

**State of the City Of Pacific Grove, California**  
**Mayor Carmelita Garcia**  
**February 1, 2010**

Thank you all for being here this evening.

Tonight I'd like to talk to you about where we've been as a city, where we are now, and where we are going.

Pacific Grove, Butterfly Town USA, America's Last Home Town, America's Most Romantic City. No matter what others and we call it, we live in a most spectacular place.

We achieved some good things in the past year. Too much of what we could have done was burdened by controversy, resignation, anger, a sense of hopelessness, and most important, a lack of leadership. Leadership, as we all know, is critical for any endeavor, be it a city, a civic organization, team, household or business. While many good ideas were advanced, projects and activity seemed to grind to a halt, with no one to direct traffic, manage issues and point the way. Staff was ready, capable and willing, but was hampered by a lack of consistent, focused leadership.

Then something happened.

In September of 2009, after nearly a year of a frustrating search, we hired a new City Manager, Tom Frutchey, who recognized and accepted the challenges that lie ahead. He hit the ground running, and, has not stopped since. Tom has quickly acquainted himself with the city's people, our businesses, employees, and issues that have plagued us for a long time. He has not hesitated to address problems head-on and has worked diligently to forge resolutions and relationships acceptable to all. He has helped to create a presence and voice for Pacific Grove. I believe I speak for all of us, Tom, when I say we value and appreciate your dedication.

The next vital step in getting our city back on track was the appointment of a Mayor. With the resignation of both our former Mayor, and our Mayor Pro-Tem, we had to restructure the top of our organization so we could quickly move on with the City's business.

By way of a coin toss, I became the first woman since 2002 to serve as Mayor for the City of Pacific Grove and the 5<sup>th</sup> woman in its history, with Julia B. Pratt being the first woman elected as Mayor in 1931.

The next order of business was the appointment of two new council members, Ken Cuneo and Robert Huitt. They both bring a perspective that challenges our thought process. It is my pleasure to announce that today we have a full complement of City Officials and I would like to formally introduce them: Mayor pro tem Bill Kampe, Council members Alan Cohen, Lisa Bennett, Deborah Lindsay, Ken Cuneo, Robert Huitt and City Manager Tom Frutchey. (Council Members Huitt and Cuneo are not able to be with us tonight and they send their best wishes).

I would also like to introduce Jim Becklenberg, our Acting Deputy City Manager, our City Attorney David Laredo, Fire Chief Sam Mazza, and Police Chief Darius Engles.

At this time I would also like to thank the dedicated front line staff we have working for the City of Pacific Grove.

The 2000s was the decade in which the 21<sup>st</sup> Century and 3<sup>rd</sup> Millennium began. As I was preparing these remarks, I couldn't help but recall some of the unforeseeable events over which we had no control but which had a role in shaping the course for Pacific Grove.

For example, the stock market took one of its worst dives in history and recession kicked in, not just for the country, but for Pacific Grove as well. California experienced the highest unemployment rate since the Great Depression. Here in Pacific Grove people have lost jobs, and some have lost homes through foreclosure. Some of our local businesses have failed. Too many of our storefronts remain dark. On top of this, the State of California decided to take away more revenue from cities to help fill the State budget gap, causing cities to scramble in order to balance their already compromised budgets. Meanwhile, we await decisions about water, which will affect the future of our businesses and our residents.

These events are a handful of what has shaped our course. But despite it all, we have managed due to our willingness to meet issues head-on and make decisions that support our commitment to serve

our community, making Pacific Grove the best. Here are some examples reflective of the first three quarters for 2009:

- Council approved the new design of the Museum's garden walkway, which will now accommodate ADA accessibility. That project has been underway now for some time and is nearing completion.
- The 2008 Monterey County Civil Grand Jury investigated Pacific Grove's Emergency Operations Plan (EOP) and identified a number of weaknesses. Much of 2009 was spent correcting these weaknesses.
- With the 2008 elections behind us, and the new City Council in place, the Council held a Planning Session in March 2009 to establish goals and priorities. The goals established were (a) to achieve financial stability, (b) to protect and enhance the city's natural, physical and environmental elements, (c) to protect the health and safety of our citizens, and (d) to recruit, train and retain talented paid staff and volunteers in order to fulfill the city's mission and achieve its goals.
- The Council adopted a resolution to grant approval for the Gateway Center to re-license the existing facility into three separate licensed facilities. This would allow for the current residents to remain and at the same time provide an opportunity to Gateway to expand the services they provide.
- The Public/Private Partnership Operating Agreement and Lease between the City of Pacific Grove and the Museum Foundation of Pacific Grove, thus assuring a viable future for the Museum.
- Concerts in the park returned to Jewell Park after a seven-year absence and a full program is scheduled for 2010.
- Some of Pacific Grove's long time services were beginning to move away from our citizens.

The Council adopted a resolution authorizing the City Manager to enter into a building service agreement with the City of Monterey, to speed up the building permit process and make building inspections more timely and efficient.

- Measure J, a parcel tax dedicated to the Library was approved for the November ballot.
- The Council appointed a sub-committee to prepare an issues and opportunities report regarding the possibilities of the Holman site becoming a local hotel.
- Council approved a Historic Initial Screening Process for Determination of Ineligibility. Most applicants seeking to do work on their property will now be spared the expense of a Phase I Historic Assessment.

On September 16, 2009, I took office as Mayor while the Council continued making great strides in the administration of city business. Certainly, we all wish that things could move along more quickly, but the bottom line is that progress is being made in all areas.

As we review the last quarter of 2009, October through December, with great pride I tell you it has been an exciting and very busy 90 days of which we can all be proud.

As mentioned earlier Council Members Ken Cuneo and Robert Huitt were appointed. After several months without a City Manager, Tom Frutchey was sworn in as Pacific Grove's 9th City Manager.

Newness has arrived to the order of business at Council meetings and chambers. Community groups and individuals in recognition of their service now lead the pledge of allegiance. Honorees have included Girl Scouts Pack Troop No. 2033, Cub Scouts Pack No. 126, Dr. Russell Coile, Ron Curry, Hal Leach, and Corporal Jerome "Jerry" Morse.

Council's vision and mission statements remind us as to why we make our decisions and provide guidance as we deliberate and make those decisions. These statements now appear on all Council agendas.

Council continues to work diligently to ensure meetings are effective and efficient.

In November, we reconvened the March 2009 Planning Session. The goal of this session was to confirm that the previous goals established remained the same under the leadership of a new Mayor, new City Council Members and a new City Manager. Additionally, it was important that the City have a plan that we could rely on with regard to how we would achieve the goals agreed upon. The product of this all-day session has become known as the Five-Year Work Plan.

These goals include:

- Achieve significant and sustained economic development.
- Achieve long-term financial stability for City operations.
- Protect and enhance the natural environment, housing stock, and infrastructure.
- Protect and enhance health and safety.
- Enhance governance and public trust.

The plan is ambitious, and with the commitment of our council, our City Manager, city staff, and the volunteer members of our boards, committees, commissions, and panels, it will be achieved within the specified timeframe. The commitment to the success of the work plan has provided a standard by which, council and city staff will be guided. The issues that we continue to address, how we are going to resolve them and bring resolution to our city are a direct result of the goals and priorities outlined in the work plan and by adhering to this process we will fulfill it.

Council directed the City Manager to create an ad hoc Golf Course Promotion Subcommittee and has approved a golf-marketing plan for the period between January and June 2010. Major promotion of our golf links will be launched to coincide with the AT&T and U.S. Open. A successful marketing plan is projected to generate an additional \$58,995 in revenue between now and June 2010 with an annual minimum yield of nearly \$118,000.

We continue to look at ways to partner with other cities in providing services. One of the steps that has been taken by the Council includes

adoption of a resolution authorizing the City Manager to enter into a Memorandum of Understanding

with the cities of Carmel, Marina, Monterey, Sand City, Seaside, and with the California State University, Monterey Bay for the formation and participation in the Monterey Peninsula Regional Special Response Unit consisting of Special Weapons and Tactics, Tactical Medical, and Crisis Negotiation components.

Additionally, we entered into an agreement with the City of Carmel for part-time traffic enforcement services. We now have a motorcycle officer doing a very good job at enforcing speed limits, monitoring school drop off and pick up, and stressing overall pedestrian safety. To help reduce overtime costs and service liabilities, council approved adding a Police Service Technician to the Police Department. This action will help reduce the City's vulnerabilities pertaining to evidence/property administration, emergency operations planning and support, and training administration.

In response to the 2008 Civil Grand Jury report, the City retained a recognized expert to assist in the completion of the Emergency Operations Plan and coordinate practice sessions. The Police Department has done an excellent job in finalizing our Emergency Operation Center (EOC) protocol.

Just as critical to having a functioning Emergency Operations Center, Police Chief Darius Engles rescinded his resignation.

In 2008 growing out of the contract with the City of Monterey for fire services, Council voted to repeal a section of the Municipal Code, terminating the Pacific Grove Volunteer Fire Department. In December 2009, Council approved reinstating this valuable group now known as the Pacific Grove Volunteer Fire Department Association. And, thanks to some technical language in the original ordinance, the Association's service record remains unbroken since 1885; making it older than the City.

Today, discussions continue regarding fire services and the possibility of forming a Joint Powers Authority with other Peninsula Cities to achieve lower costs and greater influences over fire services.

Cal-Fire has also shown interest in competing to provide fire services for us.

A “multiple-tray” system for processing permits was approved by council and implemented in the Community Development Department. One “tray” is comprised of architectural permits for single-family residences, and the second “tray” covers commercial applications. This effort has been well received throughout the community.

The Museum enjoyed 4,261 visitors this past October, which is a 700% increase over guests visiting the Museum in October 2008. The Museum had more guests in one day for the Bats and Spiders Science Saturday on October 31 than in the entire month of October 2008. The Native Plant Garden also took a large step forward with a community-planting day on October 4. At this music-filled event, approximately 20 volunteers planted over 100 native plants.

Council approved the establishment of a “Transient Use License” for what is more commonly known to us as Short-Term Vacation Rentals. It is anticipated that \$100,000 in revenue will be generated for the remainder of this fiscal year, which ends June 30<sup>th</sup>. The City has processed almost 50 licenses, more are pending, and staff receives information requests daily. Pacific Grove has become a model for other cities in this area.

While there are many empty storefronts, the Chamber of Commerce and the Downtown Business Improvement District have worked diligently to address the problem. Upon their recommendation and with council approval, the DBID hired Michael Adamson as the Business Attraction Coordinator. The funding for this request comes from the self-imposed fee those members of the DBID pay. Mr. Adamson’s goal is to attract new businesses to Pacific Grove.

Recently, council directed staff to place unallocated water in the city’s water reserve with emphasis on commercial use for the first six months of it being in the reserve. We hope by providing this direction, it may be easier to attract businesses to Pacific Grove.

We became the first city in the county to adopt resolutions approving participation in the AB811, and California First program providing low-cost loans to individuals wanting to upgrade their homes with energy efficiency improvements. This move sends a clear message that we are serious about protecting our environment. We are taking action to help support that message and at the same time looking at ways to help our residents participate in this effort without it being cost prohibitive.

There was a lot of hope that Measure J would pass for our library. Unfortunately, the initiative suffered a very narrow defeat. Needing 66.67% affirmative voters for passage, the final percentage was 65.91%.

We won the majority of the vote but lost the funding, as we were short 30-35 votes of the two-thirds approval needed to pass the measure.

As a direct result of the measure's failure, people began to approach library staff to ask how they could support the library. The "Fund Our Library" campaign kicked off December 15<sup>th</sup> in response to that question and since then has raised \$30,000.

To give you an idea as to how the library is utilized, during the past 6 months, 500 people per day have visited, a total of 7,000 reference questions have been answered, there have been 104,000 checked items, and 120 children's programs provided. With the downturn of the economy, people are using the services of the library to apply for unemployment and look for jobs by way of the Internet. The demand for our library services is stronger than ever before.

A Library Summit is scheduled for this Saturday, February 6<sup>th</sup>, from 9:00 a.m. to 1:30 p.m. at the Museum of Natural History where ideas will be shared regarding library services and as a community we will discuss what we want that to look like.

The City has between 60 and 80 volunteers serving on our various boards. By the fall of 2009, we had 20 different volunteer boards, one for every 4 staff persons. In addition, some of them were not structured to best serve the residents and help us achieve our high-priority objectives. In short, we were not taking maximum advantage of the contributions our volunteers were capable of making. To address this we are well into an ongoing project to re-charter our boards, and simplify the overall structure to help our volunteers' better serve their city.

We have an ongoing need to understand and advocate for reasonable solutions to our water woes. In October 2009 I attended proceedings in Sacramento. Despite our pleas to the contrary, the State Water Board imposed a Cease and Desist Order that threatens to limit our use of Cal-Am water that

may cause rationing and a full moratorium on new water use. The City has since asked the Court to postpone the effect of the State Order since its legality has been challenged. This year the Court will clarify the extent and timing of any additional limits to our water supply. Looking to the water solution, the City provided comments to the Public Utilities Commission on its review of alternative desalination projects to increase our water supplies. That EIR was certified in December, and a project will be selected in May of this year. Still, experts tell us the project will, at its earliest, be on line in late 2015. In the mean time, the City continues to explore alternative local water solutions that can be accomplished in the interim and that add value even after the projected completion of the Cal Am desalination plant. I am proud that our staff chairs the Technical Advisory Board for the Water Management District, and I am an active participant in that body's Policy Advisory Board.

The City's financial health and long-term stability remain our top priority. Since the City's revenues are directly linked to the health of our local and State economies, balancing the budget is a tough challenge in recessionary times.

Almost two-thirds of the City's budget revenue comes from three sources: property, sales, and transient occupancy taxes. So we watch these sources very carefully as we monitor the budget and forecast our financial future. Of these three, two are projected to decline for the second year in a row and the third is expected to hold its own.

Our property tax base is surviving the recession largely intact. We projected a small decline for the current year, but receipts so far suggest that this source will be flat for the year – no growth, but no decline either.

Unfortunately, the same can't be said for sales and TOT taxes. In both cases we budgeted for a 10% decrease for the year, and so far those projections seem to be holding. Decreases of that magnitude are especially dispiriting, considering that we experienced similar declines last year.

The economic assumptions upon which our financial forecast is based suggest that revenues overall will be flat for another year and then slowly begin to recover the following year. At this point our assumption for next year's budget is that all services (including the library) will remain at current levels.

We continue to reduce our costs wherever possible, and are projecting our budget will be balanced this year and next year without further service reductions.

We must remain aggressive in finding new efficiencies and building our local economy and revenue base while keeping our costs under control.

CalPERS continue to create problems for our city's future finances. We are not alone. Every city in the State of California is facing the same issue. The fact is that this retirement plan is no longer feasible and has not been for several years, due to a number of variables.

In 2008 the City placed a non-binding informational referendum on the ballot, known as Measure Y. Voters delivered a very clear message (56.03% voting yes) that they wanted the city to replace its existing employees' defined-benefit retirement plan CalPERS with a defined-contribution retirement plan similar to a 401 (k) plan.

For whatever reason there was no movement at city level to acknowledge the results of this vote, however, the costs of the public employee retirement system continue to escalate rapidly throughout the state.

No one, including Pacific Grove, has the multi-millions of dollars it will require to opt-out of CalPERS.

I have put my support, along with others, behind measures to adopt a two-tiered retirement system. Some of the changes Pacific Grove will achieve on its own, while others will take the cooperation of our neighboring cities, and the most critical will require action at State level.

We need to think differently and identify alternative ways to compensate employees. We need to adapt to the changing population demographics, finding ways to tap into the resources we have here in the form of volunteers and people who want to work part-time.

On the revenue side, our efforts to develop and market the City's identity will be key in positioning the City to attract visitors and locating new businesses.

There's a trolley project in the works for this summer. Those of us who live and work in Pacific Grove know about the wonderful amenities our community has to offer. But recent research conducted by the Monterey Bay Aquarium suggests that potential visitors might not know. The research suggested we have an "awareness" problem. People may have been here or even stayed overnight without even knowing that they were in Pacific Grove. And what's more, some think there is nothing new to do here.

In response, the City is collaborating with the Aquarium, our business community, and the Asilomar Conference Grounds to provide a new experience for visitors to the area in the form of a trolley that will help create awareness about all there is to do in Pacific Grove while also providing free car-less transportation from the Aquarium to Asilomar and through downtown Pacific Grove. The trolley will also help us in reducing our carbon footprint and greenhouse gas emissions.

The City will have a contract with MST and will be paying for the trolley directly. Staff is working with key stakeholders on an equitable funding partnership. Those stakeholders include the Downtown Business Improvement District, the Hospitality Improvement District, the City's Golf Course and Lighthouse fund, and Asilomar Conference Grounds.

Separate from those arrangements, the Aquarium's budget will allow them to produce the audio education program to be installed on the trolley, which will inform visitors about our community.

Trolley passengers will board at the Aquarium and along the way will enjoy an interpretive educational program about our coastline. The program will also highlight the Point Pinos Lighthouse, Pacific Grove Golf Links, the Monarch Butterfly Sanctuary, Victorian Architecture, downtown businesses, the Library, Pacific Grove's Museum of Natural History, and other attractions. We expect the trolley will run daily this summer, continuously between the hours of 10:00 a.m. and 5:00 p.m. every 30 minutes.

This is a great example of a collaborative effort by individuals and groups committed to improving our City.

The Old Bathhouse Restaurant was once a premier attraction for visitors. The Coastal Commission will finally be reviewing the plan for the new bathhouse at its February 10<sup>th</sup> meeting. Thanks to

Community Development staff, we have also received final approval for a state grant that will help spruce up Lovers' Point Park and make it ADA accessible. We expect both projects to begin construction this spring and be completed in time for the December holiday season.

Downtown is the heart and soul of our community for residents and visitors alike. As such, it needs to be vibrant and attractive. Unfortunately, the recession has hit downtown businesses hard, just as it has hit businesses throughout the county and state. Fortunately, we had two downtown design charettes completed over the years. Rather than delay progress, we are pulling the best ideas out of both and developing a phased plan of improvements to upgrade the look and feel of downtown. As you have undoubtedly noticed, with all the orange-and-white "PG PW" sandwich boards downtown, some of the concrete repair and tree replacement work is already under way. Plans for more significant changes are being drawn up now and will be reviewed by the Downtown Business Improvement District and the City's Beautification and Natural Resources Committee in February and March.

Despite difficult financial times, we are moving forward with important capital projects valued at more than \$2 million to restore the city's infrastructure, which will improve the appearance of the City and help control the costs of maintenance later on. All of our major projects are being paid for by grants and other sources that must be used for these projects and cannot be used for general city operations.

We have two major wastewater system improvement projects currently underway.

One project will install two new 750-ft. sewer lines, rehabilitate approximately one mile of additional sewer line, repair 23 other sections of degraded sewer line, and install 11 new manholes. One of the new sewer lines is an extension of a line on Pico Avenue that marks the last conversion from septic system to the sewer system in Pacific Grove.

In the second project, we will be completely rebuilding wastewater pump station #12, which is located at Ocean View Boulevard and 9<sup>th</sup> St.

These projects are funded by the City's surcharge on our sewer bills and not by general tax dollars.

We received federal stimulus funding to correct severe drainage problems on Central Avenue between Eardley Avenue and Dewey. This project is providing new and upgraded sidewalks, curbs and gutters, and installing landscaping to make the area more attractive. We also received Federal Stimulus money to retrofit streetlights in Pacific Grove; work for this project will take place next summer.

We are also completing some important street sealing and resurfacing throughout town, with a concentration in the area of Congress and Lighthouse. This work will improve the street surface for pedestrians and motorists and reduce the City's long-term maintenance costs in the area. This work is paid for with State transportation grant funding. Work has also begun on Pine Avenue beginning at Fountain Avenue running east in front of Robert Down School.

Other projects, we are currently working on to complete include the housing element of our general plan and to secure State certification for it; to initiate our downtown specific plan process, including the Holman Building; initiate Zoning Code clean up to help clarify regulations and streamline our permit process; upgrade the Golf Course Clubhouse lease; and approve an alternative water sources ordinance, including use of gray water.

I recognize that we've still got challenges as a City and know that new issues will arise nearly every day. Our butterflies are one recent example. I realize and fully understand the need to develop a Habitat Restoration Plan for the Monarch Grove Sanctuary and we are addressing it. Another issue we are addressing is medical marijuana dispensaries. At our last meeting, the Council imposed a 45-day emergency moratorium on the issuance of any licenses or permits for the establishment or operation of such dispensaries. This will give us time to listen to what you have to say, to decide if such establishments are appropriate for Pacific Grove and, if so, with what controls.

As your Mayor I will continue to identify those issues that are the most important to our community and to begin to seek solutions to the problems that confront us. There is no doubt we are faced with financial problems. Solving them is our first order of business. We also have problems in our business community. We need to rebuild services to the community, our library, museum, golf course, and recreation activities, all of which have suffered during this past year. I pledge myself to do everything

possible to build forward and keep Pacific Grove the community we all hold so dear.

My commitment is strong to reach out and be accessible to everyone in the community. I hold a monthly Meet & Greet at City Hall, host a monthly TV show called “Your Town”, participate in a weekly radio show, and write a monthly column for local newspapers. You can also email or call me.

In closing, I would like to leave you with a quote from Albert Einstein: “Learn from yesterday, Live for today, Hope for tomorrow.”

I thank you very much for taking the time to be here this evening and I am very appreciative of your presence.

What I would like to do now is come out and meet everyone and hear your suggestions for a better Pacific Grove.

***Vision Statement - City of Pacific Grove***

*The City of Pacific Grove is a model of sustainability, adaptability and resilience with a vibrant local business community. . .a genuine refuge from the hustle and bustle. . . original, yet constantly renewing.*



***Mission Statement - City of Pacific Grove***

*The City of Pacific Grove's mission is to foster and preserve a sense of community, deliver City services and support economic and environmental vitality.*



***Mission Statement - City of Pacific Grove City Council***

*The mission of the Pacific Grove City Council is to serve the public as ambassadors and the governing body that plans and oversees the City's fiscal management and long-term goals, engenders respect for the community, its citizens and each other as Council Members and fulfills our commitment to protecting the environment and quality of life for Pacific Grove.*