

City of Pacific Grove
Under-Funded Services: Preliminary Program Information

NOTE: This list is intended for discussion only. All cost estimates are preliminary. They will be updated with further analysis as priorities emerge.

<u>Program</u>	<u>Priority*</u>	<u>Annual Cost Estimate</u>	<u>Could be 100% grant/fee- supported?</u>
1. Urban forest management: Tree inventory, tree planting, tree maintenance, dead tree removal	1	\$250,000	NO
2. Storm water management program: public education, developing and managing programs to limit illicit discharge and construction runoff	1	\$250,000	NO
3. Street maintenance: Annual investment in pavement management that maintains high-quality infrastructure at lower long-term cost	1	\$500,000	NO
4. Sidewalk maintenance: Annual investment in sidewalk, curb, and gutter repair (including ADA accessibility ramps)	1	\$85,000	NO
5. Park maintenance: landscaping, tree maintenance in parks	2	\$150,000	NO
6. Rec. Trail maintenance: Needs range from routine landscaping to sea wall improvements	1	\$15,000	NO
7. Maintain wage-competitiveness for police officers and firefighters with neighboring cities (15% increase)	2	\$900,000	NO
8. Long-range land-use planning program: General Plan update, zoning regulation updates,	1	\$200,000	YES
9. Code Enforcement program	2	\$200,000	YES
10. Facilities replacement program: Annual funding for planned replacement of vehicles, technology, and major public building maintenance (roofs, heating and cooling, flooring)	2	\$300,000	NO
11. Restore hours at library to full-time (add Sundays and two evenings)	2	\$100,000	NO
12. Faster construction plan-check and inspection	2	\$150,000	YES
TOTAL POTENTIAL ONGOING COST OF CURRENTLY UNDER-FUNDED PROGRAMS		\$3,100,000	

- * 1 = Necessary for continuing essential services or managing legal liability
- 2 = Additionally needed for a financially sustainable, high-quality community

NOTE: List includes needs for ongoing annual funding. An inventory of capital improvement needs will be developed independently

DRAFT – PRELIMINARY INFORMATION, NOT A PLAN
FOR PUBLIC INFORMATION AT JANUARY 2007 COMMUNITY MEETINGS
Program information will be updated with further analysis

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In December 2006, staff reported to the City Council that the cost to maintain current City services are expected to exceed projected revenues by \$500,000. Subsequently, a committee comprised of City Council members, residents, professional accountants, and City staff identified \$3.1 million in important *additional* services that are severely under-funded, if funded at all. Together, the amount needed for long-term sustainability is approximately \$3.7 million annually, which is equal to approximately 25% of the City's General Fund.

The following list of under-funded services is not intended to suggest a plan or an immediate funding target. Rather, it may facilitate a discussion of the City's role in securing a sustainable community and the level of ongoing funding that could ultimately be required. The list of services, along with their potential aggregate cost, which is approximately \$3.2 million per year, also illustrates the magnitude of the challenge the City faces.

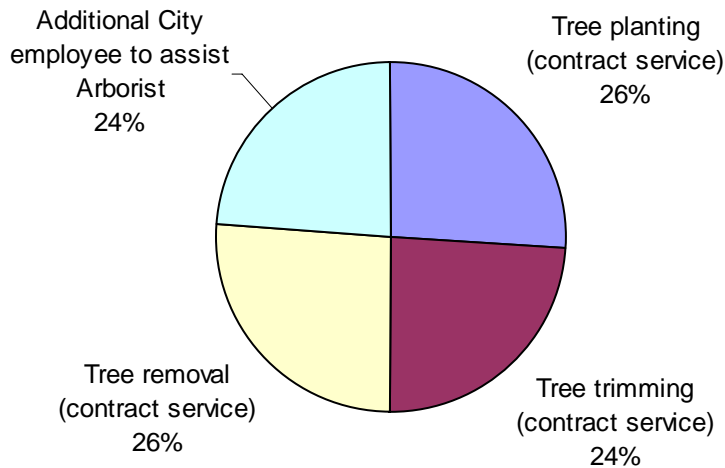
1. Urban Forest Management (\$250,000)

Urban Forest Management involves the maintenance, replanting, and removal of city trees in parks, other natural spaces, and city rights-of-way. The City currently budgets approximately \$170,000 for these services. This amount includes funding for a professional arborist and emergency tree pruning and removal. The arborist position, for which a vacancy recruitment is currently a high priority, develops and manages the City's urban forest management plan. The arborist also works with private property owners, developers, landscapers, and other City staff to balance property owners' development interests with community conservation goals. In addition to the \$170,000 budgeted, emergency storm recovery work is performed by the City's street crew and buildings and grounds crews.

A tragic fatality caused by a dead tree that fell in the Monarch Butterfly Sanctuary heightened the City's awareness of its responsibility to manage trees in the City's right-of-way. Trees are community assets in the same way buildings, streets, parks, and vehicles are. The City is legally obligated to manage the potential risks to life and property associated with trees. The current funding level, for essentially emergency services only, will not satisfy the City's stewardship obligations, or the requirements of the City's liability insurance carrier. Beyond removal of dead trees, responsible stewardship of the urban forest requires replanting and routine pruning. City staff estimates that comprehensive services will cost approximately \$250,000 per year more each year for at least five years (for a total of \$420,000), until the backlog of dangerous, dead trees is eliminated and appropriate routine maintenance schedules are established. The following chart shows how the additional \$250,000 could be allocated:

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Preliminary Allocation of \$250,000 for Tree Maintenance



The \$250,000 does not include a one-time cost of approximately \$55,000 to inventory the urban forest, which will provide the basis for a tree maintenance master plan.

CITY MANAGER’S PRIORITY RECOMMENDATION: Urgent and necessary for continuing essential services and managing legal liability.

2. Storm Water Management (\$250,000)

In September 2006, the California State Regional Water Quality Control Board issued the City of Pacific Grove a permit to control storm water and limit its effects on the Monterey Bay. The Permit is a requirement of the Federal Clean Water Act. All government agencies with responsibility for storm water are required to obtain such a permit; larger cities have been subject to these requirements for nearly ten years. The City of Pacific Grove, whose permit was granted in conjunction with other Peninsula cities and the County of Monterey, is at the forefront among California cities of similar size in obtaining a permit and implementing related standards. If the City does not comply with the provisions of the permit, it could incur fines from the EPA for violating the Clean Water Act equal to at least \$10,000 per day.

Permit requirements are stringent. They range from storm water quality testing and managing construction site runoff to public facility improvements and community education about new practices. The City had no choice about whether to adhere to the Federal Clean Water Act, but it worked with its partner agencies to implement the permit requirements with a balance of flexibility for residents and businesses and protection for our coastal resource.

The permit was effective in September 2006, and the City had to begin implementing the program. Costs in the current fiscal year are expected to total \$200,000. Since this mandated program was imposed without specific new funding, these costs must be absorbed at the expense

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of other services, the effect of which is to exacerbate the projected gap between revenues and expenditures by \$200,000. The annual amount of funding required for this program will grow over a five-year period to approximately \$250,000 by FY 2010/11. Most of the funding will be used to meet water control testing requirements. Some discharge sites must be tested four times annually, at a cost of at least \$3,500 per test.

CITY MANAGER'S PRIORITY RECOMMENDATION: Urgent and necessary for continuing essential services and managing legal liability.

3. Street Maintenance (\$500,000)

The City's street maintenance efforts are currently limited to asphalt and concrete patching once pavement failures – in the form of potholes or severe cracking- are already present. These efforts restore traffic safety, which is of paramount priority, but only delay the base pavement deterioration underway. The City's street maintenance crew is comprised of four employees who are charged with maintaining not only streets, but also sidewalks, curbs and gutters, pavement markings, signs, and drain inlets. This crew also completes traffic and speed limit studies. The Transportation Agency of Monterey County (TAMC) currently provides \$26,000 to help fund a traffic engineer to assist city staff. TAMC also provides an additional \$50,000 for contract work for street sealing and work and gutter repair. These funds are not guaranteed annually; they are subject to TAMC's annual allocation process. Of the approximately \$120,000 city budget for materials, supplies, and equipment budget, approximately \$23,000 is used for street maintenance materials. These funds are exhausted well before the end of the fiscal year. The balance of the \$120,000.00 is spent on equipment and vehicle repairs, fuel, tires, safety, engineering and contract work.

Current staffing and materials funding levels do not begin to cover the needs of basic street maintenance in the City. At current funding levels, pavement will continue to deteriorate and more street segments will have to be reconstructed, at a much higher cost than would be required if a more comprehensive pavement management program were funded.

A pavement management system would include an inventory of all street segment conditions, from which a prioritized plan for annual maintenance could be developed. The goal of a pavement management program is to reduce long-term costs for street maintenance, which could include much more expensive street rehabilitation and reconstruction, by investing smaller amounts annually to proactively treat pavement segments with less expensive "sealant" treatments. With relatively consistent funding, a "cycle" could be established whereby every street segment would be treated proactively on a 5-10 year basis.

A comprehensive street maintenance program would cost approximately \$500,000 more per year than the \$120,000 currently budgeted. The first year of the program would include a one-time cost of \$25,000.00 for a pavement condition inventory that would guide further planning. Given the current maintenance backlog, the first five years of the program would likely require major rehabilitation of the poorest quality street segments. At the current cost of major street rehabilitation at \$75,000 per block, \$350,000 could be budgeted for this type of maintenance

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annually. These services are provided most efficiently by contract service. Approximately \$50,000 would be programmed annually for proactive sealant treatments, also likely provided by contract, that prolong the useful life of the pavement. The remaining \$100,000 per year would be programmed for one additional City employee (\$60,000) and materials, which would increase City staff's capacity to provide additional street patching, painting and marking, alley way and valley gutter repairs.

CITY MANAGER'S PRIORITY RECOMMENDATION: Not urgent, but needed for a financially sustainable, high-quality community.

4. Sidewalk Maintenance (\$85,000)

The City assumes responsibility for maintaining sidewalks in the downtown district. This work includes the repair of tripping hazards, sidewalk replacement, and installation of ADA-accessibility ramps. Materials for sidewalk repair come from the \$23,000 budget for street maintenance materials outlined above in item #3. In addition, the city budgets \$25,000 and TAMC grant funds provide \$10,000 annually for sidewalk reconstruction performed by contract.

As visual inspection of downtown sidewalks suggests, this level of funding is not enough. Complete sidewalk rehabilitation including curb and gutter costs approximately \$212 per foot. \$65,000.00 for contracted services will enable the City to reconstruct approximately 300 linear feet of sidewalk per year, if the work is performed by contract. While contract service may be more efficient for reconstruction of large segment of sidewalk, performing the work with City staff provides additional flexibility in accomplishing broader sidewalk management goals. \$85,000.00 would fund the cost an employee and materials to additionally make significant progress in the area of tripping hazards, sidewalk associated structures including, handicap ramps.

CITY MANAGER'S PRIORITY RECOMMENDATION: Not urgent, but needed for a financially sustainable, high-quality community.

5. Park Maintenance (\$150,000)

Like other City assets, park equipment, restrooms and picnic facilities are currently repaired or replaced only when funding is available. The lack of funding for program has resulted in deteriorating facilities. Given the backlog of repairs needed, fully funding this program could cost approximately \$150,000 per year.

CITY MANAGER'S PRIORITY RECOMMENDATION: Not urgent, but needed for a financially sustainable, high-quality community.

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6. Recreation Trail Maintenance (\$15,000 per year)

Currently the Buildings and Grounds crew (B&G) perform maintenance on the trail in the course of regular tasks. This is limited to an annual weeding, sweeping after storms or before special events, and emergency repairs to the fencing. These tasks are absorbed in the budget for building and grounds maintenance at the expense of other repairs.

Future funding needs for routine maintenance per the permitting requirements issued by the California Coastal Commission (CCC) in the permit for the ongoing recreation trail repair project are approximately \$15,000.00 per year.

Future repairs to the trail similar to the current large-scale project will be needed. However, they are undefined at this time. They will be evaluated as part of the City's Capital Improvement Plan.

7. Maintain wage-competitiveness with area cities for police officers and firefighter salaries (\$900,000)

High-quality services depend on high-quality people to provide the services. The City continuously balances the interest of managing costs with that of attracting and retaining high-quality employees. Budget constraints have prevented the City from adjusting salaries for inflation and cost of living considerations since 2005. Meanwhile, many other cities in our labor market have done so, causing the City of Pacific Grove to lag behind in certain job classifications. These circumstances are not necessarily a problem, especially if competitiveness is viewed as a secondary concern to cost containment, at least in the short-term. Regardless, the City must acknowledge the implied policy choices and consequences of labor market position. For example, a choice to be competitive for high-quality employees is conducive to continuous service improvement and reduced liability for lawsuits, but it also comes with larger annual cost increases. Conversely, a decision to accept a comparatively low position in the market for City employees will help contain City costs, but may also dull service improvement initiatives. Especially in the areas of police and fire, less-qualified employees are more prone to mistakes and errors of judgment, which could have significant consequences for citizen safety and legal liability.

Nowhere are salary disparities more evident and potentially detrimental to the City than in the Police department. For the sake of discussion, this list of under-funded services pegs our funding need for competitive public safety wages at \$900,000, which would fund a 15% raise for sworn staff in the Police and Fire Departments. This amount could ultimately be higher or lower, depending on the City Council's desired market position.

Workforce demographics trends such as aging baby boomers combined with retirement eligibility at 50 years old have combined to create a "vacuum" effect on the statewide market for police officers. There simply are not enough qualified candidates to meet the demand for police services. The City of Pacific Grove currently has four police officer vacancies (of a total 25 authorized positions). While these positions are helping the City to save money, the vacancies

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represent services, such as dedicated traffic enforcement and crime prevention in, schools that will not be provided.

The following table shows the City’s position in the regional market for police officers, with regard to salary. The table shows the base salary for experienced police officers in each community.

<u>City</u>	<u>Salary</u>	
	<u>Monthly</u>	<u>Annual</u>
Santa Cruz	\$7,125	\$85,500
Monterey	\$6,808	\$81,696
Monterey County Sheriff's Office	\$6,632	\$79,584
Watsonville	\$6,630	\$79,560
Salinas	\$6,549	\$78,588
Seaside	\$6,164	\$73,968
Marina	\$5,918	\$71,016
Sand City	\$5,912	\$70,944
Pacific Grove	\$5,638	\$67,656
Carmel	\$5,343	\$64,116

Notes:

1. Salary based top step (prior to eligibility for longevity steps) Police Officer
2. Salary includes mandatory (9%) employee retirement contribution
3. Pacific Grove is the only jurisdiction in survey without employer-paid health insurance. For comparison purposes, Pacific Grove's salary (\$6,456) is adjusted (reduced) by 12.7% to reflect the amount initially added to base salary for health insurance

Among these jurisdictions, the City of Pacific Grove is near the bottom of the market, ahead of only Carmel. Pacific Grove’s figure is almost \$18,000 (21%) lower than the highest paying jurisdiction in the area, Santa Cruz, and about \$7,600 (11%) lower than the average salary. Other cities are considering their respective positions in the labor market for Police Officers. The cities of Monterey and Marina have recently approved significant raises for Police Officers. Developments such as these exacerbate Pacific Grove challenge

The outlook is similar for firefighter positions, although there is not yet a shortage of candidates for firefighter vacancies. Rather the challenge in the Fire Department lies more with retention of experienced, qualified staff. The base salary for an experienced Pacific Grove firefighter is \$65,880, with only \$80 per month paid for health care premiums. The City recently lost a firefighter to a lateral recruitment with City of San Jose, which pays up to \$98,000 for an experienced firefighter, with full health care benefits. While one incident does not constitute a trend, the City is aware that other firefighters are considering similar moves. The potential consequence for uncompetitive wages is that Pacific Grove could become the training ground for other, higher-paying fire departments. The costs associated with firefighter turnover

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(recruitment, testing, training, and lost productivity) could outweigh the salary savings realized from paying lower salaries. Other cities are also concerned about this prospect. The cities of Monterey, Seaside, and Marina are either publicly considering or have recently approved significant salary increases for firefighters.

CITY MANAGER'S PRIORITY RECOMMENDATION: Not urgent, but needed for a financially sustainable, high-quality community.

8. Long-Range Land Use Planning (\$200,000)

Budget reductions since 2002 caused the elimination of the Chief Planner position and a Senior Planner position, which together had managed the long-range planning services for the City. Long-range planning services include maintaining the General Plan, Local Coastal Plan, and zoning ordinances, coordinating with State agencies on emerging State regulations and incorporating them into the City's regulatory processes. Remaining staff resources are focused on processing applications for current development and construction projects. Therefore, long-range planning initiatives have stalled. Staff believes that a new emphasis on long-range planning is necessary to maintain the character of the community and protect the City's resources. Approximately \$200,000 would be needed to fund the positions that were eliminated in recent years and renew the capacity for long-range planning. With an updated zoning code, staff would spend less time researching the intent and past application of the zoning codes, thereby enabling timelier processing of project applications. Boards and commissions with discretionary permit authority would also benefit from clearer laws.

Specific long-range planning projects could be managed using specialized consulting services, which could decrease the need for additional, permanent staffing. The Pacific Grove General Plan is the principal policy document that governs development and conservation for the City. It provides the framework for zoning and construction regulations that are applied by the City Council, the Planning Commission, other Boards, and City staff. It was last updated in 1994 (the Housing Element was updated in 2003) and was intended to be in effect for 15 years. The effective time frame for this document is nearing its end and work needs to begin on the next update. Updating the General Plan is a significant undertaking; the process provides opportunities for the public to provide input on how it envisions the future of Pacific Grove. Staff has not begun the process of updating the Plan, and currently has no resources dedicated to this purpose. Staff anticipates that employing land use planning consultants may be the most effective and efficient way to accomplish the work, as the update is not a permanent, ongoing program. The cost of a recent General Plan update for another California city with a population similar to Pacific Grove was \$300,000.

The Local Coastal Program, which includes the Land Use Plan, Implementing Ordinances, and the Coastal Parks Plan, would ultimately enable the City to issue coastal development permits. The Program would streamline application review for projects that must currently be approved by the California Coastal Commission. In 1989, the Pacific Grove Local Coastal Program Land Use Plan was approved. In the summer of 2006, City staff began an effort to draft implementing ordinances; however, it was halted with the departure of the City's planner assigned to the

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project. Consultant services to complete the implementing ordinances and update the 18 year-old Land Use Plan are estimated to cost \$200,000.

CITY MANAGER'S PRIORITY RECOMMENDATION: Not urgent, but needed for a financially sustainable, high-quality community.

9. Code Enforcement (\$200,000)

The Pacific Grove Municipal Code includes regulations on a broad range of community matters, including, but not limited to: property maintenance, illegal construction, illegal housing units, fencing, and signage. With no staff dedicated to code enforcement, the City currently enforces Code matters such as these on a complaint-only basis. When available, the City's building inspectors are assigned to investigate complaints.

Enforcing the regulations in a thorough, fair, and constructive manner requires significant administrative effort. First, complaints must be evaluated to determine validity. Then, staff must research the Municipal Code or other governing regulation to verify and document the violation. The potential violator is then notified, and usually provided options for achieving compliance. Staff must monitor the corrective action or ultimately cite the violation and refer the matter to the City Attorney's Office for further action. A new database would have to be established to coordinate efforts and manage relationships with violators on an ongoing basis.

The preliminary cost estimate for a complete program is \$200,000. This amount would fund two full-time employees (\$65,000 each), required equipment (30,000), and additional contract costs for the City Attorney's services (\$40,000). Staff estimates that approximately 25% to 50% of the costs for the program could be offset with citation revenue, resulting in a net cost of \$100,000 - \$150,000 per year.

CITY MANAGER'S PRIORITY RECOMMENDATION: Not urgent, but needed for a financially sustainable, high-quality community.

10. Facilities Replacement Program (\$300,000)

Within the next two years, the City plans to develop a Capital Improvement Program (CIP). A CIP details the City's needs for capital investment, for both major maintenance and new improvements, with a prioritized plan for funding the needs on a five-year horizon. The need for a comprehensive CIP notwithstanding, the City should begin setting funds aside annually for replacement of existing assets such as vehicles, technology, and public building components (roofs, heating and cooling, flooring). While a complete inventory is yet required, staff is confident that these needs could total approximately \$300,000. Establishing a consistent funding plan for these needs helps avoid the problematic budget impacts of unplanned facility and equipment replacement.

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CITY MANAGER'S PRIORITY RECOMMENDATION: Not urgent, but needed for a financially sustainable, high-quality community.

11. Restore Library Hours to Full-Time (100,000)

As a result of budget reductions in 2003, the City reduced business hours at the Pacific Grove Library by 10 hours – from 62 to 52 hours -- of service per week. As a result, the Library is now closed on Sunday afternoons and two weekday evenings. The reduction in hours enabled the required budget savings through reduced hours for part-time employees and the reduction of one full-time position to part-time. Despite reduced hours, the library remains an important resource for its patrons, as circulation figures bear suggest. In FY 2002/03, when the Library was open 62 hours per week, total circulation was 233,311. That figure dropped by 5% the first year of the reduced hours; however, in FY 2004/05 they increased 3%; and in FY 05/06, total circulation increased by 6% with 241,545 items checked out by Library users.

Restoring historic full-time hours would cost approximately \$100,000, which includes costs for restructuring part-time and full-time employee's schedules to ensure full coverage of Library services. Librarians and Library Assistants rotate through the monthly weekend schedule, which requires budget allowances for related employee leave time. All employees would take on additional assignments within the Library, such as processing inter-library loan requests, cataloging and processing new books or supplementing Reference service in the Children's Room. In order to provide these service levels staffing levels would have to be restored to about what it was in FY 02/03 for a cost of approximately \$103,000.

CITY MANAGER'S PRIORITY RECOMMENDATION: Not urgent, but needed for a financially sustainable, high-quality community.

12. Faster construction plan-check and inspection (\$150,000)

Over 900 building permits were issued in the City of Pacific Grove in 2006. The City could process permits faster, meet customer needs for timely plan review and construction inspection by adding two additional inspectors, upgrading the current building plan check position from part-time to full-time. The cost for these changes would be approximately \$150,000. Additionally, using technology to track projects, currently a manual, hand-written process, could greatly improve staff efficiency and customers' access to building records. Software systems for this purpose cost approximately \$50,000 to purchase and install. These services could be paid for either with general (tax) revenues or with additional fees paid by development services customers.

CITY MANAGER'S PRIORITY RECOMMENDATION: Not urgent, but needed for a financially sustainable, high-quality community.