

LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

City of Sand City 2011 Municipal Service and Sphere of Influence Review

Adopted on January 24, 2011

INTRODUCTION

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

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

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

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

EXECUTIVE SUMMARY

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

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

Part Two of the report reviews the Sphere of Influence of the City of Sand City. The Sphere review corresponds to four statutory determinations that need to be made for a Sphere update. Exhibit A is a map of the adopted City limits and Sphere of Influence. First adopted in 1983, the City's Sphere of Influence is identical to the City limits. The City limits include 347 acres, excluding the portion of City that extends into Monterey Bay. The Sphere and City boundaries haven't changed since 1983.

The City's comprehensive General Plan, adopted in 2002, does not anticipate an expansion of the Sphere of Influence. However, the City is considering a few minor Sphere amendments and annexations to align the City's boundaries with lines of property ownership. Because the City is not yet ready to formally initiate these proposals, the Executive Officer recommends that the Commission affirm the currently adopted Sphere of Influence (Exhibit A) with no changes at this time. A draft Resolution will be prepared that supports this recommended action.

PART ONE: MUNICIPAL SERVICE REVIEW

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

1. Growth and Population Projections for the Affected Area

The City of Sand City is the least populous city in Monterey County. The California Department of Finance¹ estimates the 2010 population at 329, a 26% increase over the 2000 U.S. Census count of 261. 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.

City growth is planned through the development of vacant residentially-designated parcels and an increasing emphasis on creating a planned mixed-use environment, with medium-density housing, in the older parts of the City, east of Highway 1.

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

Planned growth is supported by the City's recent construction of a desalination plant. The plant allows the City to be independent of the moratorium on new water connections imposed on areas relying on an allocation of water from the California American Water Company. Residential growth is also anticipated due to the proximity to jobs in the City and the rest of the Monterey Peninsula.

The Association of Monterey Bay Area Governments (AMBAG) projects that the City's residential population will grow to 1,498 in 2025, and level out into 2035. The City projects a population of 1,295 people at General Plan build-out (2017). AMBAG also projects that the City's employment base will grow from 2,219 in 2005 to 3,289 in 2025 and 3,923 in 2035.

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

The "*Sand City General Plan: 2002-2017*" states that "through redevelopment activities and the development review process, the City can ensure the existing substandard infrastructure is gradually updated, and that the demands generated by new development are considered and adequately accommodated." The Sand City Redevelopment Agency works with the City in completing infrastructure improvements. The Redevelopment Agency operates within a project area that encompasses the entire land area of the City. Agency projects include:

- Street improvements to provide adequate street widths, curb, gutter, and sidewalk;
- Construction of new storm drain facilities and improvements to existing undersized drainage facilities;
- Replacement of undersized or otherwise inadequate water mains in developed parts of the City, and Street improvements, including tree planting, for city streets east of Highway 1.

The City of Sand City provides a broad range of public facilities and services directly or by contract with other agencies. Direct City services include: law enforcement and police; parks, recreation facilities, open space, surface water disposal, land use planning and redevelopment. Fire protection and emergency medical response and street sweeping are currently provided by contract through the City of Monterey. Sanitary sewer collection and treatment are performed by the Seaside County Sanitation District and the Monterey Regional Water Pollution Control Agency. The Seaside County Sanitation District also provides storm drain maintenance for the City.

In 2010, the City began producing potable water through desalination. The Sand City desalination facility now produces up to 300 acre feet per year of potable water. This municipal facility uses reverse osmosis to convert brackish water to potable water for residential and commercial users within the City. The project has allowed the City to

retire its allocation of Cal Am water. Since there has been a de facto moratorium on new water connections on the Monterey Peninsula, by virtue of being in the Cal Am service area, this project will allow future Sand City development to proceed. This \$10 to \$11 million project will also help Cal Am, the plant's contractual operator, to reduce pumping from its wells on the Carmel River, consistent with State requirements. The plant also includes energy recovery devices, which reduce its power needs by fifty percent.

The City's 2002 General Plan acknowledges that "significant forms of blight persist in the City. Conditions contributing to this blight include an inefficient and obsolete lot pattern, inadequate public facilities and infrastructure, inadequate circulation and parking, a preponderance of vacant and underutilized properties, and some coastal properties that have been contaminated or otherwise ravaged by past industrial activities." The City and Redevelopment Agency are working to address these conditions.

3. Financial Ability of Agency to Provide Services

The combined Fiscal Year 2010-11 budget for the City of Sand City and the Sand City Redevelopment Agency was adopted on June 15, 2010. Annual recurring revenues are less than annual recurring costs. In Fiscal Year 2010-11, the gap between revenues and expenses was less than one-half of one percent, with "total financing for operations" estimated at \$7,845,280 and "Total FY Expenses" estimated at \$7,878,480. This gap was filled with cash reserves that exceed \$3 million.

The City has estimated \$6,405,130 in recurring revenues in FY 2010-11, plus a \$1,224,000 cash advance from the City Redevelopment Agency and \$216,150 in grants and special projects. Anticipated recurring revenues primarily come from Property Taxes (26%), Sales/Use Taxes (26%), Transaction Taxes (15%), State Compensation Fund (9%), Business Licenses (6%), Franchise/Users Taxes (3%), and sales of desalinated water to the California American Water Company (13%).

The add-on sales ("transactions") tax of one-half percent on the retail sale of goods to be used for general City purposes was approved by the Sand City voters in November 2004.

The City has been able to keep this budgetary gap small by reducing its expenses. City employees approved a deferment of a previously negotiated salary increase. The City is also not filling several vacant positions.

4. Status of, and Opportunities for, Shared Facilities

The City of Sand City coordinates with other local agencies to implement cost-efficient service delivery. Fire protection and emergency medical response, street sweeping, and

building inspections are currently provided by contract through the City of Monterey. Sanitary sewer collection and treatment are performed by the Seaside County Sanitation District and the Monterey Regional Water Pollution Control Agency. The Seaside County Sanitation District also provides storm drain maintenance for the City. The City participates in the county-wide dispatch and emergency communications system, and is a participant in the Monterey Bay Self Insurance Authority, a joint powers authority providing insurance to member cities.

The City is actively participating in discussions about forming a regional fire joint powers authority. The authority would provide fire protection services throughout the Monterey Peninsula. If this agency is formed, Sand City may contract with it to provide services within the City limits.

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

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

A number of regional special districts provide municipal services to Sand City residents. These include:

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

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

Sand City is a Charter City organized in 1960. The City Council consists of an elected Mayor holding a two-year term and four Council Members elected at large for four-year overlapping terms. Public meetings and City operations are widely publicized through the media, through mailings, and by use of the City web site. The City Council has used public hearings on the City’s budget as a forum for discussing ways to increase operational efficiencies while maintaining municipal services.

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

In 2006, the Local Agency Formation Commission adopted policies encouraging mitigation for regional traffic impacts and encouraging well-ordered, efficient urban development patterns. Consistent with these policies, the City requires mitigation of regional traffic impacts through contributions to a regional transportation improvement fund. The City's zoning standards also encourage mixed-use commercial and residential in commercial zones. Also, goals within the *Sand City General Plan: 2002-2017* call for the City to become more pedestrian and residentially oriented and to provide pedestrian and bicycle linkages between businesses, residential development, and coastal amenities.

Service Review Conclusion and Recommendation

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

PART TWO: SPHERE OF INFLUENCE REVIEW

The Sand City Sphere of Influence was adopted by LAFCO in 1983. It is identical to the City limits. The Sphere of Influence and City boundary are constrained on all sides. Sand City abuts the recently created Fort Ord Dunes State Park on the north and the City of Seaside on the south and east. On the west, the City faces Monterey Bay and extends two miles into the Bay.

The City of Sand City updated its General Plan in 2002. The General Plan does not anticipate an expansion of the City's Sphere of Influence, but City staff have identified a few minor amendments to align the City's boundaries with lines of property ownership.

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

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

The *Sand City General Plan: 2002-2017* divides the City into six geographical districts. The Destination Commercial Planning District on the northeastern corner of the City, east of Highway 1, contains the largest destination commercial development on the Monterey Peninsula. Three planning districts that are east of Highway 1 and south of

the Destination Commercial Planning Area contain a mix of industrial and commercial uses with scattered single-family dwellings, duplexes, and small apartment units. The East Dunes Planning District includes City Hall and vacant parcels that provide an opportunity for family-oriented residential development.

Two districts along the Monterey Bay, west of Highway 1, are primarily undeveloped and planned for development as State/regional parkland or visitor serving commercial development. In 1996, the City entered into a “Memorandum of Understanding” with California State Parks and the Monterey Peninsula Regional Parks District to allow visitor-serving uses within a few remaining “development envelopes” on the coast. California State Parks and the Monterey Peninsula Regional Parks District are actively acquiring the remaining land for sensitive habitat reconstruction, public parks and general open space.

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

The City’s General Plan states that there is no existing sewer service west of Highway 1 or in the undeveloped portions of the East Dunes area. The Seaside County Sanitation District and the City have jointly identified improvements that would be required to provide service to these areas. Improvements have also been identified to correct an incomplete existing system of collection lines and a limited capacity within some existing lines.

The General Plan also identifies a continuing need for drainage improvements throughout Sand City, with the exception of newer developments in the eastern portion of the City. The majority of immediate necessary improvements are in the Old Town district, also known as “The West End.” These include catch basins, manholes, collection mains, and new curbs and gutters to channel runoff into the collection system.

For all new development, the City also requires on-site storm drainage techniques that result in pre-development runoff levels consistent with requirements of the federal National Pollutant Discharge Elimination System (NPDES). For example, the Edgewater and Sand Dollar Shopping Centers have storm water interceptors within their parking lots that filter the storm water before it drains into the ground. This is also the case with the more recent development of the mixed use Design Center at 600 Ortiz Avenue. This type of system works well for Sand City given its highly permeable soils.

The City is working with the Pacific Gas & Electric Company to underground utilities as funds become available.

All water, sewer, and storm drainage improvements needed for new development are required to be financed before development can proceed. All new development is required to underground utilities.

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

Sand City is moving ahead with the improvement of City facilities, although the rate of improvement has been slowed by the current national economic downturn. The City actively seeks Federal and State grants to fund facilities and services. The Fiscal Year 2010-11 budget includes funding for a parking feasibility study and a relocation of the City's Public Works yard. The City's desalination plant started operations in 2010 and budgetary contingencies are funded for possible engineering costs related to this plant.

4. The Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines that They are Relevant to the Agency

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

The Sand City Sphere of Influence is the same as the City limits. The City cannot expand because it is bordered on three sides by incorporated cities and on the fourth side by the Monterey Bay. Therefore there are no social or economic communities of interest that are relevant to this Review.

Potential Changes to the Sphere of Influence and City Limits

The City does not anticipate any requests for major Sphere of Influence amendments. A few minor changes in City limit lines and Sphere lines are under discussion for an area along Sand City's southern boundary with the City of Seaside. The timing of these technical changes will depend on the City's planning, environmental review, and implementation processes and schedules.

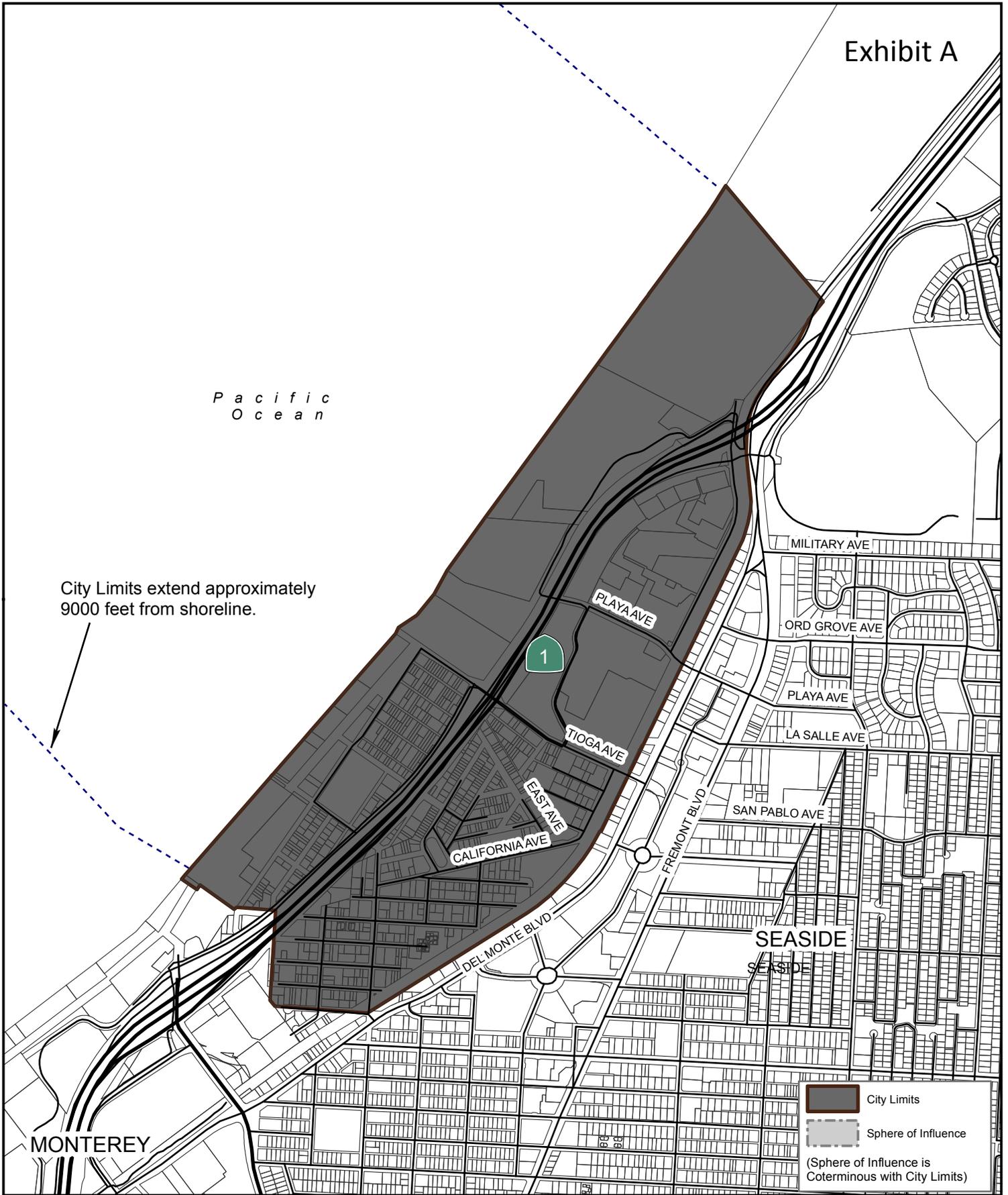
Sphere of Influence Review Conclusion and Recommendation

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

Exhibit A: Currently Adopted City Limits and Sphere of Influence Map, City of Sand City.

Pacific Ocean

City Limits extend approximately 9000 feet from shoreline.

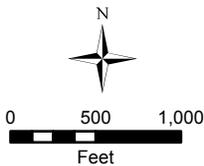


 City Limits
 Sphere of Influence
 (Sphere of Influence is Coterminous with City Limits)

LAFCO of Monterey County
 LOCAL AGENCY FORMATION COMMISSION

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City Boundaries

SAND CITY
 Last LAFCO-Approved Change: 08/23/1983
 Sphere of Influence Affirmed: 01/24/2011
 Map Prepared: 01/31/2011