

State of the City

Mayor Bill Kampe, Pacific Grove, February 24, 2015

Good evening Ladies and Gentlemen and thank you for joining me here this evening. I'm going to discuss the State of our City in four parts. In the first part, I'll step back from the current challenges, and remind us of some of the virtues of our city, and some of the recent improvements we have seen. We can lose sight of why we live in this very privileged place, and it is important to refresh that memory.

Second, I'll describe actions the city has taken on our top priorities from the past year. Next, I'll address the council priorities for the coming year. And finally, I'll touch on some additional current topics.

Quality of Life Aspects

Let's start with some of the things that make the quality of life, and our enjoyment of our city, so special. Our shoreline is the finest city shoreline in the state of California. It continues to define our city as a front row seat over one of the most productive marine ecosystems in the world. Our Hopkins Marine Station was the first marine research institution on the West Coast.

We now have the newly renamed Lovers Point Julia Platt State Marine Reserve in honor of our former mayor. She was very foresighted in gaining special protection for our prime waterfront. Hopkins wouldn't give her a job, so she found another way to make a very lasting contribution to how the United States, and now the world, approaches preservation of the marine environment.

The harbor seals had an excellent pupping season last year at the Hopkins beach and the beach near 5th Street. We used more extensive fencing to protect the beaches, and it worked. The bigger challenge was getting clear support from the Coastal Commission. Fortunately, in December, they granted a waiver allowing our protection program.

Looking along the coast, we repaired sections of the seawall and took extra steps to maintain the purple magic carpet during the drought conditions. There are new tables and benches and improved landscaping at Lovers Point Park. And there is a project underway for renovations and new businesses at the former Latitudes Restaurant.

We continued to resurface our neediest streets. They look better, and will last longer. We worked with the School District to put a resurfaced path by the Middle School playground on Hillcrest and new sidewalks and curbing in front of Robert Down School.

The library team continues to upgrade both the collection and historic Carnegie building. Check the reopened archways and the restored long view from end to end.

We have a new contract with Green Waste for solid waste management. It will start in August of this year and give us improved recycling of materials.

The Monarchs had a good year at the Sanctuary, with a peak count of about 24,000. I think everyone in town with an interest in butterflies has posted pictures on Facebook! And I hope you have noticed the butterfly art on light poles in our downtown.

We have strengthened management of the golf course. While our city staff had done a very fine job of maintaining and operating the course under difficult circumstances, the new outsourced management team has been doing an excellent job.

My wife and I still wake up and think how wonderful it is to live in this amazing community. It continues to be this special place because of so many city employees and citizen volunteers on boards and commissions and other activities who have worked so hard to make it this way.

Priorities from the Past Year

Now I'll review the past year and the priorities we focused on then. The priorities have been Water Supply, Pension Costs, Business Vitality, and Infrastructure Maintenance.

Water

Let's start with Water. The peninsula is very short of water. The State Water Resources Control Board has ordered that we reduce pumping from the Carmel River dramatically by 2017. Citizens of the Monterey Peninsula lead the state in water conservation. Yet we cannot conserve our way out of this situation. Even if every residential household were to keep water usage at 35 gallons per person per day, there would not be enough water for all residents. And there would be none for businesses.

The current efforts for replacement water include a portfolio of projects. The primary elements are Aquifer Storage and Recovery (ASR), Ground Water Replenishment (GWR), and ocean water desalination (Desal). In Pacific Grove we have started the Local Water Project (LWP) which will take wastewater and some storm water then treat them for irrigation uses. That water will keep our golf course, cemetery, and other nearby landscaped areas green.

The major part of the plan is desal. There are 3 current projects in contention to provide desal water, each at various points of progress. The CalAm project proposes to take under-ocean water from the Cemex site in Marina. A test well has been drilled, and in the next few weeks, CalAm will begin pumping to gather data on water quality, flows, and impacts.

The process for bringing any of the 3 projects to completion is very complex, with many legal and permitting hurdles along the way. None of the projects can meet the key deadline of December 2016. Both CalAm and the Monterey Peninsula Regional Water Authority are looking to gain a modification and extension of the Cease and Desist Order, contingent on demonstrated progress.

The good news for Pacific Grove is that our Local Water Project leads the pack. It will show the determination of our Peninsula to find new water solutions. We plan to have it online before the state-ordered cutbacks begin

Pension Costs

Our next topic is Pension Costs. One year ago, PG was embroiled in a pension initiative and a lawsuit over it. That lawsuit is now final. The initiative was ruled not legal for the ballot, which was the outcome believed and sought by the city. The proponents of the initiative also sought a ruling on whether the 3% at 50 pension benefit enacted in 2002 was legal. They claimed it was not. However, the judge ruled that it was legally enacted. The rulings on the two points avoided protracted litigation and finally allowed the city to focus on other actions.

We have agreements with our employee associations that provide for increased employee contributions on retirement plans. The compensation plan also is designed to reduce future pension burdens for the city, while improving the take-home pay of employees. Pacific Grove has taken steps that put us among the leaders on reducing pension costs in California. In fact, we have reached the practical limits of what a city can do locally. We will continue work with the League of California Cities at the state level.

Business Vitality

A rising economy has helped our Business Vitality. Transient Occupancy Tax receipts are up, and that's a good sign.

In the past year we've done a number of experiments for our businesses. Sidewalk dining and parklets are two. The outdoor experience has proved popular, though controversial.

We again extended parking downtown, this time to 3 hours. The theory is that once visitors go back to their cars, they leave town. So let's give them a chance to stay and do more in our businesses.

We have new directional signs downtown that are both attractive and informative.

We outsourced the processing of business licenses and business license tax, and that needs a tune-up. We will soon end that arrangement and do something else effective July 1. Yet we did learn some important lessons on the tax collection process and consistency with our city laws. We will review both the city law, and the public interface process.

The essential idea is to try things, learn from them, and improve. And we are doing that.

Infrastructure

Infrastructure will continue as a priority. I've already mentioned some of the accomplishments, so I'll move now to the coming year.

Priorities for the Coming Year

In a workshop on January 10, the council developed 3 top priorities. They are Infrastructure for the Future, Financial Sustainability, and Effective Public Engagement. We will be refining these priorities as we set our budget so we know our resources match our plans.

Infrastructure for the Future

The infrastructure foundations for city life include roads, sidewalks, water, sewer systems, and other basic common services that all of us depend on.

Topping our list in this category is our Local Water Project. The Monterey Peninsula is operating under the threat of a total ban on the use of potable water for landscape. Our Local Water Project will give us irrigation water, ensure the continued operation of the golf course, reduce the draw from the Carmel River, and perhaps free some water for other needed uses.

We are also making very good progress on our sewer line upgrades. We will resolve some questions about the future funding rate, and set the next project schedule accordingly.

We will again set explicit goals for sidewalk and road maintenance, including some intersection upgrades, in our Capital Improvement Plan.

Financial Sustainability

Now let's move to our financial situation, and the eternal quest for financial stability. In each of the past 5 years, the city has become stronger. When we take a snapshot in time, our numbers look very healthy. Yet we have challenges. First, we are underspending on infrastructure maintenance, especially roads. Next, we are facing new state requirements for storm water management, and the costs may be very large. The 3rd element is the looming increase in pension costs that CalPERS is imposing. Taken together, our resources are overstretched.

That means we will need to look at revenue options. We have considered new revenue before. We preferred to work on the expense side, and as a city have done that very well. We need to ask if we are prepared to support, as a community, the essential and desired services that make our city such a privileged place to live. Please note that Carmel has 3 times the revenue per capita as Pacific Grove, and Monterey has double the revenue per capita. We have done well in maintaining our city on a modest budget, yet it's time to take new steps.

At our council workshop, we listed the usual ideas. I know that the very mention will provoke strong opposition. Still, it's important to put them on the table for consideration: business license, real estate transfer, admissions, transient occupancy, and parcel taxes, plus possible proposition 218 fees. I'm sure we will hear all sides very vigorously on these possibilities. Most would need a vote of citizens, so you will have a chance to vote your opinions.

Effective Public Engagement

Now I'll move to one of the most interesting topics – Effective Public Engagement. For the most part, it is not so much a budget issue. It's a matter of process and personal interaction in how we engage with the public. I see this priority as having two parts.

Transparent Processes

The first goal is to make sure that public information about our government and our activities are accessible to our residents and staff in a timely, reliable, and accurate manner.

Our website is a cornerstone for public information and is evolving. For example, all planning department applications and our Historic Resources Inventory are now in databases that can be searched by the public.

We still have work to do in creating mail lists for individuals who have an interest in some specific area, e.g. planning commission meetings, so they can receive notices of agendas prior to each meeting.

There is also the perpetual challenge to make sure we understand the opinions and preferences of our citizens on city issues. The traditional source is public comment at the podium. We know there are many more people with an opinion who are not at the meetings. We seek better ways to hear those quiet yet important voices.

Effective Public Interface

The other part of public engagement is the experience of those who interact with the city, whether it's planning applications, rec programs, the library, or business licenses. We would like those experiences to be as positive as possible. That doesn't mean we say "yes" to every request. It does mean we strive to be courteous, responsive, helpful, and timely. The very first contact can often set the tone. Our city staff will be looking at a few ways that we can improve that contact experience, and looking for ways to measure the results.

Other Topics

Now I'd like to touch on a couple of current topics, and I'll start with the negotiations with our Police Officers Association (POA).

Police Negotiations

Every resident in Pacific Grove received a letter from our POA. The letter describes their view of the circumstances in Pacific Grove. The basic tone is "your safety is in jeopardy unless we get more."

And of course, we have received letters from some alarmed citizens urging us to do what is necessary to satisfy our police officers. We have also received letters from some citizens who were upset over the tactics of the POA, and urged us to remain tough.

We read the letter from the POA very carefully and listened to both the police and the public. There are 2 main themes. First is the concern that officers feel stretched on the shifts they work, and want more

depth in our department. Second, they state economic issues of several types and note that police in other cities get more. I'll talk to each of these themes in turn.

There is the issue of staffing to cover the commitments of the department. A large part of the issue is the great difficulty and time required to hire police officers. In fact, the department has been quite successful with 6 sworn and 7 non-sworn new hires in the past 20 months. Today, we have very capable officers and staff. Unfortunately, the hiring process is very long for sworn officers, and fewer than 1 in 20 candidates pass all steps in the process to join the department. That's the statewide situation and it's caused by restrictive State regulations. We need flexibility to support some parts of the current duties of sworn officers with other categories of employees that enable faster recruiting. We're exploring that concept with the POA and feel that if the true concern is the welfare and safety of our community, we will find better solutions along those lines.

Next is the question of compensation and benefits. The city is proposing what we feel is an affordable boost for the welfare of our police officers. The negotiations are on-going. I'm going to describe why we must be very measured in what we offer.

Our POA questions how we can attract and retain officers when cities around us offer more. Their goal is to raise compensation to be at least equal to other cities...which includes the very high paying ones. But we need to remember that police in other cities are making the same case to their management, and also seeking to be compensated at least as well as all other cities. That competitive upward spiral raises costs per police officer. The result is that we cannot afford as many police officers. Public safety is actually reduced. And it does nothing to gain a competitive advantage. No part of that spiral is healthy for the citizens of our city, or any other city. That lesson has been made clear by the detrimental results of the 3% at 50 pension benefit.

Why we come to work

On a related topic, I want to talk about something that each of us asks ourselves during our careers. "Why do I come to work?" It's not just money. What I have found is that there are four factors that change a job from a chore to an attraction.

First, the job offers us a chance to work for a higher purpose than ourselves. It is a chance to make a difference in the world for others, for our community, for the advancement of knowledge, for the expression of creativity that brings joy to others.

Next, we seek to actually make that difference. Our efforts produce results. The organization we are part of, and our own skills and effort, add up to something that works.

The third element is support from our leaders and from our colleagues. Every job has challenges. We need tools, guidance, opportunities to learn, and the resources that allow us to be successful. That does not mean unbounded support, but it does mean just enough to get the job done.

Finally, each of us needs an expression of appreciation – from our leaders, from our colleagues, and in our City, from the citizens we serve. And yes, that appreciation includes a reasonable salary, though money is far from the only issue.

I'm describing these factors as we look back a year in Pacific Grove. Our staffing situation was strained. There were a number of visible departures, and several key openings. It was easy to see that our employees might have doubts on those factors for their own circumstances.

Today, the departures have slowed. Those key staff positions have been filled. We have taken a big step forward in our ability to operate as an organization. And I'd like to add another item. I was listening to an interview of a space shuttle astronaut. He had a number of reasons why he sought that job, including the sense of special adventure. His summary thought was – it was a chance to work with extraordinary people.

Well, I believe we are reaching the point where you will find some very special people here who are serving the citizens of Pacific Grove. I personally feel very privileged to work with this city staff, my colleagues on the council, and our many city volunteers. To all members of our community, I hope that each of you will help us with constructive feedback on how we can serve the community better in the future, and that you will also share your appreciation when you find you have been well served.

Thanks for the chance to talk with you tonight. And now I'll stop for questions.