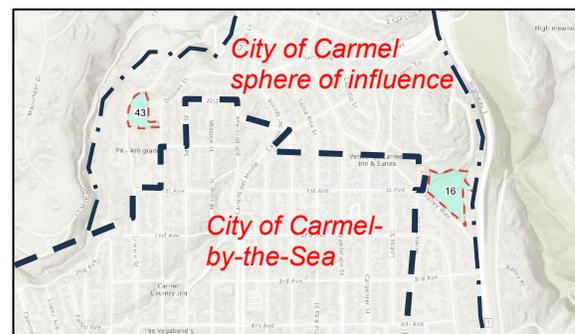


Potential Unincorporated Development in and Around the City's Sphere of Influence

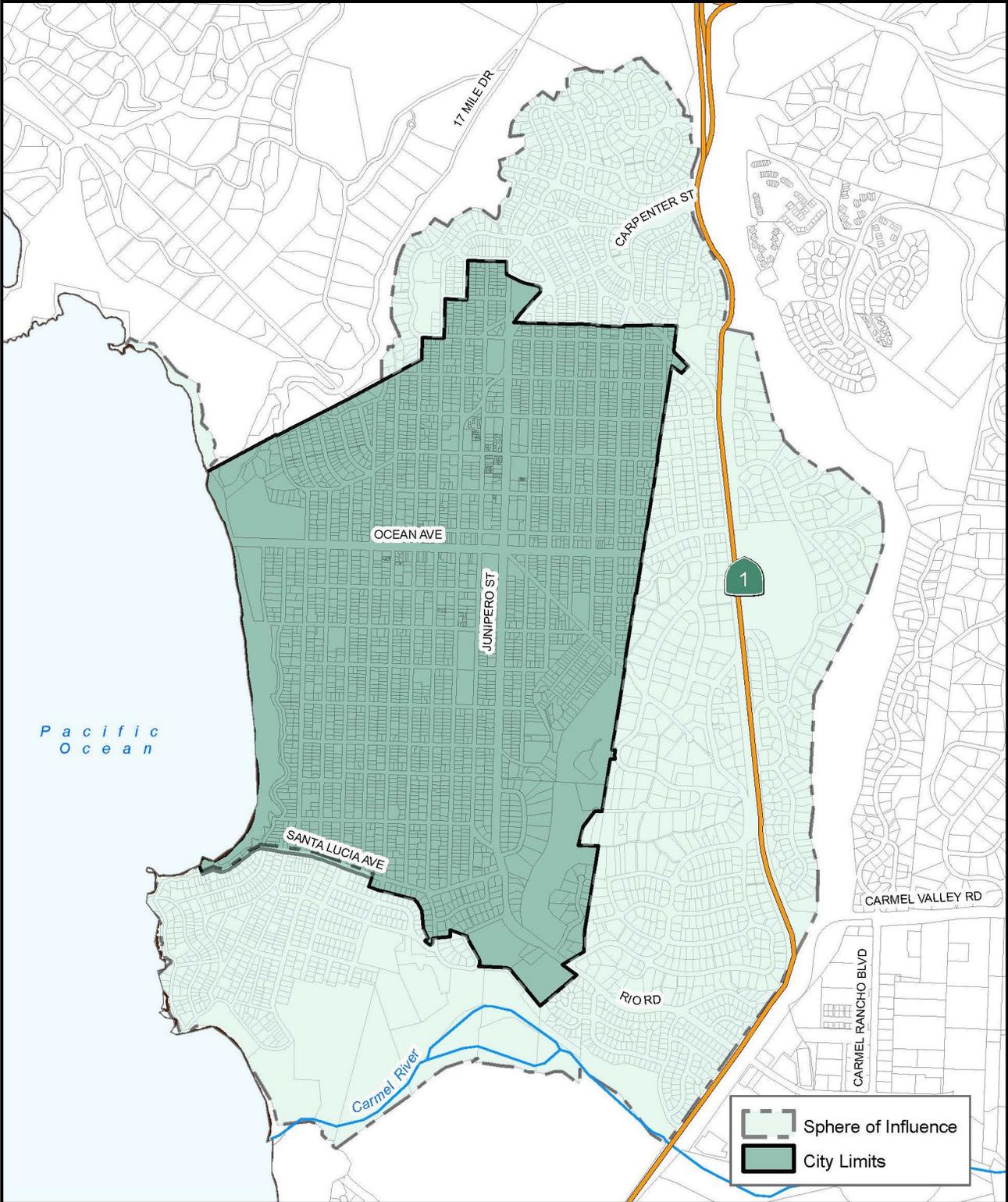
The County of Monterey's current draft Housing Element identifies 10 unincorporated housing opportunity sites in the Carmel and Carmel Valley area. Eight of these sites are located east of Highway 1, outside – but partly adjacent to – the city's designated sphere.



Two of the County's identified sites, labeled 43 and 16 in the maps to the right, are in the city's sphere. Site 43, which is just north of Stevenson Elementary School, is designated for development of 23 housing units. Site 16, across Valley Way from the existing city limits, is designated for 52 units.

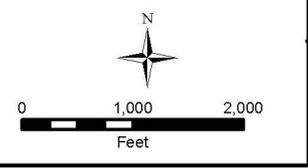


The existence of potential unincorporated (county) development in and adjacent to a city's sphere of influence is not new or unusual in the local context. Most of Carmel's existing sphere has already been developed under County jurisdiction. However, some development opportunity sites do remain. If opportunity sites in a city's future growth area are developed under county jurisdiction, this can unintentionally discourage the city's orderly growth and the efficient, city-centered delivery of municipal services. Unincorporated development, or development designations, within a city's sphere could potentially conflict with the city's land use goals and plans. The addition of county residents adjacent to a city can also increase demands on a variety of city services such as libraries and parks.



LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

P.O. Box 1369 132 W. Gabilan St., Suite 102
 Salinas, CA 99902 Salinas, CA 99901
 Telephone (831) 754-5838 FAX (831) 754-5831



CITIES

CARMEL-BY-THE-SEA

Last LAFCO-Approved Change: 05/27/1986
 Sphere of Influence Affirmed: 01/24/2011
 Map Prepared: 06/20/2012

One possible mechanism for addressing these concerns would be for the City and the County – along with regional special districts such as Cypress Fire Protection District – to enter into a formal memorandum of agreement regarding future growth and development on the city edges. Among other discussion areas, the MOA could address:

- Whether, or under what circumstances, development projects in the city’s designated sphere of influence should proceed under county jurisdiction or require annexation into the city first,¹⁰
- Potential funding agreements for city-adjacent unincorporated development to offset increased demands on city services, and
- A framework for addressing the financial effects of detaching large areas from the tax base of a regional special district such as Cypress FPD, at such time when city annexations occur in the future.

Recommended LAFCO Actions

Based on the information and analysis in this study, the LAFCO Executive Officer recommends that the Commission:

1. Reaffirm the City of Carmel-by-the-Sea’s currently designated sphere of influence with no changes, and
2. Encourage the City of Carmel-by-the-Sea – along with the County of Monterey, other participating cities, and special districts such as Cypress Fire Protection District – to consider consulting about future growth and development on the city edges, including the city sphere of influence. Following these discussions, the parties could consider entering into a memorandum of agreement addressing potential future annexations, land uses, municipal finances, or other related aspects of future growth and development on the city edges.

¹⁰ If annexation is pursued, the City and County would need to address a “no net-loss” provision of State housing law, meaning the City would need to accommodate or possible rezone additional land if the sites identified in the County Housing Element are not developed to the projected density.

Determinations

Municipal Service Review Determinations , Per Government Code Section 56430(a)

This section contains recommended Municipal Services determinations applicable to all seven cities.

1. Growth and population projections for the affected area

The Association of Monterey Bay Area Governments' (AMBAG) current draft 2026 Regional Growth Forecast projects that the population of the seven Monterey Peninsula-area cities will rise from approximately 99,200 in 2023 to about 199,845 by 2050, a 20.8% increase, which is higher than the 6% growth forecasted for both Monterey County and the tri-county region. More than half of this growth is expected to occur in Marina, followed by Monterey and Seaside. However, from 2010 to 2023, the Peninsula cities' population decreased by 2.1%, with only Marina and Sand City seeing growth.

2. Location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the sphere of influence

The Cortese-Knox-Hertzberg Act, Government Code Section 56033.5, defines a DUC as inhabited territory (with 12 or more registered voters), located in the unincorporated county, with an annual median household income that is less than 80% of the statewide annual median household income of \$85,300 (2022 data, the most recent available). There are several hundred residences in the unincorporated residential neighborhood known as Frederick Park II, which is part of California State University Monterey Bay's East Campus Housing. This overall area is adjacent to the City of Marina's city limits and within the City's sphere of influence. Frederick Park II is adjacent to uninhabited open space owned by the County of Monterey and a landfill owned by the U.S. Army to the south and west. Schoonover housing is located to the north and east.

Frederick Park II appears to meet the definition of a DUC, in that there are more than 12 registered voters and the area's 2020 median household income was less than \$25,000. The CKH Act provides that, if a city annexation greater than 10 acres is proposed adjacent to a DUC, a LAFCO cannot approve the annexation unless and until an annexation application is submitted for the adjacent DUC. Therefore, if a greater-than-10-acre area next to the Frederick Park II housing area were to be proposed for annexation to the City of Marina then, based on current income data, state law would require an annexation application to also be filed for Frederick Park II. At the time of a future annexation proposal, LAFCO will verify whether Frederick Park still meets the definition of a DUC.

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 DUCs within, or contiguous to, the sphere of influence)

The seven cities efficiently provide a wide range of municipal services and have the capacity to serve both current and future residents. The cities upgrade and maintain public facilities and infrastructure to meet residents' needs. Each city has a General Plan outlining the current and future capacity of public facilities and services. City councils annually review infrastructure needs and address deficiencies through capital and operating budgets. With moderate growth expected in Marina over the next 25 years, the city is planning for future service and infrastructure needs. Since 2022, Marina has considered a bond measure to fund new facilities, such as a senior center, fire and police stations, council chambers, and city hall. Seaside, similarly, is building a second fire station to serve new and existing development within its northern city limits. Meanwhile, in recent years, Monterey has emphasized the need to adequately fund the replacement or renovation of aging infrastructure built over 60 years ago, including the library, fire stations, police station, community centers, and other facilities.

DUC needs and deficiencies: Frederick Park II, identified as a potential DUC in the previous determination and located within the City of Marina's existing sphere of influence, has no public service needs or

deficiencies. It is adequately served by Marina Coast Water and Monterey County Regional Fire Protection Districts, which provide wastewater, water, and fire protection/emergency services.

4. Financial ability of agencies to provide services

The cities have demonstrated a financial ability to provide services within their respective city limits. The cities have generally maintained positive balances of revenues over expenses over the past five years of completed annual audits. The cities adopt balanced annual budgets and update their Capital Improvement Programs annually. Each cities' finances are reviewed annually in professionally prepared audits. This study's individual City Profiles sections provide details of the seven cities' financial status and challenges.

5. Status of, and opportunities for, shared facilities

All seven Peninsula cities collaborate with neighboring cities and public agencies to provide efficient services to residents. Fire protection services are dispatched through the County 9-1-1 system and supported by mutual aid agreements. Many cities contract with other cities or agencies for provision of water, sanitary sewer, and fire protection and emergency medical services. Monterey, in particular, is a leader in establishing government partnerships, providing contractual services to many local, regional, state, and federal agencies as described in this study's City of Monterey chapter. Seaside provides fire and emergency medical services to Del Rey Oaks and U.S. Army (Ord Military Community) under contract.

Peninsula cities participate in several joint powers authorities (JPAs), including the Transportation Agency for Monterey County, Central Coast Community Energy JPA, Monterey One Water, Monterey Bay Self Insurance Authority, Laguna Grande Regional Park JPA, and Presidio Municipal Services Agency.

Monterey and Pacific Grove Public Libraries share an online database, expanding access to library materials. Additionally, eight local agencies (Monterey, Carmel-by-the-Sea, Del Rey Oaks, Sand City, Seaside, Marina, Pacific Grove, and the County of Monterey) collaborate on a regional storm water program, meeting monthly to address urban runoff issues as part of the Monterey Regional Storm Water Management Program (MRSWMP). Regional special districts provide additional municipal services, including:

- Monterey Peninsula Airport District
- Monterey Peninsula Regional Park District
- ReGen Monterey (Monterey Peninsula Waste Management District)
- Monterey Peninsula Water Management District
- Seaside County Sanitation District
- Marina Coast Water District
- Monterey-Salinas Transit District

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

Registered voters in each city typically elect a mayor for a two-year term and four council members for four-year terms at-large. However, Pacific Grove elects one mayor and six council members at-large. Marina and Monterey recently converted to district-based elections for their four council seats, but their mayors remain elected at-large. Elections are frequently lively and active.

All cities comply with California's Brown Act, ensuring meetings are accessible, properly noticed, and provide opportunities for public comments. The cities have adopted General Plans, Capital Improvement Programs, budgets, and other studies to guide them in municipal decision-making processes. Each city maintains an informative website and adheres to State law for transparency, accountability, and ethics.

(list continues below)

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

LAFCO of Monterey County has adopted Sphere of Influence Policies and Criteria within its *Policies and Procedures Relating to Spheres of Influence and Changes of Organization and Reorganization*. These policies and criteria were adopted, in conformance with State law, to meet local needs. LAFCO has reviewed its local policies and there are no other pertinent matters.

Sphere of Influence Determinations, Per Government Code Section 56425(e)

This section provides recommended sphere of influence determinations for the seven Peninsula cities analyzed in this study.

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

Current and future land uses within the study's scope are guided by the General Plans of the County of Monterey and the seven Peninsula cities. Growth and development for the cities in the foreseeable future will take place mostly within the city limits as they currently exist.

Only three of the seven Peninsula cities (Marina, Monterey, and Carmel) have a sphere of influence beyond the existing city limits. The three cities' spheres of influence have not changed since they were approved by LAFCO in the 1980s. Areas within the three cities' spheres of influence face significant constraints to future annexation including existing development, low tax base, or, in the case of City of Marina, a voter-approved urban growth boundary moratorium in place until 2040 for areas north of the existing city limits. Development occurring on a city's edge, but in the County's jurisdiction, has the potential to disincentivize city growth and development if the development project's increased property tax revenues do not transfer to the city following annexation.

No sphere of influence changes are currently being requested by the seven cities, or recommended by LAFCO staff. Marina's sphere of influence may warrant adjustments after the City of Marina has completed its General Plan update process, which is currently in progress. In addition, no significant annexations are anticipated by the cities within the existing spheres of influence. However, the cities are considering several minor boundary adjustments that this study has helped identify and address.

2. Present and probable need for public facilities and services in the area

Marina and Seaside are the main growth areas in terms of having vacant land supply available for development. However, Sand City and Del Rey Oaks also have significant areas of undeveloped land within their city limits. Undeveloped sites that are designated or planned for development within these four communities appear to provide many years of future growth capacity within the existing city boundaries.

The cities require planned developments within city boundaries to pay the infrastructure costs attributed to these developments. The necessary improvements to accommodate planned growth will be guided by the cities' adopted General Plans, development plans, circulation, water, sewer, and storm drainage master plans, and Capital Improvement Plans.

3. 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 seven cities adequately meets the needs of city residents. The cities monitor the capacity of public facilities and the adequacy of public services through the adoption and implementation of General Plans, budgets, and Capital Improvement Programs. Where opportunities exist, the cities partner with each other, and with regional service providers (special districts and JPAs) to achieve efficiencies and economies of scale.

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

Please see MSR determinations #2 and #3 above, and SOI determination #5, below. There are no other particular social or economic communities of interest in the area that have been determined to be relevant to the seven cities in this study.

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, the present and probable need for those public facilities and services of any DUCs within the existing sphere of influence.

As discussed in MSR determination #2, one area outside the City of Marina (CSUMB's Frederick Park II) appears to meet the Cortese-Knox-Hertzberg Act's definition of a DUC. The area is adequately served by Marina Coast Water and Monterey County Regional Fire Protection Districts. See MSR determination #3 for additional information.

Sources and Acknowledgements

Information that LAFCO received from representatives of the seven cities was essential in developing this study. City staff met with LAFCO staff and provided valuable input. LAFCO staff also coordinated with representatives of the County of Monterey, the Airport District, Monterey County Regional Fire District, and Cypress Fire Protection District. LAFCO's earlier Municipal Service Review and Sphere of Influence Studies provided additional background information about the City and special districts. LAFCO staff also used information provided by the Association of Monterey Bay Area Governments ("AMBAG") 2026 Regional Growth Forecast, updated through September 20, 2024.



Photo credit: City of Seaside