NOTICE OF MEETING

CITY OF PACIFIC GROVE

CITY COUNCIL

REGULAR MEETING AGENDA

Wednesday, November 1, 2023, 6:00 P.M.

Council Chamber – City Hall – 300 Forest Avenue, Pacific Grove, CA

The Council will not begin consideration of any item on this agenda later than 10:00 p.m. unless such consideration is approved. Any items on this agenda not considered this evening will be continued to a future meeting.

Copies of the agenda packet are available for review at the Pacific Grove Library, in the Finance Department, and electronically at www.cityofpacificgrove.org/agendas. The most effective method of communication with the City Council is by sending an email to citycouncil@cityofpacificgrove.org. In order to allow the City Council adequate time to review communication related to an agenda item, it is recommended that the communication be sent no later than 9:00 AM on the day prior to the City Council meeting.

PACIFIC GROVE COUNCIL MEETINGS ARE CONDUCTED IN PERSON AT CITY HALL COUNCIL CHAMBER.

THE PUBLIC MAY GIVE COMMENT FOR THIS MEETING IN PERSON OR BY EMAIL. NO PUBLIC COMMENTS WILL BE RECEIVED BY ZOOM.

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The Public May Also View the Meeting on Peninsula Channel 25.

AGENDA

CALL TO ORDER

PLEDGE OF ALLEGIANCE: Councilmember Amelio

1. **APPROVAL OF AGENDA**

2. **PRESENTATIONS**

A. Friends of Perkins Park

Reference: Daniel Gho, Public Works Director/Deputy City Manager

Recommended Action: Receive Presentation

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

3. **COUNCIL AND STAFF ANNOUNCEMENTS (City-Related Items Only)**

A. Report on Closed Session by City Attorney

B. Other

4. **GENERAL PUBLIC COMMENT**

General Public Comment must deal with matters subject to the jurisdiction of the City and the Council that are not on the Regular Agenda. This is the appropriate place to comment as to items on the Consent Agenda, only if you do not wish to have the item pulled for individual consideration by the Council. Comments from the public will be limited to three minutes and will not receive Council action. Comments regarding items on the Regular Agenda shall be heard prior to Council's consideration of such items at the time such items are called. Whenever possible, written correspondence should be submitted to the Council in advance of the meeting, to provide adequate time for its consideration.

A. Written General Public Comment

Reference: Lydia Matta, Office Assistant

Recommended Action: General Written Comments

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

CONSENT AGENDA

The Consent Agenda deals with routine and non-controversial matters, and may include action on resolutions, ordinances, or other public hearings for which testimony is not anticipated. The vote on the Consent Agenda shall apply to each item that has not been removed. Any member of Council, staff, or the public may remove an item from the Consent Agenda for individual consideration. When items are pulled for discussion, they will be automatically placed at the end of their respective section within the Regular Agenda. One motion shall be made to adopt all non-removed items on the Consent Agenda.

5. **APPROVAL OF CITY COUNCIL MEETING MINUTES**

Items pulled from this section will be placed under 12. Unfinished and Ongoing Business

6. **RESOLUTIONS**

Items pulled from this section will be placed under 12. Unfinished and Ongoing Business or 13. New Business

7. **ORDINANCES**

Items pulled from this section will be placed under 11. Public Hearings

8. **REPORTS – INFORMATION ONLY**

Items pulled from this section will be placed under 12. Unfinished and Ongoing Business or 13. New Business

A. City Council Goals Quarterly Update

Reference: Tori Hannah, Administrative Services Director / City Manager Pro Tempore

Recommended Action: Receive the report.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. 2023 CalCities Annual Conference Report

Reference: Nick Smith, Mayor Pro Tem

Recommended Action: Receive Report

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

9. **REPORTS – REQUIRING ACTION**

Items pulled from this section will be placed under 12. Unfinished and Ongoing Business or 13. New Business

A. Committee Appointments - Clifton, Wooten, and Gorman

Reference: Bill Peake, Mayor

Recommended Action: Approve appointments of

· John L. Clifton to Administrative Enforcement Hearing Officers Panel to 1/31/26
· Cathy Wooten to Beautification and Natural Resources Commission to 1/31/26
· Jennifer Gorman to Beautification and Natural Resources Commission to 1/31/26

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. Motion to Approve Interim City Manager Employment Agreement with Robert Perrault

Reference: Mayor Bill Peake

Recommended Action: Motion to Approve Interim City Manager Employment Agreement with Robert Perrault or other action as directed by the City Council related to this item.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

C. City Manager Job Description

Reference: Bill Peake, Mayor

Recommended Action: Direct the City Attorney to prepare a Resolution establishing a City Manager Job Description or alternatively, discuss and take other action related to this item.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

10. **MEETING MINUTES OF COMMISSIONS, BOARDS, AND COMMITTEES**

Items pulled from this section will be placed under 13. New Business

A. Recreation Board Meeting Minutes August 26, 2022; October 27, 2022; December 22, 2022; and January 26, 2023

Reference: Katie Clark, Recreation Manager

Recommended Action: Receive minutes.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

REGULAR AGENDA

11. **PUBLIC HEARINGS**

For public hearings involving a quasi-judicial determination by the Council, the proponent of an item may be given 10 minutes to speak and others in support of the proponent's position may be given three minutes each. A designated spokesperson for opposition to the item may be given 10 minutes to speak and all others in opposition may be given three minutes each. Very brief rebuttal and surrebuttal may be allowed in the sole discretion of the Council. In public hearings not involving a quasi-judicial determination by the Council, all persons may be given three minutes to speak on the matter.

A. Compensation and Benefits for Department Heads and Non-Represented Management and Confidential Group Employees

Reference: Katy Suttorp, Special Council, City Attorney's Office

Recommended Action: Approve a resolution approving the salary and benefit enhancements for Department Heads and for the Non-Represented Management and Confidential Group Employees.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

B. Memorandum of Understanding between the City of Pacific Grove and the Management Employees Association (MEA)

Reference: Katy Suttorp

Recommended Action: Approve a resolution approving the Memorandum of Understanding between the City of Pacific Grove and the Management Employees Association to cover the period of July 1, 2023, through June 30, 2026

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

12. **UNFINISHED AND ONGOING BUSINESS**

A. Introduction of Cannabis Licensing Ordinance and Cannabis Zoning Ordinance

Reference: Aaron Campbell, Associate Planner

Recommended Action: 1. Request the City Attorney to read the title of Licensing Ordinance
2. Motion to waive further reading of the ordinance and introduce the Licensing Ordinance
3. Request the City Attorney to read the title of Zoning Ordinance
4. Motion to waive further reading and introduce the Zoning Ordinance
5. Direct that publication of these two ordinances will be satisfied by publication of a summary approved by the City Attorney
6. Other action(s) based on direction by the City Council related to this item

CEQA: Categorical Exemption, CEQA Guidelines Section 15061(b)(3)

B. Water Conservation Subcommittee Status Report and Recommendation for Quarterly Reporting of the City's Cal-Am Water Use

Reference: Debby Beck, Council Member

Recommended Action:

1. Receive the report.
2. Direct Staff to return to City Council with a proposal to provide quarterly reports of the City's Cal-Am potable water use.
3. Alternatively, discuss and take other action related to this item.

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

C. Consider an Appeal of Architectural Permit (AP), Use Permit (UP) and Variance (VAR) No. 22-0284, 773-775 Ocean View Blvd, Pacific Grove (APN 006-071-007)

Reference: Joseph Sidor, Contract Planner

Recommended Action: Staff recommends the City Council deny the appeal and approve the Architectural Permit, Use Permit, and Variance (AP/UP/VAR 22-0284), subject to the findings, conditions of approval, and Class 1 Categorical Exemption (CEQA Guidelines Section 15301, Existing Facilities).

CEQA: Categorical Exemption, CEQA Guidelines Section 15301, Class I, Existing Facilities

D. Market and Economic Evaluation Report for the Pacific Grove Golf Links

Reference: Tori Hannah, Administrative Services Director/City Manager Pro Tempore

Recommended Action: Receive the Market and Economic Evaluation Report for the Pacific Grove Golf Links from Pro Forma Advisors, LLC

CEQA: Does not constitute a “Project” per California Environmental Quality Act Guidelines Section 15378

13. **NEW BUSINESS**

14. **FULL PRESENTATIONS**

15. **CLOSED SESSION**

ADJOURNMENT

NOTICE OF ADA COMPLIANCE: Pursuant to Title II of the Americans with Disabilities Act (Codified At 42 United States Code Section 12101 and 28 Code of Federal Regulations Part 35), and Section 504 of the Rehabilitation Act of 1973, the City of Pacific Grove does not discriminate on the basis of race, color, religion, national origin, ancestry, sex, disability, age or sexual orientation in the provision of any services, programs, or activities. The City of Pacific Grove does not discriminate against persons with disabilities. City Hall is an accessible facility. A limited number of assisted listening devices will be available at this meeting. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting or provide the requested agenda format.

Agenda No. 2 A

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Daniel Gho, Public Works Director/Deputy City Manager

MEETING DATE: November 01, 2023

SUBJECT: Friends of Perkins Park

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Receive Presentation

Agenda No. 4 A

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Lydia Matta, Office Assistant

MEETING DATE: November 01, 2023

SUBJECT: Written General Public Comment

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Attachments

Public Comments
Public Comment
Public Comment
Public Comment
Public Comment

GENERAL PUBLIC COMMENT ZOOM PUBLIC COMMENT

Inge Lorentzen Daumer <ilwd50@gmail.com>

Tue 10/31/2023 11:33 AM

To:City Council Members <citycouncil@cityofpacificgrove.org>;Public Comment <publiccomment@cityofpacificgrove.org>
Cc:DEI Task Force <dei@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Dear City Council,

"because of the sins of the few, they are harming the many."

Before the Mayor carries us further along the path of Censorship and Discrimination against physically impaired and ageism (amongst other categories), I would suggest that this issue be Agendized for a full Public Hearing and Council participation, This way, Staff could actually research (with Zoom officials, other cities, platforms, etc.) to find a way to include All the Citizens of Pacific Grove in their governance by Public Participation. We have Voices that need to be heard, not just read!

This adage has been around since at least 1830, but still holds Truth, today! This is why we have a First Amendment to our Constitution...

"**Sticks and stones may break my bones**
But words shall never hurt me."

Sincerely,

Inge Lorentzen Daumer

Post Script: Last night I participated in a Monterey One Water Board Meeting by Zoom, tomorrow I am registered to participate in Rep. Dawn Addis' Windfarm Symposium in SLO by Zoom at 4PM, before the PGCity Council meeting...the technology is there, and we have been using it for years, now. Our City Attorney's and some Staff and Presenters will still be using it, even with the Public being "silenced"...

> Monterey councilmembers voiced their concern for doing away with Zoom calls, because **allowing them has reduced barriers for people to participate in public meetings.**
>
> Monterey City Attorney Christine Davi said the council—or any board or commission—could warn callers to remain on topic, then if the callers do not remain on topic, they could be cut off. She warned councilmembers that they cannot cut off speakers because they do not like the content of the speech.
>
> Davi also said that comments can be limited in time, which could shorten how long the council and the public would have to "endure" hateful comment.

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Affordable housing

Gina Puccinelli <yogaohm@att.net>

Sun 10/29/2023 8:12 PM

To:Public Comment <publiccomment@cityofpacificgrove.org>

[NOTICE: This message originated outside of the City of Pacific Grove email system -- DO NOT CLICK on links or open attachments unless you are sure the content is safe.]

Will we have affordable housing in Pacific Grove?

If so where and when?

Thank you,
Gina Puccinelli
Local resident for 50 years

Sent from my iPhone

Dear Mayor Peake and Council Members,

I am writing to you concerning the conduct of one of your colleagues, Council Member Luke Coletti.

Council Member Coletti's behavior on social media (Nextdoor) toward constituents who voice concerns over the costs of investigations and lawsuits is unprofessional and not in line with the City Council's Code of Conduct. Residents who express their concerns are immediately met with combative, condescending, and bullying behavior. Not only were his tirade of comments a breach of the City Council Code of Conduct , but some are later deleted by Coletti, a violation of the CA public records policy.

Links to recent posts showing this concerning behavior towards residents are below, and more can be shared upon request.

Closed Session Thread: here
Defender Thread: here

Considering all the information in this letter, please provide complete transparency about repeated bad behavior, bullying, and harassment allegations so that:

1) voters can make informed choices;
2) city employees have a safe and supportive work environment to do their best work; and
3) a system of accountability is in place to run our local government.

Thank you for your consideration,

Colleen Ingram
Pacific Grove resident

Public Comment about Public Comment

Molly Nance <nance.molly@gmail.com>
Mon 10/30/2023 3:36 PM
To:Public Comment <publiccomment@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Hello,
I attended the last city council meeting- in person- to see if the council would pass the preliminary Housing Element General Plan. I was delighted to see that it passed! Thank you.

I was in the room when the Zoom participants were giving their public comment, and was also appalled when a couple of the participants spoke out of topic, out of line, and out of hate. I was impressed with how the situation was handled by staff, council and the Mayor. Those particular participants were muted on the spot, told to speak only on the topic, and if they diverted, they were not allowed to speak anymore.

I witnessed how this was handled appropriately and with grace.

We are now living in a hybrid world- where public meetings are shared both in the real-world and the virtual. Both platforms deserve the same amount of regard and respect. That includes respect for the Zoom participants- who are actual PG residents who have a legitimate voice to be heard.

I urge the Mayor, staff and council to continue utilizing the same protocol they issued at the last city council meeting, and allow Zoom participants to share their comments on Zoom.

Please don't penalize good citizens from having their voices heard on the virtual platform.

Thank you,
Molly
PG Resident

--
Molly Nance
831-915-3588
nance.molly@gmail.com

Re: Banning comments on Zoom

Jane Haines <janehaines80@gmail.com>
Fri 10/27/2023 5:43 PM

To:Bill Peake <bpeake@cityofpacificgrove.org>
Cc:City Council Members <citycouncil@cityofpacificgrove.org>;Pierik, Brian A. <bpierik@bwslaw.com>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Dear Bill,

I apologize that my previous message was unclear. I want to clarify that my intention was *not* to recommend admonishing those who disrupt city council meetings with racist comments. That didn't work before, not would I expect it ever to work.

In the context of the psychology of transactional analysis, there are different forms of communicative transactions. The most effective in this circumstance would be adult-to-adult communication, where the City (speaking as an adult) conveys its values and expectations to the public (as listening adults). An adult-adult transaction would convey to the public the City's values. It is *not* directed at the disrupters.

Another form of transactional communication is termed parent-to-child. It is what you used when you admonished the disrupters. You as mayor (parent) admonished the disrupters (child). As a former teacher who never had serious behavior problems in any of my classes, I want to clarify that I recommend against this type of communicative transaction in these circumstances,

Instead, I propose that you (adult) convey the City's values to the public (adult), and not engage with, or give attention to, the disrupters' misconduct.

To enhance clarity, the phrase "to the public" could be added and the final sentence (which apparently appeared to you as admonishment) would be deleted as follows: "We will now open public comments online, but first, a reminder **to the public** that this City Council welcomes public participation that aligns with the City's values of fostering trust and respect among all people. ~~However, comments that denigrate individuals or groups are inconsistent with Pacific Grove's adopted principles.~~" The disrupters will persist for as long as they get negative attention, but that does not stop the City from clearly stating its adopted values.

I hope this clarifies my suggestion.

Sincerely,

Jane

On Oct 27, 2023, at 3:47 PM, Bill Peake <bpeake@cityofpacificgrove.org> wrote:

Dear Jane,

Thank you for writing and the suggestion. Admonitions given at the prior City Council meeting went unheeded.

It is very unfortunate that this action had to be taken. Wish we had a legal, practical and effective alternative.

Regards,
Bill

From: Jane Haines <janehaines80@gmail.com>
Sent: Friday, October 27, 2023 9:24 AM
To: Bill Peake <bpeake@cityofpacificgrove.org>
Cc: City Council Members <citycouncil@cityofpacificgrove.org>; Pierik, Brian A. <bpierik@bwslaw.com>
Subject: Banning comments on Zoom

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]
Dear Bill,

I acknowledge the need to address recent incidents of racist comments on Zoom during city council meetings. However, I am concerned that public participation will be reduced by banning all online comments, allowing public speaking solely for those who attend meetings in person.

In my case, at the age of 89, I'm concerned about the risk of contracting Covid-19 at indoor gatherings. A study that examined 178,568 Covid-19 deaths within a population of approximately 2.4 billion people shows that the mortality rates for individuals aged 65 and older are 62 times higher than for younger age groups (source: https://bmcpublichealth.biomedcentral.com/articles/10.1186/s12889-020-09826-8).

As an alternative solution, I suggest that the Mayor preface Zoom public comments with a concise statement such as: *"We will now open public comments online, but first a reminder that this City Council welcomes public participation that aligns with the City's values of fostering trust and respect among all people, but comments that denigrate individuals or groups are inconsistent with Pacific Grove's adopted principles."*

The wording should be reviewed by the City attorney and perhaps edited, but I believe such an approach would allow online comments to continue yet establish that racist comments are inconsistent with Pacific Grove's adopted values.

Please consider this alternative approach to address the issue at hand.

Sincerely,

Jane Haines

GENERAL PUBLIC COMMENT: WHO'S ON TOP?

Inge Lorentzen Daumer <ilwd50@gmail.com>

Sun 10/29/2023 4:39 PM

To:City Council Members <citycouncil@cityofpacificgrove.org>

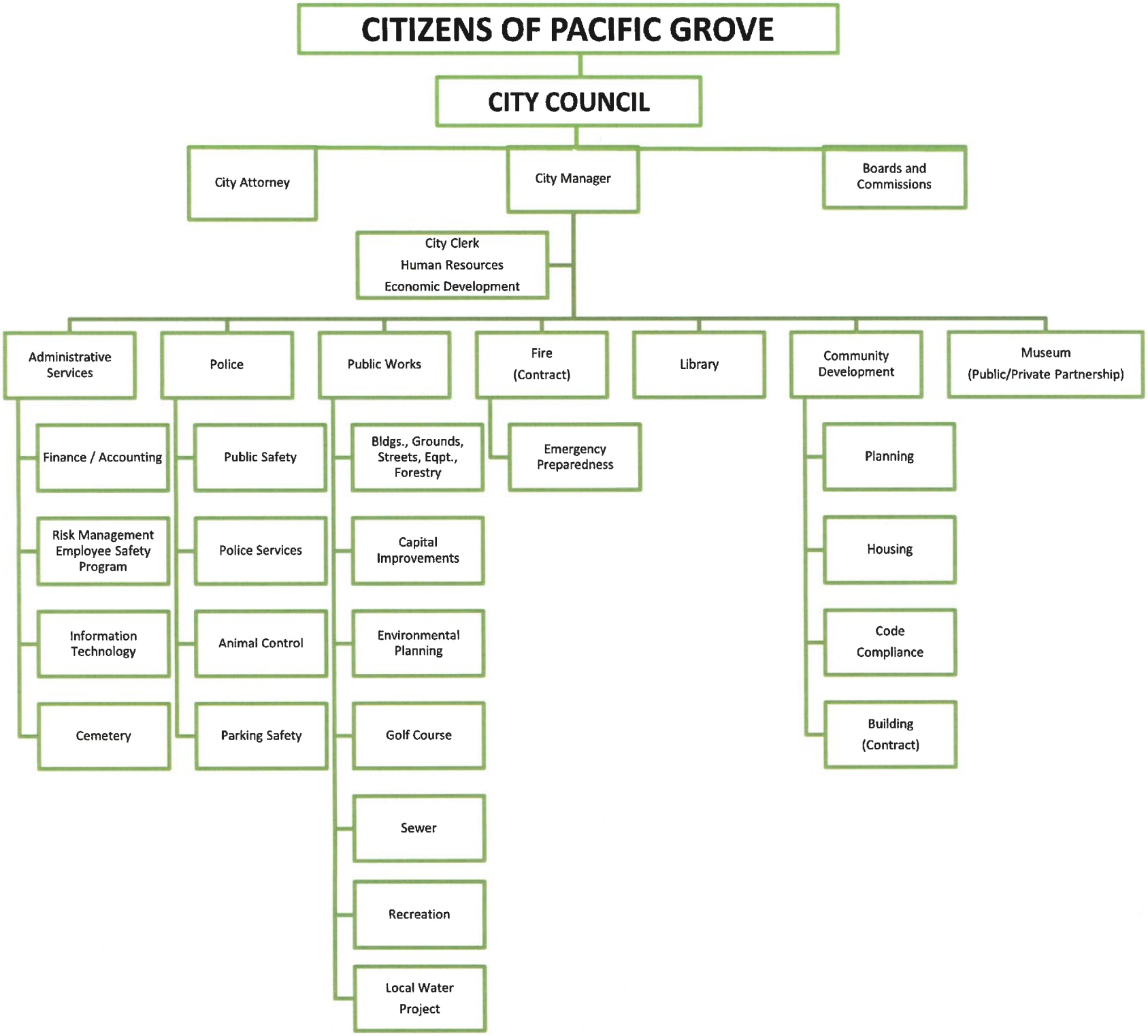
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Dear City Council.

I would like to refresh your memories:
The Mayor made a mistake by shutting-down Zoom Public Comment.
https://files.cityofpacificgrove.org/Document_Center/Our%20city/27%20Org%20Chart%2005.13.21.pdf

Sincerely,
Inge Lorentzen Daumer

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CITIZENS OF PACIFIC GROVE
CITY COUNCIL
City Attorney
City Manager
Boards and Commissions
City Clerk
Human Resources
Economic Development
Administrative Services
Police
Public Works
Fire (Contract)
Library
Community Development
Museum (Public/Private Partnership)
Finance / Accounting
Risk Management Employee Safety Program
Information Technology
Cemetery
Public Safety
Police Services
Animal Control
Parking Safety
Bldgs., Grounds, Streets, Eqpt., Forestry
Capital Improvements
Environmental Planning
Golf Course
Sewer
Recreation
Local Water Project
Emergency Preparedness
Planning
Housing
Code Compliance
Building (Contract)

LETTER TO THE EDITOR

Inge Lorentzen Daumer <ilwd50@gmail.com>

Fri 10/27/2023 6:08 PM

To:paul <paul@carmelpinecone.com>
Cc:City Council Members <citycouncil@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Dear Editor,

The Mayor of Pacific Grove has just banned Public Comment Participation by Zoom, without a Public Hearing or Council approval. This follows some organized hate-speech that occurred during a previous City Council meeting. Staff Zoom controllers have the ability to mute the speakers. By banning All remote Public Comment, the Mayor violates his own Adopted Council Goals of Inclusivity, Transparency, Communication and Integrity. He is excluding residents like me; Seniors, Mobility Impaired, Night-Vision Impaired and Immunocompromised Residents, as well as those traveling, out-of-town, or lacking child-care to attend in-person. It feels like he is trying to suppress and silence any and all criticism that might be expressed during a meeting.
It would be far better to pre-register Speakers with our names and phone numbers, Before a meeting, so there is accountability. He should not "throw-the-baby-out-with-the-bath"!
Written emailed comments rarely get posted on time or shared verbally with the entire Public, especially now, having the Staffing problems and temporary and interim-hires that currently inhabit City Hall. The "haters" win if the Public is stifled.

Inge Lorentzen Daumer

180 Sloat Ave.
Pacific Grove, CA
831-649-1363

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Zoom verbal comments Discontinuance protest

Karin Locke <wisteriagma@comcast.net>
Tue 10/31/2023 10:48 AM
To:City Council Members <citycouncil@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Mayor and council,

Due to my disability, and others like me, I am protesting the access to the council, and others on commissions, by the elimination of audio comments if on zoom.

The decision is harsh, does not take the community best interests to heart, and is indicative of a continuing disregard to the publics access to decision making. The ability to connect via zoom is invaluable for those with disabilities, aged who are hesitant to go out in the evening either because of age or babysitting needs.

Please reverse the decision so that elderly, sick, and very busy working adults can sit and listen to the communities concerns and or support for actions. Additionally, how does the mayor and council expect there to be a way to pull off of the consent calendar an agenda item? As you may know the agenda items are lengthily and complex. A working person with a family may not have the time to read the agenda until the night of the meeting, please revisit this decision.

The fact that this decision was made without the publics input is also concerning.

Mayor Peake, do you care for our input as a community or are willing to cut us off because of a few inappropriate and disgusting phone calls? Have we been cut off because of a perceived threat forever more?

Sounds like discrimination to me.

Karin Locke
Pacific Grove resident

The more clearly we can focus our attention on the wonders and realities of the universe about us, the less taste we shall have for destruction. Rachel Carson

6:30 a.m. disappointment

Jane Haines <janehaines80@gmail.com>

Sun 10/29/2023 6:46 AM

To:City Council Members <citycouncil@cityofpacificgrove.org>;mheditor <mheditor@montereyherald.com>
Cc:Pierik, Brian A. <bpierik@bwslaw.com>

[NOTICE: This message originated outside of the City of Pacific Grove email system -- DO NOT CLICK on links or open attachments unless you are sure the content is safe.]

Good morning members of Pacific Grove's City Council and Editor of the Monterey Herald,

I am disappointed this morning by the absence of any letter or article in today's Monterey Herald regarding our mayor's recent decision to prohibit public comments on Zoom at Pacific Grove City Council meetings. While I did not personally compose such a letter or contact the paper, I understand that one was submitted, and a reporter followed up.

Consequently, I will address this issue in person during the public comment period at this Wednesday's Council meeting. I will explain that my long-standing membership in the American Civil Liberties Union is because of the ACLU's commitment to protecting our civil liberties, including the right to freedom of speech. I believe in upholding this principle, even when it is articulated by individuals advocating for causes I vehemently oppose, such as Naziism or racism.

Given that I am 89 years old, I will incur heightened risk if I contract Covid-19 while attending the Council meeting in person. Nonetheless, I have been fully vaccinated, will wear a mask, and am willing to accept the associated risks to advocate for a cause I deeply value – protection for freedom of speech.

Sincerely,
Jane Haines

Public comment on Zoom needs to be restored!

Lisa Ciani <lisa.ciani@gmail.com>

Tue 10/31/2023 11:50 AM

To:City Council Members <citycouncil@cityofpacificgrove.org>;Pierik, Brian A. <bpierik@bwslaw.com>;Public Comment <publiccomment@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Dear Mayor Peake and Council Members,

I'm very surprised that the Mayor wasn't prepared for the interruptions at the October 18th Council meeting considering that the same thing happened at a Monterey City Council meeting a month earlier, as well as many other cities in California and across the country. In light of the lack of coordination between the Mayor and City Attorney, it seems possible that Mr. Pierik had not been informed about the Monterey incident. I'm even more surprised, and disheartened, that the public is being punished by discontinuing public comment via Zoom, which I first learned about in the Carmel Pine Cone Friday morning. Had I not read it in the paper, I wouldn't have even noticed the change in the public comment policy on the Council agenda that came out Friday afternoon—not even red font or yellow highlighting to alert us to a change.

And despite the October 27th date on the announcement that arrived by email yesterday afternoon in a special edition of the City Manager's Report, I couldn't find an announcement in the News & Headlines section of the City's homepage over the weekend. So far there is no written comment posted on the November 1st Council Agenda in the General Public Comment section (4A). Does that mean that the Announcement providing a new (to me) public comment email address (publiccomment@cityofpacificgrove.org), to which we can email comments up to noon on November 1st, also means that no written comments will be posted until after noon the day of the meeting?

Pacific Grove's sudden and unclear response to the distressing Zoom hate speech does not serve the community well. It appears to be a unilateral action by the Mayor, and I suppose he must be authorized to do that. However, transparency has been set aside, and open public comment did not help shape the decision, but instead has to be after the fact, with a lack of facts. I'm told that all the boards and commissions have received a brief email notice that they will also not be allowing public comment on Zoom.

COVID was the reason the Zoom meetings were started, and I thought we all learned that Zoom meetings had the benefit of increased public participation. As a result, hybrid meetings were initiated, with the benefit of public comment (including on Zoom), when in-person meetings returned. COVID isn't over, and it can be life threatening for senior citizens and others. I no longer attend indoor meetings due to the risk of COVID, but I do wear a mask in indoor public places and I'm fully vaccinated. In addition, I have health issues now that limit the amount of time that I can sit or stand. I hope to be present for General Public Comment this week, since I can limit my time indoors, but once we lose Daylight Savings Time on Sunday, I wouldn't risk it in the dark, even with my walker which I don't currently use in the daytime. General Public Comment is at a relatively predictable time near the beginning of the meetings, but it's only for topics not on the agenda. My voice is silenced for all Regular Agenda items. Written comment cannot address items that may be clarified or added in the staff presentation. And they're not in the moment, and therefore more likely in Council memories, as with oral comments. Commenting on Zoom allows the public engagement of individuals with childcare or other caregiving responsibilities or work obligations, transportation challenges, traveling out of town, and other factors that keep them from attending in person to comment.

There's no question that there's a serious problem that needs to be addressed, and it needs to be carefully considered in light of important freedom of speech issues at the core of our democracy. **There are alternatives to ending public participation by Zoom.** Jane Haines suggested prefacing public comment with a clear statement that respectful comments are welcome and hateful comments won't be tolerated, with wording developed with the City Attorney, that can be printed on the agenda as well. An alternative is my husband's suggestion to you of reading aloud the written comments of those who cannot attend. And it's been suggested that you consult with the American Civil Liberties Union. Or, you could look next door, in Monterey.

Have you read Monterey's agenda report about how to manage public comment in light of their September 19th Zoom bombing experience? Monterey has had a Special Council Meeting where this matter was on the agenda, with a very thorough agenda report, and public comment was considered prior to a decision. Below is a link to the City of Monterey's October 11th agenda report including options for managing public comment going forward. **Please read it.** You'll find the part titled "Meeting Management: Public Comments on Zoom" listed as item #10 on the third page of the agenda report:
https://isearchmonterey.org/OnBaseAgendaOnline/Documents/ViewDocument/AGENDA-REPORT.DOC.DOC.pdf?meetingId=5761&documentType=Agenda&itemId=39777&publishId=25496&isSection=false
The minutes for that meeting are not available yet, but the Monterey City Clerk said on the phone yesterday that Monterey has decided to continue allowing Zoom comments.

I ask that the Mayor reconsider his well-intentioned but stifling action. Please follow Monterey's example, and Seaside's, and continue Zoom comments. Please do not punish members of our community for a single hate incident by others, whether or not there may be more to come before a technological solution is found. There are plenty of options now. I suppose the Mayor may make a brief announcement about the issue tomorrow night. If the Mayor does not rescind his order, I hope other Council Members will ask to agendize the matter at the next meeting, or a special meeting, and consider returning to a more inclusive policy.

Sincerely,
Lisa Ciani

Public Comment via Zoom

Sharon Miller <smmc442@gmail.com>

Tue 10/31/2023 2:35 PM

To:Public Comment <publiccomment@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

I am deeply saddened that our little town has experienced inappropriate and hurtful comments via Zoom during City Council meetings. Rather than limit the Zoom audience to comments emailed in advance of the meetings, I wonder if the Council would consider the following modest proposal: Those on Zoom could type comments into Chat that would be visible ONLY to a designated city employee who would delete the truly offensive ones and read into the record the genuine comments, citing who had submitted them. This would help those of us who are homebound during Council meetings for one reason or another feel part of the process.

Thank you for your consideration,
Sharon Miller
442 Lighthouse Ave., PG
831-601-0403
smmc442@gmail.com or bmcclane@redshift.com

General Public Comment : curtailing of zoom comments

Mari Adams <mariadamsmari@gmail.com>

Tue 10/31/2023 8:35 PM

To:Bill Peake <bpeake@cityofpacificgrove.org>;Public Comment <publiccomment@cityofpacificgrove.org>
Cc:Pierik, Brian A. <bpierik@bwslaw.com>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Dear Mayor Peake:
I am aware that local city councils in California have been struggling with hate speech during public comments lately (including Monterey, PG & Seaside), but I was dismayed to see the announcement discontinuing public comment via Zoom effective Nov. 1 at PG city council meetings.

With the pandemic and advent of Zoom, we entered a new era of public participation at public meetings.
Citizens who were previously unable to participate (people with disabilities or lack of transportation, child and/or eldercare obligations, etc.) were able to make their voices heard.
Increased citizen engagement is something that we should all value and curtailing it seems to be giving up and giving in to bullies. This thwarting of public participation seems overreaching considering cities can have an administrator simply mute hate speech, or institute a registry as I believe was done in Monterey.
Thank you for your consideration.

Mari Adams Osuna
Pacific Grove Resident

Black Lives Matter. Visit https://sayevery.name

zoom comments

fran&jd <yiotter2@gmail.com>

Tue 10/31/2023 3:39 PM

To:City Council Members <citycouncil@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

While I abhor the racist zoom-bombs recently delivered during several council meetings, I feel that a complete ban on zoom comments is over-kill. These white nationalists are zoom-bombing everywhere in order to disrupt gov't at every level. By silencing a good portion of interested, informed and engaged citizens, our council is playing right into the dirupter's hands. I may be wrong, but it seems to me that hateful, disruptive words and behavior has always been shut down in public meetings without fear of 1st amendment lawsuits. It's obvious the Zoom bombers were not simply expressing their 1st amendment protected opinions....they were disrupting and shutting down other's free speech. Please don't shut down the free speech of our learned citizens who cannot attend meetings in person. They are assets to Pacific Grove and must be allowed to speak.
thank you.
JD Stayton
242 Locust St

Public Comment via Zoom

Sierra North <sierranorth@gmail.com>

Wed 11/1/2023 8:56 AM

To:Bill Peake <bpeake@cityofpacificgrove.org>;Public Comment <publiccomment@cityofpacificgrove.org>

[NOTICE: This message originated outside of the City of Pacific Grove email system -- DO NOT CLICK on links or open attachments unless you are sure the content is safe.]

Dear Mayor Peake,

I am writing to ask that you keep public comment via zoom. While I am aware that the city is trying to curtail hate speech, other municipalities have figured out ways to do this that do not make it harder for people with disabilities and transportation issues and caregivers to access their government. While these people may be able to write city officials, there is something about directly speaking with the whole council and having your voice heard that cannot be replaced.

Thank you,
Sierra North
Pacific Grove Resident

Please read attached documents

Jane Haines <janehaines80@gmail.com>

Wed 11/1/2023 7:34 PM

To:City Council Members <citycouncil@cityofpacificgrove.org>;Pierik, Brian A. <bpierik@bwslaw.com>
Cc:Daniel Gho <dgho@cityofpacificgrove.org>;bauman@cityofpacificgrove <bauman@cityofpacificgrove>

2 attachments (199 KB)

Transcript 60 Minutes copy.pdf; Public Records Act request.pdf;

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Dear City Council,

Tonight I referenced highlighted statements in the attached transcript of last Sunday's *Sixty Minutes* presentation about the effects of ventilation on Covid transmission in rooms such as our City Council chambers. Please take at least two minutes to read them.

I also referenced my 11/1/23 Public Records Act request for documents showing ventilation standards achieved in City Council chambers tonight. I will send you the responsive documents when I receive them.

Best regards,
Jane Haines

From: **Jane Haines** janehaines80@gmail.com
Subject: Public Records Act request
Date: November 1, 2023 at 4:09 PM
To: Pacific Grove City Clerk of cityclerk@cityofpacificgrove.org
Cc: Lydia Matta lmatta@cityofpacificgrove.org



Dear Pacific Grove City Clerk,,

This is a Public Records Act request for the following documents in electronic format:

1. A document describing the type of HVAC unit (aka heating, ventilation and air conditioning unit) in current use for the City Council chambers at 300 Forest Avenue.
2. A document describing the number, type and rating of that HVAC units' MERV filter banks (MERV refers to minimum efficiency reporting value). For example, a MERV rating of 13 means the filter catches up to 90 percent of airborne particles, depending on the particles' size.
3. A document showing how long the ventilation portion of said HVAC unit operated today (11/1/23) beginning from 5 p.m. until it was turned off.
4. A document showing the date when said HVAC unit was installed.

In advance, thank you for providing the above-described public records.

Jane Haines
831 375-5913
janehaines80@gmail.com

Indoor air systems “absolutely key” in curbing spread of viruses | 60 Minutes

With COVID an ongoing concern and flu season getting started, aerosol researchers say there needs to be a focus on improving the quality of the air we all breathe while inside.

OCT 29, 2023

With a new strain of COVID on the rise, and flu season just getting started, we thought now would be a good time to consider what the pandemic has taught us about preventing the spread of potentially deadly respiratory infections.

It turns out, viruses like the one that causes COVID-19 can travel through the air much farther than six feet. So public health advice focusing on social distancing, handwashing, and masking wasn't enough. Air quality scientists say, from the start of the pandemic, it also should have focused on improving the air we all breathe ... indoors.

Now, some companies are doing just that – for the health of their workers and the health of their bottom line.

Joe Allen: The original sin of the pandemic was the failure to recognize airborne transmission.

Professor Joe Allen of Harvard's T.H. Chan School of Public Health believes the rapid spread of COVID in early 2020 was preventable.

Joe Allen: Think about the public health gains we've made over the past hundred years. We've made improvements to water quality, outdoor air pollution, our food safety, we've made improvements to sanitation: absolute basics of public health. Where has indoor air been in that conversation? It's totally forgotten about. And the pandemic showed what a glaring mistake that was.

Dr. Jon LaPook: What do you think was lost because of that lag in understanding of how this was spread?

Joe Allen: Tens of thousands of lives in the U.S., many more globally. It's not an exaggeration.

It's also no exaggeration to say those early days of COVID were unforgettable. In the U.S. by March 2020, the virus began taking its toll in places like the Life Care

Center nursing home in Kirkland, Washington. Sixty miles away in Mount Vernon, Washington, the Skagit Valley Chorale held one of its weekly rehearsals in a church. Half the members stayed away. But the other half showed up. Among them were board members Debbie Amos, Mark and Ruth Backlund, and Coizie Bettinger.

Coizie Bettinger: We just thought hand sanitizer, wash your hands a lot, you know, don't hug each other, 'cause that's touch.

None of it was good enough. Within a few days, chorale members began to get sick. In all, COVID hit 53 of the 61 people there that night. Two of them, both in their 80s, died.

Ruth Backlund: We were going, "This-- this has got to be spread some other way." It- -

Dr. Jon LaPook: Really?
Ruth Backlund: Because we were good. We were good.

Dr. Jon LaPook: So COVID was percolating and you thought you were doing everything you were supposed to do?

Marck Backlund: Yes. Debbie Amos: Right.

Dr. LaPook speaks with members of the Skagit Valley Chorale choir 60 MINUTES

Skagit County health officials said the rehearsal "could be considered a superspreading event" – one of the earliest in the country – and concluded that choir members had "an intense and prolonged exposure" to surfaces, droplets and possibly even microscopic airborne particles called "aerosols," containing the virus. That caught the attention of Linsey Marr, a Virginia Tech university professor specializing in aerosol science, and several of her fellow researchers. Even though the medical community was focused on droplets, surfaces and handwashing, these researchers strongly believed COVID was mostly an airborne disease, but needed more proof. So they launched their own analysis.

Linsey Marr: I thought, "Wow. This is even worse than I thought "This has to be airborne. There's really no other explanation for it." Some people are gonna say, "Oh, they all touched the same doorknob." But, after the first few people touch that doorknob, there's no more virus left.

Linsey Marr: That's what happens with our exhaled breath.

Professor Marr used a portable fogger to help explain how so many choir members could have gotten sick.

Linsey Marr: When they're singing, they are releasing virus particles into the air constantly, probably, like this. And those are going to drift around in the room. Notice they're not just falling to the ground. And now as we continue to sing, there's more and more of them in the room. And you can see, as they're drifting around they're reaching these other people nearby. And they were there for two and a half hours. And you can imagine that after that amount of time the other people would've breathed in enough of them to get sick themselves.

Dr. Jon LaPook: Especially if at night the HVAC system was turned off.

Linsey Marr: As far as we know, it wasn't running and so there were very – there was very poor ventilation in that room when this was all happening.

An HVAC unit, short for heating, ventilation and air conditioning, is the heart and lungs of any building. The researchers suspected the thermostat most likely shut off the HVAC unit because the chorale members were generating enough heat on their own.

Dr. Jon LaPook: And right now, there's no ventilation?

Linsey Marr: Very, very low.

Dr. Jon LaPook: OK.

Linsey Marr: And actually, it's similar to what was in the church where the group was rehearsing.

Then, Professor Marr turned up the circulation to show us how better air flow could have helped remove aerosols and slow the spread of virus.

Professor Linsey Marr gives an aerosol demo 60 MINUTES

Linsey Marr: Instead of just drifting all over the room --

Dr. Jon LaPook: Oh...
Linsey Marr: You can actually see it, right, going up through there-- Dr. Jon LaPook: I sure can. That is dramatic to see that.

The analysis led to one of the most significant papers on the importance of ventilation published during the pandemic. Then, last year, a study in Italy went

further. It found that by using a school's fans and air ducts to mechanically exchange indoor air with outdoor air five times an hour, the risk of COVID-19 infections decreased by at least 80 percent. But, in the U.S. it took until this past May for the CDC to recommend an air exchange rate at all.

Joe Allen: If you look at the way we design and operate buildings, and I mean offices, schools, local coffee shop, we haven't designed for health. We have bare minimum standards. In schools the minimum air change, by design, is about three air changes per hour. Remember, we want at least four to six.

Dr. Jon LaPook: If we'd had these indoor air quality targets before the pandemic, how do you think the pandemic would have unfolded differently?

Joe Allen: We still would have had spread. This isn't an "end-the-pandemic" thing. We would have had a lot less of it, and we would have a lot less of these superspreading events. Think about the early days of the pandemic, with "flatten the curve"---"stay home." Why wasn't "Improve indoor air quality" part of "flatten the curve"? We had tools to protect ourselves. Masking: great tool, it's a filter. But we ignored the building side of this.

Face mask effectiveness: What science knows now

Buildings are Allen's business. As the founder of Harvard's Healthy Buildings program, he diagnoses problems in air quality systems and comes up with solutions for clients that include CBS's parent company, Paramount, and commercial real-estate companies like Beacon Capital Partners, with buildings like this one in downtown Boston. And, he advised Amazon before these new 22-story towers opened last may in Arlington, Virginia, where he gave us a tour.

Dr. Jon LaPook: What does a state-of-the-art building look like in terms of air?

Joe Allen: We see a lot of the elements in this building. You have a dedicated outdoor air system that's delivering air above the minimum requirements. Then it's going through two MERV-13 filter banks, and you have highly filtered air.

MERV stands for minimum efficiency reporting value. A rating of 13 means it catches up to 90 percent of airborne particles... depending on their size... as the first line of defense not just against COVID, but other airborne respiratory viruses like flu and RSV.

Dr. LaPook and Joe Allen look at MERV filters 60 MINUTES

Joe Allen: This is the part of the building nobody ever sees. But this determines whether or not you're healthy or sick in the building, really, what happens in this space.

At Amazon's new offices, the top floor is a maze of motors, pipes, and air ducts... part of a $2.5 million HVAC system that begins with massive rooftop vents and dampers.

Joe Allen: Right here, this is the whole air handling system. This is where the air comes into the building, it's filtered, it's cooled, and then delivered. This determines how much air actually reaches the office space where people are working, and how clean that air is.

Downstairs, each floor has a sensor that tells building engineers about the quality of the indoor air ... such as levels of carbon dioxide, known as CO2.

Dr. Jon LaPook: We breathe out the carbon dioxide.
Joe Allen: That's right
Dr. Jon LaPook: The less carbon dioxide, the better the ventilation?

Joe Allen: Really straightforward. High carbon dioxide means you're not getting enough outdoor air from that system we just looked at. If it's low, you're in good shape. Then we also measure particles. That tells us things about, like, outdoor air pollution.

The entire system can be monitored and controlled from the basement.

Joe Allen: Remember we talked about carbon dioxide is an indicator for ventilation? Well, I can see in this building all of these are under 800 parts per million.

Dr. Jon LaPook: So that's good?

Joe Allen: That's great. And really important: if a lot of people went into a space, the CO2 level would rise, this system would recognize it. The dampers would open up and bring in a lot more outdoor air.

Katie Hughes, Amazon's director of health and safety, pointed to the waves of wildfire smoke that have swept down from Canada as the ultimate test of the indoor air quality system.

Dr. Jon LaPook: Not too long ago, Washington and Virginia were sort of smothered by this smoke coming down from Canada. What happened in this building?

Katie Hughes: You would expect the air quality within the facility to not be great. Our buildings were performing very well.

Hughes says Amazon has been updating many of its HVAC systems, including in its warehouses.

A recent survey of facility managers in the U.S. and Canada found that since March 2020, roughly two-thirds of respondents have upgraded their MERV filters and increased their air exchange rates. In New York City, JPMorgan Chase says its new headquarters will have state of the art air quality controls. And this new skyscraper called 1 Vanderbilt already runs a modern HVAC system.

Katie Hughes: COVID shifted everybody's mindset in terms of air quality in terms of communicable or infectious diseases.

Dr. Jon LaPook: Are you finding that Amazon is making a business decision partially by saying, "Look, it's okay for you to come back to work, because we're telling you that the air inside this building is safe"?

Katie Hughes: I think it's one of many reasons why we expect or would like people back in the office. That is-- a good thing to have, it's probably one of many things.

A well-operating HVAC system is not only good for the health of employees. It can be good for the health of companies, too, especially with people working remotely, leaving many commercial building owners looking for tenants.

Dr. Jon LaPook: There's empty office space, in New York City and elsewhere. How do you think this new thinking might affect that in terms of people even wanting to come to work?

Joe Allen: The dynamic has changed: It's a total buyers' or tenants' market. All else equal, which building are you gonna go to? You have your choice right now: This building that put in healthy building controls, or this building that's designed the way we've always designed buildings, and is prone to being a sick building?

Dr. Jon LaPook: So it actually can help the bottom line in addition to, of course, improving health?

Joe Allen: Yeah.

Dr. Jon LaPook: What about retrofitting a building that's old?

Joe Allen: I think it's a misconception that old buildings can't be healthy buildings. Some of these fixes don't take much. Improving the level of filtration? That's easy; it's cheap; protects against COVID-19; influenza; also protects against wildfire smoke and outdoor air pollution; protects against allergens. Simple, absolute basic things that can be done.

The Skagit Valley Chorale rehearsals are now in a different church. 60 MINUTES

The Skagit Valley Chorale rehearsals are now in a different church with a new HVAC system. Doors stay open to bring in fresh air, regardless of the season, and there are even portable carbon dioxide monitors to track ventilation.

Debbie Amos: We've been through a traumatic experience. And we've tried to learn from that. And did help the science with the aerosol study. And now, we're moving on in a way that we can still sing-- but in a more safe manner.

Dr. Jon LaPook: Do you worry that when the spotlight of the pandemic starts to fade, that people will forget and that they won't act the way they should, in terms of buildings?

Joe Allen: I'm a bit more optimistic than that. I think there are fundamental shifts that have happened. The scientific and medical literature's being rewritten. The government and standard setting bodies are setting new health-based standards. Businesses are responding and won't forget what this meant to their employees' health, and their business. So I don't think we're gonna forget these lessons. We better not.

Produced by Andrew Wolff. Associate producer, Tadd J. Lascari. Broadcast associate, Eliza Costas. Edited by Matt Richman.

Trending News

How air systems can curb viruses' spread

In: COVID-19

Jon LaPook

China stealing technology secrets, "Five Eyes" intelligence leaders warn

Blues lives on in Mississippi

The Blues resurgence in the Mississippi Delta

Dr. Jonathan LaPook is the chief medical correspondent for CBS News.

Twitter

First published on October 29, 2023 / 7:40 PM EDT © 2023 CBS Interactive Inc. All Rights Reserved.

Monterey: Lithium Stock Poised for Acquisition

Multiple Lithium acquisitions have taken place lately, we feel this company could be next.

China Just Bought These Major US Companies

Car Wash Owners Don't Want You To Know About This Vacuum

Crumbs, Pet Hair, and Filth Don't Stand A Chance Against This Powerful Invention

PAID CONSUMER SECRETS **Learn More**

Zoom Disruption Roundtable Discussion | Cal Cities

Inge Lorentzen Daumer <ilwd50@gmail.com>

Wed 11/1/2023 10:30 PM

To:City Council Members <citycouncil@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Council,
FYI...
https://www.calcities.org/education-and-events/event/2023/11/09/default-calendar/zoom-disruption-roundtable-discussion

---



Virus-free.www.avg.com

Zoom Disruption Roundtable Discussion

November 9, 2023 1:30 PM

Register

Join us for a Zoom Disruption Roundtable Discussion!

In recent months, there has been an uptick in racist, hateful, and sometimes violent remote public comments during public meetings throughout California. Additionally, early in the pandemic, city officials were struggling with “Zoom bombings" — people interrupting online meetings by saying or displaying lewd, racist, or offensive material.

These incidents interfere with the public’s right to weigh in on important local issues, slow routine business, and take a mental toll on city officials. Join fellow city officials from all departments and levels of government **on November 9 at 1:30 p.m.** for a roundtable on best practices and legal tools for addressing meeting disruptions and hate speech in public meetings.

Roundtable Discussions are available as an exclusive member benefit and are open to Cal Cities member cities only. Discussions are member-driven and will not be recorded. For more information on Roundtable Discussions, please email Meghan McKelvey. For questions specific to registration, please contact Cal Cities’ Registrar, Megan Dunn.

Please see our event and meeting policies.

Agenda No. 8 A

CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Tori Hannah, Administrative Services Director / City Manager Pro Tempore
MEETING DATE:	November 01, 2023
SUBJECT:	City Council Goals Quarterly Update
CEQA:	Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION
Receive the report.

DISCUSSION
At the April 19, 2023 City Council meeting, the City Council adopted its Areas of Focus, Goals and Milestones for 2023-2025, including a workplan (attached to this agenda report) that details the anticipated delivery dates for the goal milestones by fiscal year quarter. To ensure progress and provide accountability, City staff pledged to provide updates on the progress in accomplishing the workplan on a quarterly basis. This agenda report reflects updates for the following two quarters:

- Q4 - Fiscal Year 22/23 (April, May, June)
- Q1 - Fiscal Year 23/24 (July, August, September)

Due to staffing transitions, some tasks within the current quarter have been delayed.

If there are updates on future quarter milestones, that information has been incorporated into the attached file. All other future quarter milestones are included within this list; however the entry columns are shaded in gray.

OPTIONS
Not applicable.

FINANCIAL IMPACT:
There is no financial impact in receiving the report.

FOCUSED PRIORITY AREA: Not Applicable.

Attachments

Community Goals and Workplan - Q1 Fiscal Year 23/24

Community Goals & Work Plan 2023-25

PRIORITY AREA: Recreation Services

POLICY VALUE STATEMENT: Pacific Grove offers robust and accessible recreational and cultural activities for all ages.

MANDATE	GOALS	MILESTONES FOR 2023	PLAN QUARTER OF COMPLETION (Fiscal Year)	LEAD DEPARTMENT	Status	Percent Complete	Additional Notes
NO	**Expand hours and services of the Youth Center**	Submit comprehensive recreation plan to City Council for expanded services, activities and programs; receive Council input. *(Plan components include: recruitment strategy, proposed budget including additional FT and Seasonal PT employee hours, expanded hours of operation for all recreational facilities including the Lighthouse. The plan will also explain the delta between 2019 service offerings to what is proposed.*	Q4 FY22/23	Rec/PW/CMO /ASD	Q4 - Complete	100%	
		Recruit and onboard additional Seasonal PTE (current and expanded summer 2023 programming).	Q4 FY22/23	Rec/PW/CMO	Q4 - Complete	100%	
		Recruit and onboard additional FTE.	Ql FY23/24	Rec/PW/CMO	Q1 - Complete	100%	Q4 - Reported as partial
		Complete implementation of comprehensive recreation plan (that includes expanding hours, activities and services for the community).	Ql FY23/24	Rec/PW/CMO	Q1 - Complete, Ongoing	100%	Q4 - Reported as partial
NO	**Expand or reinstate afterschool and recreational activities, including recreation and sports programs.**	Same milestones as above.	Q4 FY22/23	Rec/PW/CMO	Q1 - Partially Complete, Ongoing	50%	Q4 - Reported as partial
No	**Evaluate fees for use/rental of City facilities (e.g. Chautauqua Hall, etc.) to incentivize more use by the community.**	Assess facility rental fees and submit new proposed fee schedule to the City Council for consideration.	Ql FY23/24	ASD/Rec	Q1 - Partially Complete	40%	Consultant retained for the fee study and department interviews conducted.
		Implement new fee schedule.	Ql FY23/24	ASD/Rec	Q1 - Partially Complete	40%	Consultant retained for the fee study and department interviews have been conducted.

QUARTER	Fiscal Year
Ql	July-Aug-Sept
Q2	Oct-Nov-Dec
Q3	Jan-Feb-March
Q4	April-May-June

Community Goals & Work Plan 2023-25

PRIORITY AREA: Infrastructure

POLICY VALUE STATEMENT: Pacific Grove prioritizes capital needs and maintains community assets

MANDATE	GOALS	MILESTONES FOR 2023	PLAN QUARTER OF COMPLETION (Fiscal Year)	LEAD DEPARTMENT	Status	Percentage Complete	Notes
NO	**Enhance the process, prioritization, scheduling and completion of CIP projects.**	Select consultant to recommend a new approach for Capital Improvement Program, including the development of asset management schedules, recommended funding and prioritization to address ongoing repair and replacement of City facilities, assets and infrastructure. Select a consultant to develop asset management schedules and recommended funding to address repair and replacement of City facilities, assets and infrastructure as part of defining a new approach to CIP process.	Ql FY23/24	PW/ASD/CMO	Q1 - Initiated		Public Works is researching this approach
		Implement recommendations for the development and adoption of a new Capital Improvement Plan. effective July 1, 2024, including a new asset management program.	Ql FY23/24				
NO	**Complete Streets Policy: Adopt a plan to implement the design of safe walking paths, sidewalks and bike lanes, including signage.**	Retain the services of a qualified firm to assess the City's multi-modal transportation network, including all associated transportation policies and the proposed general plan transportation element, and to draft a Complete Streets Policy and safe routes to school map - specific to the needs of the Pacific Grove community.	Q3 FY23/24	PW/COO			
		Develop and adopt a draft policy and safe routes to school map; shepherd through the Traffic Safety Commission for feedback and public review.	Q4 FY23/24	PW/CDD			
		Incorporate policy elements for implementation as a part of subsequent CIP streets infrastructure improvements.	Ql FY24/25	PW/CDD			

QUARTER	Fiscal Year
Ql	July-Aug-Sept
Q2	Oct-Nov-Dec
Q3	Jan-Feb-March
Q4	April-Mav-June

Community Goals & Work Plan 2023-25

PRIORITY AREA: Environmental Stewardship

POLICY VALUE STATEMENT: Pacific Grove Implements environmentally sustainable practices that protect wildlife and the coastal community.

MANDATE	GOALS	MILESTONES FOR 2023	PLAN QUARTER OF COMPLETION (Fiscal Year)	LEAD DEPARTMENT	Status	Percentage Complete	Additional Notes
NO	**Initiate and Complete a Climate Action and Adaptation Plan.**	Receive recommendations from City Climate Action and Adaptation Plan Subcommittee to authorize funds for a consultant: present to BNRC and then City Council for review and additional input.	Ql FY23/24	PW/CDD	Q1 - In Progress	50%	Committee has been formed and meetings have occurred
		Present proposed Climate Action and Adaptation Plan to BNRC and then City Council for review and adoption.	Q3 FY23/24	PW/CDD			
NO	**Initiate and complete a Citywide Tree Improvement and Management Plan (e.g., planting In pubic areas, sustainable tree maintenance and removal strategies, review and replacement of non-native plants and species, etc.).**	Complete comprehensive Title 12 revisions; revisions focus on replanting compliance and tree appeal process; to be reviewed by the BNRC.	Ql FY23/24	PW	Q1 - Initiated	90%	Planning to go to BNRC in November
		Complete comprehensive Title 12 revisions; revisions focus on replanting compliance and tree appeal process; to be reviewed City Council.	Q2 FY23/24	PW			
		Plant and maintain (e.g., additional labor) 150 native trees on public property and public right-of-way.	Q4 FY23/24	PW	Q1 - Initiated		Plantings already occurring in GWP through PW in addition to volunteer efforts
NO	**Protect Wildlife and Habitat.**	Train CSOs in wildlife protection.	Ql FY 23/24	PD/CMO	Q1 - Initiated		PD is working with Dara Sanders (consultant) and the City Council Subcommittee on this matter.
		Draft and issue RFQ for Local Coastal Program (LCP) amendments.	Q4 FY22/23	CMO/CDD	Q1 - Initiated		The review of the procurement process for a consulting resource is underway
		Review and rank RFQ responses: make recommendation for City Council to award contract.	Ql FY23/24	CDD/CMO			Pending activity list above
		Release a public draft of LCP amendments for review and City Council adoption; submit to California Coastal Commission for LCP Amendment.	Q4 FY23/24	CDD/CMO			
NO	**Review, update and implement George Washington Park Master Plan.**	Hire a consultant to conduct biological assessment of GWP in order to update and recommend implementation measures of the GWP master plan.	Q4 FY22/23	PW	Q1 - Initiated		Proposal before City Council at their November 15th meeting
		Receive and review Monterey Fire Department's Community Wildfire Protection Plan for impact to GWP (harmonize and align).	Ql FY23/24	MFD/PW	Q1 - In Progress	95%	CWPP is being finalized and should be ready for presentation to BNRC and then Council in November/December
		Implement Council adopted policies for GWP Master Plan in alignment with approved City Council direction.	Q2 FY23/24	PW/MFD			

QUARTER	Fiscal year
Ql	July-Aug-Sept
Q2	Oct-Nov-Dec
Q3	Jan-Feb-March
Q4	April-May-June

Community Goals & Work Plan 2023-25

PRIORITY AREA: Affordable Housing

POLICY VALUE STATEMENT: Pacific Grove supports a diversity of affordable housing opportunities.

MANDATE	GOALS	MILESTONES FOR 2023	PLAN QUARTER OF COMPLETION (Fiscal Year)	LEAD DEPARTMENT	Status	Percentage Complete	Notes
NO	**Explore and assess the grandfathering of existing non-conforming ADU's.**	Review, audit and conduct field visits for prior second unit report.	Q2 FY23/24	CDD	Q1 - Initiated	20%	May best be addressed on a case-by-case basis with the Building, Planning, and Housing Departments in collaboration as inquiries come in to CDD.
		Present findings and staff recommendations to City Council for direction.	Q3 FY23/24				
YES	**Complete Housing Element Update (MANDATED)**	Prepare and present draft 6th Cycle Housing Element to the Planning Commission, including DEIR (if necessary).	Q3 FY23/24		Q1 - Complete, Ongoing	100%	The Planning Commission considered the 6th Cycle Draft Housing Element on October 5th and 12th, and made the recommendations. These recommendations were brought to Council on October 18th.
		Submit draft 6th Cycle Housing Element to HCD for comments.	Q3 FY23/24		Q2 - In Progress	80%	CDD plans to transmit/submit the revised 6th Cycle Draft Housing Element to HCD on November 1, 2023. HCD will have 90 days to review the City's draft, and integration of HCD revisions into the City's draft will occur in Feb-Mar 2024.
		Integrate HCD revisions into the draft 6th Cycle Housing Element	Q3 FY23/24				
		Prepare and present draft 6th Cycle Housing Element to the City Council for final adoption and EIR certification (if necessary).	Q3 and Q4 FY23/24 and Ql FY 24/25				
YES	**Initiate a feasibility and site selection process for the design and construction of an affordable housing project.**	Prepare 6th Cycle Housing Element draft with Rincon Consultants to determine an inventory of feasible development sites for affordable housing.	Q3 FY23/24				
		Determine outside developers' interest in sites selected in Housing Element to develop affordable housing.	Q4 FY23/24 and beyond				
		City Council review and consideration of preferred site, including selection of preferred market and/or non-profit developer.	Q4 FY23/24 and beyond				

QUARTER	Fiscal Year
Ql	July-Aug-Sept
Q2	Oct-Nov-Dec
Q3	Jan-Feb-March
Q4	April-Mav-June

Agenda No. 8 B

CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Nick Smith, Mayor Pro Tem

MEETING DATE: November 01, 2023

SUBJECT: 2023 CalCities Annual Conference Report

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION
Receive report.

DISCUSSION
On September 20-22, I attended the 2023 CalCities Annual Conference in Sacramento, California.

During the conference, I attended sessions related to city governance and policy, including the following topics: municipal litigation issues, new state housing laws and mandates, and post-COVID downtown strategies. The sessions covered leading edge issues facing cities statewide.

The CalCities Conference is also a great opportunity to network with other local leaders from our region. To that end, I attended the Monterey Bay Division luncheon along with councilmembers from other Monterey Bay cities.

Lastly, I was appointed as the City's voting delegate for the CalCities General Assembly; however, no issues were raised for a vote and the General Assembly was not held.

OPTIONS
Not applicable.

FINANCIAL IMPACT:
None.

FOCUSED PRIORITY AREA: Not Applicable.

Agenda No. 9 A

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Bill Peake, Mayor
MEETING DATE:	November 01, 2023
SUBJECT:	Committee Appointments - Clifton, Wooten, and Gorman
CEQA:	Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Approve appointments of
· John L. Clifton to Administrative Enforcement Hearing Officers Panel to 1/31/26
· Cathy Wooten to Beautification and Natural Resources Commission to 1/31/26
· Jennifer Gorman to Beautification and Natural Resources Commission to 1/31/26

DISCUSSION

These appointments fill vacancies on the respective city committees.

City committees play a vital role in city government and provide opportunities for residents to become engaged in civic activities and work to improve local governance. We are very fortunate to have many highly qualified and talented residents willing to serve on City committees.

The term for appointments is 2 years as these are non-charter committees.

Mayoral appointments to city committees must be confirmed by Council (Charter Article 26). Further regulations and policy regarding appointments can be found in PGMC Chapter 3.02 and Policy 000-5.

OPTIONS

None.

FINANCIAL IMPACT:

There is no fiscal impact to approving these appointments.

GOAL ALIGNMENT: Not Applicable.

Attachments

Redacted John L Clifton Application
Redacted Cathy Wooten Application
Redacted Jennifer Gorman Application

CITY OF PACIFIC GROVE

www.cityofpacificgrove.org

Application for Appointment to a Public Board, Commission, or Committee

Persons interested in being appointed to serve on a board, commission, or committee of the City of Pacific Grove are invited to complete the following application.

Name: John h. Clifton (Jack)

Street Address

City: Pacific Grove | **State:** CA | **ZIP Code:** 93950

Residence Telephone Number: | **Work Telephone Number:** | **E-Mail Address:**

Name of Board, Commission, or Committee on which you would like to serve: Administrative Enforcement Hearing Officer

Brief Description of Background and Qualifications (Additional Information May Be Attached on Separate Sheets and Attachment of Resume is Desirable):

Please see Attached.

I hereby certify that I am a registered voter of the City of Pacific Grove (not required for EDC appointees.

Signature of Applicant: | **Date:** 10/03/23

FOR CITY USE ONLY A

Appointment: _____ **Expiration:** _____ **Date of**

Reappointment: _____ **End of Term:** _____ **Date of**

Certification of Appreciation Awarded: _____

John L. Clifton

QUALIFICATION SUMMARY

*** Former Administrative Enforcement Hearing Officer for Pacific Grove**
*** Over 25 years of legal experience with interpreting and enforcing laws and regulations**
*** Served as legal advocate in over 200 administrative hearings and court cases**
*** Exceptional legal and academic research skills**
*** Outstanding interpersonal and communication skills**
*** Noted trainer on Ethics and Professional Responsibility**

Over 20 years of proven leadership in positions of major responsibilities: hearing officer, general counsel, manager of legal and administrative staffs, project manager, litigator and case manager; responsible for the delivery of ethics guidance, corporate compliance and risk management. Innovative and problem solver. Proven work ethic and ability to excel in any environment. Former U.S. Army Judge Advocate (COL., Ret.).

PROFESSIONAL EXPERIENCE:

- **Administrative Enforcement Hearing Officer, City of Pacific Grove, CA**
  (February 2013 – February 2021)

  Hearing Officer for City of Pacific Grove, CA, adjudicating cases of violations of the city code by residents and local businesses. Eight years of experience working with code compliance officers to enforce city codes. Hears appeals of citations for parking violations.

- **Adjunct Professor, Brandman University, Monterey, CA**
  (August 2009-July 2014)

  Instructor on the graduate level (M.A.) topics of Organizational Leadership and Employment Law.

- **General Counsel, Army & Air Force Exchange Service, Dallas, TX**
  September 2005 – July 2007

- **Staff Judge Advocate, Defense Language Institute Foreign Language Center, Presidio of Monterey, Monterey CA**
  (July 2003 – August 2005)

- **Chief, Contract Law, US Army Training and Doctrine Command, Fort Monroe, VA**
  (August 2000 – June 2003)

- **Chief, International and Administrative Law, US Transportation Command, Scott AFB, IL**
  (September 1997 - July 2000)

- **Group Judge Advocate, 10th Special Forces Group, Fort Devens, MA & Fort Carson, CO (June 1994 - July 1996)**

- **Officer-in-Charge, Bamberg Law Center, Bamberg, Germany (June 1992 - July 1993)**

- **Chief, Military Justice, 3d Infantry Division, Würzbug, Germany (June 1990 - June 1992)**

- **Senior Defense Counsel, US Army Trial Defense Service, Grafenwöhr, Germany (June 1988 - June 1990)**

- **Trial Counsel, Admin Law and Claims Attorney, US Army South, Panama (April 1986 - June 1988)**

ADDITIONAL EXPERIENCE:

- **Appellate Public Defender, State of Oklahoma (August-December 1985)**

- **City Manager Intern, City of Shawnee Oklahoma (June-August 1982)**

EDUCATION:

M.A., Organizational Leadership, Brandman University, Aug. 2019

LL.M., International & Comparative Law, The George Washington University, Sept. 1997

LL.M., Military Law w/ Civil & Admin. Law Specialty, US Army Judge Advocate General's School, May 1994

J.D. with Distinction, University of Oklahoma School of Law, May 1985

B.A., Public Administration, University of Oklahoma, May 1982

BAR ADMISSIONS: Oklahoma (October 1985) & U.S. Supreme Court (March 1994)

CONTINUING EDUCATION:

CA Public Service Ethics Course (2020, 2017, 2015, 2013)
CA Public Parking Association Hearing Officer Training (2016)
Corporate Ethics and Compliance (2007)
Corporate Compliance (2006)
Fiscal Law Course (2005)
Procurement Fraud Course (2002)
Contract Litigation Course (2002)

CITY OF PACIFIC GROVE
www.ci.pacific-grove.ca.us

Application for Appointment to a Public Board, Commission, or Committee

Persons interested in being appointed to serve on a board, commission, or committee of the City of Pacific Grove are invited to complete the following application.

Name:
Cathy Wooten

Street Address:

City:	**State:**	**ZIP Code:**
Pacific Grove	CA	93950

Residence Telephone Number:	**Work Telephone Number:**	**E-Mail Address:**

Name of Board, Commission, or Committee on which you would like to serve:
BNRC

Brief Description of Background and Qualifications (Additional Information May Be Attached on Separate Sheets): ATTACHMENT OF A RESUME IS DESIRABLE.

BA Psychology
MS Human Resources Management
Retired Director of Human Resources

Volunteer Activities
-Monarch Sanctuary
-BayNet training
-Museum of Natural History
-Black Oystercatcher Project Monitor
-Various City activities

Commissioner, BNRC 2020-2022
Chair, BNRC 2022

I hereby certify that I am a registered voter of the City of Pacific Grove (not required for EDC appointees)

Signature of A [redacted] **Date:** 10/2/23

ITY USE ONLY

Appointed to: _____

Date of Appointment: _____ ***Expiration:*** _____

Date of Reappointment: _____ ***End of Term:*** _____

Date Certification of Appreciation Awarded: _____

CITY OF PACIFIC GROVE

www.cityofpacificgrove.org

Application for Appointment to a Public Board, Commission, or Committee

Persons interested in being appointed to serve on a board, commission, or committee of the City of Pacific Grove are invited to complete the following application.

Name:
Jennifer Gorman

Street Address:

City:	**State:**	**ZIP Code:**
Pacific Grove	CA	93950

Residence Telephone Number:	**Work Telephone Number:**	**E-Mail Address:**

Name of Board, Commission, or Committee on which you would like to serve:
Beautification and Natural Resources Commission (BNRC)

Brief Description of Background and Qualifications (Additional Information May Be Attached on Separate Sheets and Attachment of Resume is Desirable):

Background:

My background as a military spouse of more than 20 years has provided the opportunity to appreciate the uniqueness of the people, culture, and natural resources in each community we've lived and traveled. The special qualities of Pacific Grove are why we selected PG as the community we wanted to finish raising our son upon learning our final duty station would bring us back to the Monterey Peninsula. Its beauty, wildlife, and natural assets including our incredible shoreline and recreational trail that we all enjoy are just some of the reasons I feel fortunate to have been able to call Pacific Grove home for the last eight years.

Qualifications:

My qualifications include 20 years of professional experience working for non-profit organizations, state government, and public school districts that serve youth, families, and communities in differing capacities. I am also experienced in serving on various community service boards, committees, and union committees. As a parent, parks and coastal volunteer, and someone that has served in the field of education for the last fifteen years I am committed to preserving and protecting our natural resources and supporting the beautification of our community through art and other enhancements for generations to come.

Thank you for taking the time to consider my application to serve the residents of Pacific Grove.

I hereby certify that I am a registered voter of the City of Pacific Grove (not required for EDC appointees.

Signature of Applicant:	**Date:** 10/17/2023

FOR CITY USE ONLY Appointed to: _____ **Date of Appointment:** _____ **Expiration:** _____ **Date of Reappointment:** _____ **End of Term:** _____ **Date**
Certification of Appreciation Awarded: _____

Agenda No. 9 B

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Mayor Bill Peake
MEETING DATE:	November 01, 2023
SUBJECT:	Motion to Approve Interim City Manager Employment Agreement with Robert Perrault
CEQA:	Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Motion to approve Interim City Manager Agreement with Robert Perrault or other action as directed by the City Council related to this item.

DISCUSSION

Tori Hannah was appointed as City Manager Pro Tempore effective July 28, 2023 with a term ending upon the appointment of an Interim City Manager.

A subcommittee was formed to recruit for the position of Interim City Manager and for a permanent City Manager which included Mayor Bill Peake, Mayor Pro Tempore Nick Smith and Councilmember Luke Coletti. The City retained the firm of Bob Murray & Associates to assist with these recruitment efforts.

Over 20 applications were received for the Interim City Manager position. The candidate being recommended by the subcommittee for the position of Interim City Manager is Robert Perrault. Robert Perrault was interviewed by Council on October 16, 2023.

Robert has held many positions in City government spanning over a period of the last 40 years including service as a City Manager for the cities of Cloverdale, Colfax and Grover Beach. Robert has also served as an Interim City Manager for the cities of Greenfield and Willits.

The recommendation is for a Motion to approve an Interim City Manager Employment Agreement with Robert Perrault with a start date of November 6, 2023.

OPTIONS

Other action as directed by the City Council.

FINANCIAL IMPACT:

The hourly rate of pay is $103.85 for the Interim City Manager, which is consistent with the approved salary for the City Manager position based on an annualized salary of $216,008. There will be no benefits paid to or on behalf of the Interim City Manager.

There should be sufficient salary savings within the Fiscal Year 23/24 Budget to support this position.

FOCUSED PRIORITY AREA: Not Applicable.

Attachments

Proposed Interim City Manager Employment Agreement

Public Comment

INTERIM CITY MANAGER
EMPLOYMENT AGREEMENT BETWEEN
THE CITY OF PACIFIC GROVE AND ROBERT PERRAULT

This Interim City Manager Employment Agreement ("Agreement") is made by and between the City of Pacific Grove ("City") and Robert Perrault ("Employee"). City and Employee are hereinafter collectively referred to as the "Parties."

RECITALS

A. On or about July 27, 2023, the City's former City Manager separated from City employment. During the intervening time period, the City has been without a City Manager, although an individual has been acting in that capacity.

B. The California Public Employees' Pension Reform Act of 2013, Government Code section 7522, et seq., applies to Employee. Employee is a retired member of CalPERS, who had been retired for more than 180 days before accepting employment with the City as a retired annuitant.

C. The City and Employee have the mutual desire to temporarily appoint Employee as Interim City Manager during the recruitment process to hire a full-time City Manager.

D. Under the city council/manager form of government, the City has a critical need to appoint an Interim City Manager during its recruitment process to appoint a new full-time City Manager.

E. Employee has specialized skills to perform the work of the City's Interim City Manager for a limited duration during the pendency of the recruitment process to appoint a new City Manager.

F. Employee hereby certifies that he has not received any unemployment insurance compensation arising out of his prior employment with a CalPERS contracting agency within 12 months of his date of appointment as the City's Interim City Manager.

OPERATIVE PROVISIONS

1. Position and Duties.

1.1 Position. Employee accepts employment with the City as its Interim City Manager and shall perform all functions, duties and services set forth in Section 1.2 of this Agreement. Employee shall provide services at the direction and under the supervision of the City Council. It is the intent of the parties that Employee, as the Interim City Manager, shall keep the City Council fully apprised of all significant ongoing operations of the City. Toward that end, Employee shall report directly to the City Council and will periodically, or as may be otherwise specifically requested by the City Council, provide status reports to the City Council on his activities and those of the City.

1.2 Duties. Employee shall serve as the Interim City Manager and shall for the Term of the Agreement be vested with the powers, duties and responsibilities of the City Manager as set forth in Resolution 23-024 Interim City Manager Job Description, attached hereto as Attachment A, the terms of which are incorporated herein by reference. Employee shall provide services at the direction and under the supervision of the City Council. It is the intent of the parties that the Interim City Manager shall keep the City Council fully apprised of all significant ongoing operations of the City. Toward that end, Employee shall report directly to the City Council and will periodically, or as maybe otherwise specifically requested by the City Council, provide status reports to the City Council on his activities and those of the City. It is the intent of the City Council for the Interim City Manager to function as the chief executive officer of the City's organization. Without additional compensation, Employee shall provide such other services as are customary and appropriate to the position of Interim City Manager, including assisting with the City's recruitment for a fulltime permanent City Manager, together with such additional services assigned from time to time by the City Council as may be consistent with California law and the Pacific Grove Municipal Code. Employee shall devote his best efforts and attention to the performance of these duties.

1.3 Hours of Work. Employee shall devote the time necessary to adequately perform his duties as Interim City Manager. The parties anticipate that Employee will work a sufficient number of hours per week allocated between regular business hours and hours outside of regular business hours including, without limitation, attendance at regular and special City Council meetings. Toward that end, Employee shall be allowed reasonable flexibility in setting his own office hours, provided the schedule of such hours provides a significant presence at City Hall, reasonable availability to the City Council, City staff, and members of the community during regular City business hours and for the performance of his duties and of City business. Employee may perform work off site as appropriate. For purposes of this Agreement, regular City business hours are 8:00 a.m. to 5:00 p.m. Employee agrees to be reachable by telephone for consultation and advice when he is not physically working in the City. Employee also agrees to respond to the City for emergency situations. However, in no event shall Employee be required to work in excess of 960 hours per fiscal year for the City, including hours Employee may have worked for any other CalPERS Agency prior to his appointment to this position and between July 1, 2023 and the initiation of the Term of this Agreement, as reflected in Section 2.

2. Term. This Agreement shall become effective on November 6, 2023, contingent upon the City Council's approval of the Agreement. Employee shall commence work on November 6, 2023 ("Commencement Date"), but shall be entitled to work remotely until November 15, 2023, unless the parties hereto agree in writing to a later date. Employee is expected to commence in person work at 8:00 a.m. on November 15, 2023, or such later date as the parties hereto shall agree in writing. This Agreement shall expire as of the first of the following to occur: (i) upon the employment commencement date of a permanent City Manager employed by the City; (ii) upon Employee working his 960th hour, excluding any hours subject to the provisions of the Executive Orders, in any fiscal year, including hours worked for other CalPERS Agencies during such fiscal year; or (iii) upon termination of the Agreement by either Employee or the City as provided in Section 6 of this Agreement.

/ / /

3. **At-Will**. Employee acknowledges that he is an at-will, temporary employee of the City who shall serve at the pleasure of the City Council at all times during the period of his service hereunder. Employee expressly acknowledges and agrees that Section 2.06.020 of the Municipal Code does not apply to his employment and does not confer upon Employee any right to any property interest in continued employment, or any due process right to a hearing before or after a decision by the City Council to terminate his employment. Employee expressly acknowledges and agrees that nothing in this Agreement is intended to, or does, confer upon Employee any right to any property interest in continued employment, or any due process right to a hearing before or after a decision by the City Council to terminate his employment, except as is expressly provided in Section 2 or Section 6 of this Agreement. Nothing contained in this Agreement shall in any way prevent, limit or otherwise interfere with the right of the City to terminate the services of Employee, as provided in Section 2 or Section 6. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employee to resign at any time from this position with the City, subject only to the provisions set forth in Section 2 or Section 6 of this Agreement. This at-will employment shall be expressly subject to the rights and obligations of the City and Employee, as set forth in Section 2 or Section 6 below.

4. **Compensation.**

4.1 **Rate of Pay.** For all services performed by Employee as the Interim City Manager under this Agreement, the City shall pay Employee compensation at an hourly rate of $103.85 based upon an annualized salary of $216,008.00, subject to the limitations provided below in Section 4.2. This salary amount is consistent with the amount reflected on the job description for this position (i.e., Attachment A), as well as the City's current salary schedule, attached hereto as Attachment B.

4.2 **Compliance with CalPERS Requirements.** It is the intent of the parties to compensate Employee only to the extent permitted under Government Code Sections 7522.56 and 21221(h), and corresponding CalPERS regulations and policy statements. The rate of pay set forth in Section 3.1 is based on the salary limitations established by CalPERS and is not less than the minimum, nor more than the maximum rate of pay, for the position of City Manager as listed on the City's publicly available pay schedule, divided by 173.333 to equal an hourly rate. The hourly rate of pay for the position of City Manager is $103.85.

4.2.1 **Recordation and Reporting of Hours Worked.** Employee will comply with all applicable CalPERS regulations governing employment after retirement, including the recordation and reporting of all hours worked for the City to CalPERS as may be required. The City shall assist in any such reporting obligations to CalPERS. Additionally, Employee shall keep the City continually apprised of any hours worked by Employee for other CalPERS Agencies during the term of this Agreement.

4.2.2. **Special Skills.** The City attests specifically that Employee has the special skills needed to perform work of limited duration, pursuant to Government Code Sections 7522.56, subsection (c) and 2122(h).

/ / /

4.3 Benefits. Other than the compensation described in Section 4.1, Employee will receive no other benefits, incentives, compensation in lieu of benefits, or any other form of compensation. Employee understands and agrees that he is not, and will not be, eligible to receive any benefits from the City, including any City group plan for hospital, surgical, or medical insurance, any City retirement program, or any other job benefits available to an employee in the regular service of the City, except for Worker's Compensation Insurance coverage or similar benefits required by state or federal law. Employee further understands and agrees, in accordance with Government Code Section 21221(h) and related CalPERS regulations and policy statements, that he is not, and will not be, provided or accrue any personal time off, vacation, sick leave, administrative leave, paid holidays or similar leave benefits, unless otherwise required by state or federal law.

5. Reimbursement. The City shall reimburse Employee for authorized, reasonable and necessary travel expenses incurred by Employee in the performance of his duties pursuant to this Agreement. Employee shall document and claim said reimbursement for such travel in the manner and forms required by the City. All reimbursements shall be for actual expenses and shall be subject to and in accordance with California and federal law and the City's adopted reimbursement policies. Such reimbursements shall not be reported to CalPERS. Other than as specifically provided herein, Employee shall receive no other compensation or reimbursements for expenses incurred by him in performance of this Agreement.

6. Termination of Agreement.

6.1 By City. This Agreement may be terminated by the City for any reason thirty (30) days after providing written notice to Employee of such termination. The City's only obligation in the event of such termination will be payment to Employee of all compensation then due and owing as set forth in Section 4.1 up to and including the effective date of termination. However, this Agreement may be terminated immediately if necessitated by changes to CalPERS statutory or regulatory requirements.

6.2 By Employee. This Agreement may be terminated by Employee for any reason thirty (30) days after providing written notice to the City of such termination. The City shall have the option, in its complete discretion, to make Employee's termination effective at any time prior to the end of such period, provided the City pays Employee all compensation as set forth in Section 3.1 then due and owing him through the last day actually worked.

6.3 No Notice for Expiration. Nothing in this Section 6 shall be construed to require either party to give advance written notice in order for the Agreement to expire as set forth in Section 2.

6.4 Termination Obligations. Employee agrees that all property, including, without limitation, all equipment, tangible Proprietary Information (as defined in Section 8), documents, records, notes, contracts, and computer-generated materials furnished to or prepared by him incident to his employment belongs to the City and shall be returned promptly to the City upon termination of Employee's employment. Employee's obligations under this subsection shall survive the termination of his employment and the expiration of this Agreement.

7. Conflicts of Interest. Employee represents and warrants to the City that he presently has no interest, and represents that he will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or interfere in any way with performance of his services under this Agreement.

8. Proprietary Information. "Proprietary Information" is all information and any idea pertaining in any manner to the business of the City (or any City affiliate), its employees, clients, consultants, or business associates, which was produced by any employee of the City in the course of his/her employment or otherwise produced or acquired by or on behalf of the City. Proprietary Information shall include, without limitation, trade secrets, product ideas, inventions, processes, formulae, data, know-how, software and other computer programs, copyrightable material, marketing plans, strategies, sales, financial reports, forecasts, and customer lists. All Proprietary Information not generally known outside of the City's organization, and all Proprietary Information so known only through improper means, shall be deemed "Confidential Information." During his employment by the City, Employee shall use Proprietary Information, and shall disclose Confidential Information, only for the benefit of the City and as is, or may be, necessary to perform his job responsibilities under this Agreement. Following termination, Employee shall not use any Proprietary Information and shall not disclose any Confidential Information, except with the express written consent of the City. Employee's obligations under this Section shall survive the termination of his employment and the expiration of this Agreement.

9. Indemnification. Subject to, in accordance with, and to the extent permitted by the California Government Claims Act, Government Code Section 810 et seq., the City will indemnify, defend, and hold Employee harmless from and against any action, demand, suit, monetary judgment or other legal or administrative proceeding, and any liability, injury, loss or other damages, arising out of any act or omission occurring during Employee's tenure as Interim City Manager, except that this provision shall not apply with respect to any intentional tort or crime committed by Employee, or any actions outside the course and scope of his employment as Interim City Manager.

10. General Provisions.

10.1 Entire Agreement. This Agreement contains the final, complete and exclusive agreement and understanding between the parties. Any amendment, modifications or variations from the terms of this agreement shall be in writing and shall be effective only upon approval of such amendment, modification or variation by the City Council and Employee.

10.2 Interpretation. This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any party. By way of example and not in limitation, this Agreement shall not be construed in favor of the party receiving a benefit nor against the party responsible for any particular language in this Agreement. Captions are used for reference purposes only and should be ignored in the interpretation of the Agreement. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, cancelled superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

10.3 **Severability**. The terms of this Agreement are contractual and not a mere recital. Should any provision or part of any provision or application thereof be held invalid, the invalidity shall not affect any other provisions or applications of the Agreement which can be given effect without the invalid provision or application, and to this end, the provisions of this Agreement are declared to be severable.

10.4 **Attorneys' Fees.** In any legal action, arbitration, or other proceeding brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs.

10.5 **Governing Law**. This Agreement, and the rights and obligations of the parties, shall be construed and enforced in accordance with the laws of the State of California. Venue shall be in the Monterey County Superior Court.

10.6 **Amendment.** This Agreement may not be amended except in a written document signed by Employee, approved by the City Council and signed by the City's Mayor.

10.7 **Acknowledgment.** Employee acknowledges that he has had the opportunity to consult legal counsel in regard to this Agreement, that he has read and understands this Agreement, that he is fully aware of its legal effect, and that he has entered into it freely and voluntarily and based on his own judgment and not on any representations or promises other than those contained in this Agreement.

10.8 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute together one and the same instrument.

10.9 **Electronic Signatures.** The parties may execute this Agreement by electronic signature, subject to the terms and conditions set forth in Government Code section 16.5.

[SIGNATURES TO FOLLOW]

ON BEHALF OF THE CITY:

_____ _____
Mayor Bill Peake Date

EMPLOYEE:

_____ _____
Name: Date

APPROVED AS TO FORM:

_____ _____
Name: Jenica Maldonado Date
Special Counsel
Atkinson Andelson Loya Ruud & Romo

ATTACHMENT A

DocuSign Envelope ID: 65BE7F97-ED6E-4CE3-BB3B-E9463990C546

RESOLUTION NO. 23-024

RESOLUTION APPROVING INTERIM CITY MANAGER JOB DESCRIPTION

FINDINGS

1. Currently no Interim City Manager Job Description exists.

2. An Interim City Manager fills the vacant City Manager position while City Manager recruitment activities are underway.

3. The Interim City Manager job description is attached as Exhibit A to this Resolution.

4. The Interim City Manager job description is modeled after a City Manager job description.

5. The key distinction for an Interim City Manager is the requirement of considerable city management experience. Thus, the requirement of a minimum of 15 years of increasing responsibility in an administrative or managerial capacity in a municipal organization.

6. At the Special Meeting of the City Council on August 30, 2023, the City Council gave direction to the City Attorney to return to the City Council with a Resolution approving the Interim City Manager job description.

7. An Interim City Manager who is a CalPERS retired annuitant is limited to 960 hours (equivalent to 24 weeks) of employment per fiscal year (Government Code sections 7522.56 and 21221(h)). This amount of time should be sufficient to fill the permanent City Manager position.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE:

1. The Council determines that each of the Findings set forth above is true and correct, and by this reference incorporates those Findings as an integral part of this Resolution.

2. The Interim City Manager Job Description attached to this Resolution as Exhibit A is incorporated herein by reference and is hereby approved.

3. This Resolution shall become effective immediately following passage and adoption thereof.

DocuSign Envelope ID: 65BE7F97-ED6E-4CE3-BB3B-E9463990C546

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 6th day of September, 2023 by the following vote:

AYES: Mayor Peake, Mayor Pro Tem Smith, Councilmembers Amelio, Beck, Coletti, McDonnell, and Poduri.
NOES: None.
ABSENT: None.

APPROVED:

DocuSigned by:
Bill Peake
2E6F9DE48137414...

BILL PEAKE, Mayor

ATTEST: 9/11/2023
DATED:_____

DocuSigned by:
Sandra Kandell
4F11A61C850B4E1...

SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

DocuSigned by:
Brian A. Pierik
01871FB17BD8435...

BRIAN A. PIERIK, City Attorney

DocuSign Envelope ID: 65BE7F97-ED6E-4CE3-BB3B-E9463990C546

EXHIBIT A

Interim City Manager Job Description

SUMMARY:

To plan, organize, and direct the overall administrative activities and operations of the City. To advise and implement City Council goals and policies. To perform all duties as specified by the City Charter.

Per Article 19 of the City Charter, the powers and duties of the City Manager shall be:

- To see that all ordinances are enforced.
- To appoint all heads of departments, subordinate officials, and employees, and remove the same, and have general supervision and control over the same.
- To exercise general supervision over all privately owned public utilities operating within the City so far as the same are subject to municipal control.
- To see that the provisions of all franchises, leases, contracts, permits and privileges granted by the City are fully observed and to report to the Council any violations thereof.
- To act as purchasing agent for the City. The City Manager shall know the exact condition of the treasury at all times and shall approve all demands before the same have been allowed by the Council if the City Manager is satisfied that the money is lawfully due.
- To attend all meetings of the Council unless excused therefrom by three members thereof or by the Mayor.
- To examine, or cause to be examined, without notice, the conduct, or the official account and records, of any officer or employee of the City.
- To keep the Council advised as to the needs of the City.
- To have supervision over all City property, including public buildings, parks, and playgrounds.
- To appoint such advisory boards as the City Manager may deem desirable to advise and assist the City Manager provided the members of such boards shall receive no compensation.
- To cause a quarterly statement of all funds in the treasury to be submitted to the Council. Such statements shall be submitted not later than the first meeting in November, February, May, and August.
- To assume general control of the City government and all of its branches in case of riot, insurrection or extraordinary emergency, and to be responsible for the suppression of disorders and the restoration of normal conditions.

ADDITIONAL ESSENTIAL FUNCTIONS:

Additional duties may specifically include, but are not limited to, the following:

- Direct and participate in the development and implementation of all City goals, objectives, policies, and procedures;
- Direct the preparation of plans and specifications for work specified by City Council;

DocuSign Envelope ID: 65BE7F97-ED6E-4CE3-BB3B-E9463990C546

- Interpret, analyze, and explain policies, procedures and programs to staff and public as appropriate;
- Confer with residents, taxpayers, businesses, and other individuals, groups and outside agencies having an interest or potential interest in affairs of City concern;
- Respond to public feedback on city operations including requests for information;
- Represent the City in the community and at professional meetings as required;
- Coordinate City activities with other governmental agencies and outside organizations;

MINIMUM QUALIFICATIONS:

Any combination equivalent to experience and education that provides required knowledge and abilities described below.

Education: Equivalent to a bachelor's degree from an accredited college or university with major course work in public or business administration or a closely related field. A master's degree is desirable.

Experience: A minimum of 15 years of increasing responsibility in an administrative or managerial capacity in a municipal organization including as a city manager, assistant city manager or department head in a California community of similar size and complexity to Pacific Grove.

KNOWLEDGE AND SKILLS:

Knowledge of:

- Modern municipal management methods and procedures, organizations, and functions; Principles of public and business administration including public finance, personnel administration, and community and economic development;
- Current social, political, and economic trends and operating problems of municipal government;
- Applicable federal and state laws, rules, and regulations regarding local government, land use and zoning regulations;
- Principles of effective public relations and interrelationships with elected and appointed city officials, community groups and agencies, private businesses and firms, and other levels of government.

Ability to:

- Work collaboratively with the City Council.
- Provide effective leadership and coordinate the activities of a large, full service, municipal organization;
- Facilitate teambuilding among City Staff and City Council;
- Analyze, interpret, summarize, and present administrative and technical information and data in an effective manner;
- Take direction from and serve effectively as the administrative agent of the City Council;

DocuSign Envelope ID: 65BE7F97-ED6E-4CE3-BB3B-E9463990C546

- Select, supervise, train, mentor, and evaluate staff.

CONDITIONS OF EMPLOYMENT:

- Take an Oath of Office
- Must be willing to work varied hours, as well as attend evening or weekend meetings and community events, as appropriate

ATTACHMENT B

City of Pacific Grove
Proposed Salary Schedule - Hourly Rate

Ordinance No. 22-011

Full-time and Part-time

Revised: August 3, 2022
Effective Date:July 24, 2022

		Hourly Salary Steps							
Code	Classification	Step 1A	Step 2B	Step 3C	Step 4D	Step 5E	Step 6F	Step 7G	Step 8H
124-001	Accountant	32.78	34.42	36.15	37.95	39.85	40.85	41.87	42.91
219-000	Accountant, Chief	39.20	41.15	43.21	45.37	47.64	49.43	51.28	
218-003	Accountant, Senior	35.91	37.70	39.59	41.57	43.65	45.28	46.98	
120-001	Accounting Assistant	25.88	27.17	28.53	29.96	31.45	32.24	33.05	33.87
125-01	Accounting Assistant, Senior	27.51	28.89	30.33	31.85	33.44	34.28	35.14	36.01
304-001	Administrative Services Director (ASD)	65.62	68.90	72.35	75.97	79.77	83.75	87.94	
302-001	ASD/ Assistant City Manager	73.94	77.64	81.52	85.59	89.87	94.37	99.09	
212-000	Administrative Services Manager	52.58	55.21	57.97	60.87	63.92	67.11	70.47	
170-000	Administrative Technician	33.08	34.73	36.47	38.29	40.21	41.21	42.25	43.30
505-001	Animal Control Officer	26.12	27.43	28.80	30.24	31.75	32.94	34.17	
168-004	Arborist	40.52	42.54	44.67	46.90	49.25	50.48	51.74	53.03
216-002	Assistant Finance Manager	35.81	37.60	39.48	41.45	43.52	45.16	46.85	
090-000	Cashier	15.45	16.22	17.03	17.88	18.78			
243-001	City Clerk	53.67	56.35	59.17	62.13	65.23	68.50	71.92	
TBD	City Clerk/DEI Coordinator	56.35	59.17	62.13	65.24	68.50	71.92	75.52	
002-000	City Council Member	420	per month						
301-001	City Manager	103.85							
164-002	Code Compliance Officer	33.52	35.19	36.95	38.80	40.74	41.76	42.80	43.87
205-000	Community Development Director	63.62	66.80	70.14	73.65	77.33	81.20	85.26	
507-001	Community Service Officer	26.68	28.01	29.41	30.88	32.43	33.64	34.91	
209-000	Construction Project Manager	38.61	40.54	42.57	44.70	46.94	48.70	50.52	
40-000	Custodian	17.13	17.98	18.88	19.83	20.82			
204-001	Deputy City Clerk	32.31	33.93	35.62	37.40	39.27	41.24	43.30	
305-001	Deputy City Manager	62.75	65.89	69.19	72.64	76.28	80.09	84.10	
102-000	Engineering Technician	32.74	34.38	36.10	37.90	39.80	40.79	41.81	42.86
156-001	Equipment Mechanic	32.92	34.56	36.29	38.10	40.01	41.01	42.04	43.09
157-000	Equipment Mechanic, Senior	35.04	36.79	38.63	40.56	42.59	43.65	44.74	45.86
256-000	Finance Director	63.62	66.80	70.14	73.65	77.33	81.20	85.26	
208-001	Financial Analyst	31.09	32.65	34.28	35.99	37.79	39.21	40.68	
71-001	Housing Rehab Inspector	23.35	24.52	25.75	27.04	28.39			
310-001	Human Resources Director	63.62	66.80	70.14	73.65	77.33	81.20	85.26	
210-001	Human Resources Manager	47.03	49.38	51.85	54.44	57.17	60.02	63.03	
105-001	IT Support Specialist	26.00	27.30	28.66	30.10	31.60	32.39	33.20	34.03
64-000	Intern	15.45	16.22	17.03	17.88	18.78			
64-3	Intern II	20.76	21.80	22.89	24.03	25.24			
208-002	Librarian	31.09	32.65	34.28	35.99	37.79	39.21	40.68	
122-001	Library Assistant	24.00	25.20	26.46	27.79	29.18	29.91	30.65	31.42
144-002	Library Assistant, Senior	25.73	27.02	28.37	29.79	31.28	32.06	32.86	33.68
199-000	Library Clerk	18.03	18.93	19.88	20.87	21.92			
219-000	Library Director	63.62	66.80	70.14	73.65	77.33	81.20	85.26	
50-004	Lighthouse Docent Coordinator	15.45	16.22	17.03	17.88	18.78			
154-000	Maintenance Supervisor	34.98	36.73	38.57	40.49	42.52	43.58	44.67	45.79
153-000	Maintenance Tech/Safety Coord	34.98	36.73	38.57	40.49	42.52	43.58	44.67	45.79
132-000	Maintenance Worker	27.92	29.31	30.78	32.32	33.93	34.78	35.65	36.54
146-001	Maintenance Worker, Senior	31.32	32.89	34.53	36.26	38.07	39.02	40.00	41.00
208-003	Management Analyst	34.80	36.54	38.36	40.28	42.29	43.88	45.53	
001-000	Mayor	700	per month						

City of Pacific Grove
Proposed Salary Schedule - Hourly Rate

Ordinance No. 22-011

Full-time and Part-time

Revised: August 3, 2022
Effective Date:July 24, 2022

Code	Classification	Hourly Salary Steps							
		Step 1A	Step 2B	Step 3C	Step 4D	Step 5E	Step 6F	Step 7G	Step 8H
104-001	Office Assistant	22.31	23.42	24.60	25.83	27.12	27.79	28.49	29.20
506-001	Parking Enforcement Officer	25.10	26.35	27.67	29.05	30.51	31.65	32.84	
165-001	Planner, Assistant	34.08	35.78	37.57	39.45	41.42	42.45	43.52	44.60
168-002	Planner, Associate	37.87	39.76	41.75	43.84	46.03	47.18	48.36	49.57
241-002	Planner, Principal	44.88	47.12	49.48	51.95	54.55	56.60	58.72	
169-001	Planner, Senior	42.88	45.03	47.28	49.64	52.12	53.43	54.76	56.13
201-000	Police Adm. Services Manager (ASM)	52.59	55.22	57.98	60.87	63.92	67.11	70.47	
211-001	Police ASM/Public Information Officer	55.21	57.97	60.87	63.92	67.11	70.47	73.99	
602-001	Police Chief	73.03	76.68	80.52	84.54	88.77	93.21	97.87	
601-001	Police Commander	58.65	61.59	64.66	67.90	71.29	74.86	78.60	
516-001	Police Officer	44.10	46.31	48.62	51.06	53.61	55.62	57.70	
513-000	Police Officer Recruit	24.94	26.19	27.50	28.87	30.32	31.46	32.64	
521-002	Police Records Supervisor	30.28	31.79	33.38	35.05	36.80	38.18	39.61	
524-001	Police Sergeant	50.96	53.50	56.18	58.99	61.94	64.26	66.67	
508-001	Police Services Technician	26.68	28.01	29.41	30.88	32.43	33.64	34.91	
62-001	Pre School Manager	19.30	20.27	21.28	22.35	23.46			
219-001	Program Manager	42.63	44.76	47.00	49.35	51.82	53.76	55.77	
206-000	Program Manager, Senior	52.58	55.21	57.97	60.87	63.92	67.11	70.47	
207-000	Public Works (PW) Director	63.62	66.80	70.14	73.65	77.33	81.20	85.26	
303-001	PW Director/ Deputy City Manager	70.99	74.54	78.26	82.18	86.29	90.60	95.13	
220-002	Public Works Superintendent	46.34	48.66	51.09	53.65	56.33	58.44	60.64	
10-001	Recreation Assistant I	15.45	16.22	17.03	17.88	18.78			
51-001	Recreation Assistant II	16.82	17.66	18.54	19.47	20.45			
118-001	Recreation Coordinator	24.52	25.75	27.03	28.38	29.80	30.55	31.31	32.10
217-003	Recreation Coordinator, Senior	38.29	40.21	42.22	44.33	46.54	48.29	50.10	
62-002	Recreation Program Supervisor	22.08	23.19	24.35	25.56	26.84			
216-003	Risk Manager	35.80	37.59	39.47	41.45	43.52	45.15	46.84	
209-000	Senior Librarian	35.98	37.78	39.67	41.66	43.74	45.38	47.08	
170-001	Volunteer Coordinator	27.13	28.48	29.91	31.40	32.97	33.80	34.64	35.51

	Classification	Hourly Salary Range
203	Extra Help Retired Annuitant	15.50 - 106.96

Item 9 B Motion to Approve Interim City Manager Employment Agreement with Robert Perrault

Karin Locke <wisteriagma@comcast.net>

Tue 10/31/2023 3:15 PM

To:City Council Members <citycouncil@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

My comments relate to "why" was this applicant approved? The report indicates that there were several considered for the position, why Robert? He has already retired and therefore the not exceeding the 960 hour range of employment. He can essentially be employed full time for 24 weeks at 40 hour weeks. So...

He has been around in managing cities for many years with many moves, several interim positions. Are you going to search further for a non-interim city manager?

Did you evaluate his performance evaluations from his many past employments?
Has he ever been fired from a position like our past city manager?
Did you have a checklist and a performance bar to succeed as a consideration?
Was there a review of his past organization skills?
Was this candidate proven under a Mayor/council leadership, or in his past employments want to dominate the agenda?
etc...

As our previous city manager did not meet our expectations, what is it about this candidate that is different and how did you come to this conclusion?

Thank you for your consideration,

Karin Locke
Pacific Grove resident

The more clearly we can focus our attention on the wonders and realities of the universe about us, the less taste we shall have for destruction. Rachel Carson

Agenda No. 9 C

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Bill Peake, Mayor
MEETING DATE:	November 01, 2023
SUBJECT:	City Manager Job Description
CEQA:	Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Direct the City Attorney to prepare a Resolution establishing a City Manager Job Description or alternatively, discuss and take other action related to this item.

DISCUSSION

A City Manager job description does not currently exist.

A City Manager job description is valuable for recruitment and performance evaluation (see Council Policy 000-27).

City Manager recruitment activities are underway.

A City Manager job description should be approved by City Council.

The proposed City Manager job description (attached) is modeled after the Interim City Manager job description contained in Council Resolution 23-024.

The difference in job descriptions is the City Manager minimum qualification of 10 years of increasing responsibility in an administrative or managerial capacity in a municipal organization (Interim City Manager requirement is 15 years).

OPTIONS

None.

FINANCIAL IMPACT:

None.

GOAL ALIGNMENT: Not Applicable.

Attachments

City Manager Job Description

ATTACHMENT

City Manager Job Description

SUMMARY:

To plan, organize, and direct the overall administrative activities and operations of the City. To advise and implement City Council goals and policies. To perform all duties as specified by the City Charter.

Per Article 19 of the City Charter, the powers and duties of the City Manager shall be:

- To see that all ordinances are enforced.
- To appoint all heads of departments, subordinate officials, and employees, and remove the same, and have general supervision and control over the same.
- To exercise general supervision over all privately owned public utilities operating within the City so far as the same are subject to municipal control.
- To see that the provisions of all franchises, leases, contracts, permits and privileges granted by the City are fully observed and to report to the Council any violations thereof.
- To act as purchasing agent for the City. The City Manager shall know the exact condition of the treasury at all times and shall approve all demands before the same have been allowed by the Council if the City Manager is satisfied that the money is lawfully due.
- To attend all meetings of the Council unless excused therefrom by three members thereof or by the Mayor.
- To examine, or cause to be examined, without notice, the conduct, or the official account and records, of any officer or employee of the City.
- To keep the Council advised as to the needs of the City.
- To have supervision over all City property, including public buildings, parks, and playgrounds.
- To appoint such advisory boards as the City Manager may deem desirable to advise and assist the City Manager provided the members of such boards shall receive no compensation.
- To cause a quarterly statement of all funds in the treasury to be submitted to the Council. Such statements shall be submitted not later than the first meeting in November, February, May, and August.
- To assume general control of the City government and all of its branches in case of riot, insurrection or extraordinary emergency, and to be responsible for the suppression of disorders and the restoration of normal conditions.

ADDITIONAL ESSENTIAL FUNCTIONS:

Additional duties may specifically include, but are not limited to, the following:

- Direct and participate in the development and implementation of all City goals, objectives, policies, and procedures;
- Direct the preparation of plans and specifications for work specified by City Council;

- Interpret, analyze, and explain policies, procedures and programs to staff and public as appropriate;
- Confer with residents, taxpayers, businesses, and other individuals, groups and outside agencies having an interest or potential interest in affairs of City concern;
- Respond to public feedback on city operations including requests for information;
- Represent the City in the community and at professional meetings as required;
- Coordinate City activities with other governmental agencies and outside organizations;

MINIMUM QUALIFICATIONS:

Any combination equivalent to experience and education that provides required knowledge and abilities described below.

Education: Equivalent to a Bachelor's degree from an accredited college or university with major course work in public or business administration or a closely related field. A Master's degree is desirable.

Experience: A minimum of 10 years of increasing responsibility in an administrative or managerial capacity in a municipal organization including as a city manager, assistant city manager or department head in a California community of similar size and complexity to Pacific Grove.

KNOWLEDGE AND SKILLS:

Knowledge of:

- Modern municipal management methods and procedures, organizations, and functions; Principles of public and business administration including public finance, personnel administration, and community and economic development;
- Current social, political, and economic trends and operating problems of municipal government;
- Applicable federal and state laws, rules, and regulations regarding local government, land use and zoning regulations;
- Principles of effective public relations and interrelationships with elected and appointed city officials, community groups and agencies, private businesses and firms, and other levels of government.

Ability to:

- Work collaboratively with the City Council.
- Provide effective leadership and coordinate the activities of a large, full service, municipal organization;
- Facilitate teambuilding among City Staff and City Council;
- Analyze, interpret, summarize, and present administrative and technical information and data in an effective manner;
- Take direction from and serve effectively as the administrative agent of the City Council;

- Select, supervise, train, mentor, and evaluate staff.

CONDITIONS OF EMPLOYMENT:

- Take an Oath of Office
- Must be willing to work varied hours, as well as attend evening or weekend meetings and community events, as appropriate

Agenda No. 10 A

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Katie Clark, Recreation Program Manager

MEETING DATE: November 01, 2023

SUBJECT: Recreation Board Meeting Minutes August 26, 2022; October 27, 2022; December 22, 2022; and January 26, 2023

CEQA: Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Receive minutes.

Attachments

Recreation Board Meeting Minutes August 26, 2022

Recreation Board Meeting Minutes October 27, 2022

Recreation Board Meeting Minutes December 22, 2022

Recreation Board Meeting Minutes January 26, 2023

Recreation Board Meeting
August 26, 2022

CALL TO ORDER – The meeting was called to order at 6:01 pm.

1. **ROLL CALL –**Jay Tulley, Chair; Elliot Hazen; Daryl Smith; Colleen Goldsmith; Charles Gibson
   Also present: Katie Clark, Recreation Manager; Dan Gho, PW Director; Amy Tomlinson, City Council Liaison.
2. **Approval of Agenda:** Approved 5-0-0
3. **Board and Staff Announcements:** Goldsmith thanked PW for assistance with the Legends of the Autobahn event on behalf of the Audi Club organizers; Legends' organizers were very pleased to be able to hold event in PG and hope to be invited back 2023; they acknowledged that set up could be improved to minimize inconvenience and disruption to residents nearby the golf course. Gibson inquired about remaining ARPA funds designation which Tulley suggested be added to next agenda.
   Clark noted that fall programming for rec programs will commence; full recruitment for a 30 hour per week Recreation Coordinator has been launched.
4. **Council Liaison Comments:** Amy Tomlinson thanked PW for pet parade, auto events and swimming pool weekend access; noted a candidate forum is scheduled for 9/20/2022.
5. **General Public Comments:** none
6. **Approval of Minutes:** not available; will be approved September meeting.
7. **Regular Agenda:**

   A. Skatepark Site Assessment: presentation by PW Director Gho (see agenda report) that project entails several steps---with first step of determining suitable location for skatepark. Top ranked park is GWP, within the recreation zone of the park, which offers access and amenities. Forest Lodge location ranked low because site is not city owned property and challenges include land use rules for school districts; city may have to purchase land. Calendonia and Berwick sites ranked low on several measures, while Arnett Park has traffic and parking challenges. Next steps include site assessment and public outreach, using money allocated by city council, for determining scope of project and retaining engineer.

With secured funding, CEQA review would be initiated and process expected to take 9 mos to one year. Public would have ample opportunity to weigh in and comment. Recommendation: proceed with GWP as the skatepark location; consider Forest Lodge as secondary site; remove Caledonia, Berwick and Arnett from consideration.

Commission Comments: Gibson noted that while report states 25 trees might be removed from GWP, sub-committee feels number of trees removed would be less; Hazen suggested that Arnett location be kept on list. Gho said that is up to board to determine.

Public Comment: written emails against GWP location: Jane Flury, Sharon Nelson, Claudia Verneisel, Lori McDonnell, Jennifer Gorman, Audubon Society, Cathy Wooten, Jan Loomis, Lisa Ciani. Comments generally supportive of PG skatepark, though comments on location were varied: Kelsea Richmond, Holly Dow; Janna Dreisbach, Ginger Root, Andrew Grant, Elise Grant, Sarah Boyle, Claudia Sammis.

Other Emails: Tess Kenny re press; Tony Ciani re EIR, Gina Puccinelli (2) re dog park; Anna Torrea/KION.

Public Comment: positive comments re PG skatepark and/or GWP location: Theresa Burnham, Justin Noren, Colleen Ingram, Christie Thomas, Dick Paquette, Dan Valentine, Stephen Thompson, Kelsea Richmond, Holly Dow, Manny, Jack Camp, Emily Haselbauer, Deaven Keller, Tiffany, Sarah Boyle, Socorro, Nicole Reik, Lauren W. Comments generally supportive of PG skatepark and/or another location: Thom Akeman, Patrick, Rebecca Lee, Kavitha Venkate, Kim Akeman, Vicki Pearse, Lisa Ciani, Amanda Preece, Lori McDonnell, Cari Rotoli, Atticus Rotoli, Inge Lorentzen-Daumer, Melissa & Chris Wooley, Alex White, Tony Ciani, Dave Lugo, Lucy Moore, Kari, and Paul Walkingstick.

Commission Comment: Goldsmith noted that commission received 23 written comments; thinks that final selection of skatepark location is key to success of this project; Smith noted public support of project and would like to see city support residents; Gibson optimistic about skatepark and board is listening to the public about urban forest and recreation; does not support removal of 25 trees at GWP; necessary to hear from PGPD and PW; skatepark

will not be a lighted facility as council concerns about the cost. Tulley expressed interest in markers to indicate size; Hazen commented about Monterey skatepark; noted that 10k size is adequate for multiple uses like BMX biking and skating. PW Director Gho stated that until there is "actual design" for skatepark, there would be no markers due to unknown design details. Tulley inquired about other sites like Jewell Park. Gibson noted that sub-committee began with parks large enough for a skatepark, with consideration of environmental impact (such as coastal zone locations). Tulley responded that philosophically, the concept to develop and build in sites that are in need of repair, not the most beautiful sites, should be considered. Arnett and Forest Lodge sites are presently sites that are not attractive and are in need of repair. Also noted that public outreach is critical so that residents do not feel blindsided by skatepark proposal. Tulley questioned the way the scoring matrix was scored. There were questions that were very subjective that were scored in a questionable way. And there were questions that needed more data to provide evidence of the scoring. The template was provided by skatepark organization---is matrix in line with community values? Further, he stated that Arnett has alternative areas in park for skatepark (without removing handicap parking). The ballpark is not utilized much by Pony League. Gibson made motion to approve recommendations by staff and recommend to City Council: proceed with GWP as the desired skatepark development site and with the next step including public outreach; consider Forest Lodge Rd. as a secondary site; proceed with discussions with the school district; and remove Caledonia, Arnett and Berwick parks from consideration due to infeasibility. In discussion, Tulley modified motion to: remove first item GWP approval; initiate outreach before additional action is taken; and keep Arnett as a site under consideration. Motion failed with lack of second.

After much discussion about wording, motion made by Hazen, with second by Smith, to recommend following: proceed with GWP as primary park location for public outreach, and Arnett Park as secondary location, also included in public outreach; simultaneously initiate discussions with PGUSD regarding Forest Lodge as secondary location; and remove Caledonia

and Berwick Parks from consideration due to infeasibility. Motion passed 4-0-1. Tulley voted against motion.

B. Hybrid model for Rec Board Meetings: Clark presented information that hybrid meetings can be held in city council chambers with online participation. At least one board member must be present in council chambers. Alternately, continue with online meetings only through December.

Public Comment: Tony Ciani supports hybrid meeting model; Inge Lorentzen Daumer: also supportive of hybrid model.

Commission Comment: Smith supports hybrid; Tulley supports hybrid model; Hazen reiterated that one commissioner be present. Clark said that is best practices.

Motion by Smith, Tulley seconded, that rec board meetings be hybrid. Passed 5-0-0.

Next meeting scheduled for September 22nd at 6 pm in PG Council Chamber

Meeting adjourned at 9:30 pm.

Submitted by:

Colleen Goldsmith, Secretary

Recreation Board Meeting
October 27, 2022

1. **CALL TO ORDER –** The meeting was called to order at 6:01 pm. on October 27, 2022

ROLL CALL – Jay Tulley, Chair; Daryl Smith; Colleen Goldsmith; Elliot Hazen. Absent: Charlie Gibson. Also present: PW: Dan Gho; PW Manager: Katie Clark; PG City Council: Amy Tomlinson

2. **Approval of Agenda:** Approved 4-0-1

3. **Board and Staff Announcements:** PW Director Gho noted survey re skate park; Rec Manager Clark announced rec winter break programs; Commissioner Hazen thanked public for emails regarding skate park and pickleball

.**4. Council Liaison Comments:** Council Person Tomlinson announced Trick or Treat Halloween Event; Veteran's Day at Lovers Point; Big Sur Half Marathon; Holiday Tree Lighting and the Parade of Lights; and Stillwell's Holiday Fun in the Park

5. **General Public Comments:**

A. Written Communication: emails re skate park: Steve O'Bier; Maureen Mason/Rick Parsons; Linda & Dave Wilsey; Eileen Catbagan (2); Jodi Stiles; Kristen Sells; Christie Thomas; Victoria Hutchins; Sonya Wong; Shelly Antonali/Darrin Tinsley; Ken Haulsee; Marc & Lisa Schonbrun; Valerie Anderson; Danilo Oxford; Melody Usher; Tom Jensen; M. Ishizuka; Jennifer Gorman; Katherine Ishizuka; Patricia Ishizuka; Teresa Gall; Jeffrey Lewis; James Atherton (2); Jon Usher; Nan Sherburne; Deidre Bradford; Dianne Busse; Pat Martin; John Keiser & Tomi Wilson Keiser; Patrick V. Brown. Emails re pickleball: Christie Thomas (3). Emails re GWP Forest Management Plan: Christine Walkingstick (2); Robert Gorman; Jennifer Gorman; Eileen Catbagan; Paul Walkingstick. Emails re stolen signs: Ginny Stebbins; Christine Walkingstick; Paul Walkingstick. Emails re canceled September Rec Board meeting: Christie Thomas; Dan Gho. Emails re minutes: Christine Walkingstick; Jennifer Gorman; Lisa Ciani

B. Oral Communication: Rebecca Lee regarding PGUSD parcel as skate park location; Christie Thomas request for pickleball play time increase; Betsy Thomas regarding pickleball hours of play; Jennifer Gorman comment critical of skate park sub-committee

recommendations regarding size and scope of skate park project

6. Approval of Minutes:

Approval of July minutes passed 4-0-1

Approval of August minutes with edit using language suggested by Chair Tulley passed 4-0-1

7. Regular Agenda:

A. AARPA and CIP Projects: see agenda report. Dan Gho reviewed items identified at the July Rec Board Meeting that were discussed and approved including: $50,000 allocated by City Council for parks inventory for storm drainage at Arnett; picnic tables; gazebo repair Elmarie Dyke Park; playground bark all playground areas; recycle cans at Lovers Point; DG at Hayward Park. City Council has allocated $25,000 for backstop and $25,000 for young children's playground equipment; city is awaiting final approvals and additional grant funding before commencement of projects.

Public Comment: Rebecca Lee commented on the piles of wood chips in GWP

Commissioner Comment: Commissioner Goldsmith inquired about the delay in seeking additional grant funding for playground equipment. Chair Tulley commented on article in Herald regarding community support/improvements to city parks. PW Gho suggested that Amy Colony be contacted for assistance in recruiting volunteers for GWP.

B. Request for Staffing at the Youth Center: see agenda report. Chair Tulley requested that hiring commence for the Youth Center to be reopened again, after being closed down in March 2020. Further recommended that PG parents be allowed to assist as volunteers to ensure that Youth Center can remain open.

Public Comment: Rebecca Lee supported the request and inquired about letting the public know about specific Youth Center activities.

Commissioner Comments: Commissioner Hazen supportive of reopening Youth Center. Commissioner Goldsmith inquired about the existing funding for staffing at Youth Center that remains in rec budget. Rec Manager Clark confirmed funding and stated that Youth Center would not reopen until January 2023 with 20 weeks of staffing. Chair Tulley

inquired about the Jt. Use Agreement with PGUSD and the City, and if Rec Manager Clark could prioritize; also, whether the WAVE program could be of assistance. Commissioner Smith confirmed WAVE program assistance, explaining that WAVE has 6 years of access to PG families and possible volunteers for staffing. Commissioner Hazen would like city staff to expedite the process for opening the Youth Center. Motion by Hazen to open Youth Center 5 days a week during the academic school year, with recommendation that staff expedite the process. Motion passed 4-0-1.

8. Next Meeting scheduled Thursday, November 17, 2022 at 6 pm

Meeting adjourned at 6:55 pm.

Submitted by Colleen Goldsmith

Recreation Board Meeting
December 22, 2022

1. **CALL TO ORDER –** The meeting was called to order at 6:01 pm. on 12/22/2022

ROLL CALL: Jay Tulley, Chair; Charlie Gibson; Elliot Hazen; Colleen Goldsmith. Absent: Darryl Smith. Also present: Public Works Director: Dan Gho; Recreation Manager: Katie Clark. Council Liaison: Nick Smith

2. **Approval of Agenda:** Approved 4-0-0.
3. **Board and Staff Announcements:** Chair Tulley noted that 12/23 is last day to take skate-park survey. Hazen requested January agenda include what upgrades needed at each of the potential skatepark sites. Staff Announcements: Katie Clark provided report of Rec program activities including: funding of $158k for skatepark and identification of 3 possible locations; dance group congratulations; city tree lighting event; and hire of new recreation coordinator.
4. **Council Liaison Comments:** New Liaison Nick Smith reported return to Rec Board and eager to work with commission.
5. **General Public Comments:** no Oral Comments.

   Written Communication: emails re pickleball: Christie Thomas (2), Dan Gho response, Betty Pribula; emails re CEQA: Paul Walkingstick; emails re skatepark: David Wittrock, Lauren Michelle Brown; email re skatepark survey: Lance Wright; email re rec board meeting schedule and PG bike park: Peter Berridge (2)
6. **Approval of Minutes:** Approved 4-0-0 for 10/27/2022 minutes
7. **Regular Agenda:**

   A. General Update: Clark provided update report (see agenda Department Update) which included the following: Youth Center staffing; backstop replacement project; and ARPA fund projects of picnic tables, gazebo at Elmarie Dyke Park, and Arnett storm drain. No general public comments. Commission Comments: Chair Tulley noted that WAVE program was asked to provide free services for Y.C. instead of contracted reim-bursement. Goldsmith expressed disappointment with delays in posting staffing

employment opportunities for Y.C which will delay opening. Hazen requested prioritizing Y.C. and Chair Tulley seconded disappointment with the delays. PW Gho stated that Y.C. could reopen mid to late February, but is dependent on labor pool. Clark added job reqs can be posted on college employment boards. PW Gho stated that city is closer to getting per capita grants and can then issue RFPs and commission will be updated at January Rec Board meeting. Chair Tulley asked whether additional funding will be for pre-schoolers (playground) or could it be used for other play equipment areas. Gibson thanked PW for trail work and removal of ivy on the gazebo; further questioned whether gazebo should be replaced due to cost. Goldsmith would like to see gazebo repaired or replaced with new structure, even if new structure smaller.

B. Approval of 3 new requested special events: Clark provided approval request (see Agenda report) for three events for the FY 22/23 special events calendar: Meals on Wheels Community Fest; Walk of Remembrance; and Quilt Show during Good Old Days.
Public Comment: Mike Gibson commented on Walk of Remembrance; Randy Sabado commented on Walk of Remembrance.
Commissioner Comments: Gibson and Hazen noted their full support of all 3 events.
Motion by Gibson with second by Goldsmith to approve 3 new special events, passed 4-0-0.

8. **Next Meeting: January 26, 2023.** Items for agenda: concept review of survey data; estimates of costs for skatepark at different locations; update on Y.C. hiring and reopening of facility; financial update of budget; special events calendar for FY 22/23

Meeting was adjourned at 7:04 pm.

Submitted by Colleen Goldsmith

Recreation Board Meeting
January 26, 2023

1. **CALL TO ORDER –** The meeting was called to order at 6:05 pm. on 1/26/2023

ROLL CALL – Charlie Gibson; Colleen Goldsmith; Darryl Smith; Jay Tulley. Absent: Elliot Hazen; also present: Public Works Director: Dan Gho; Recreation Manager: Katie Clark. Council Liaison: Nick Smith

2. **Approval of Agenda:** Motion to Approve by Smith; Second, Goldsmith - passed 4-0-1
3. **Board and Staff Announcements:** Goldsmith noted that discussion of city council annual goals included emphasis on youth and senior activities and parks. City Council Sub-committee will further refine city goals. Rec Manager Clark noted that open staff positions for Recreation are on the website.
4. **Council Liaison Comments:** Nick Smith elaborated on goals for recreation and after school programs with emphasis by council on the following priorities: youth, infrastructure, and environment.
5. **General Public Comments:** written emails: Steve O'Bier re skatepark petitions against H.S. location: Russell & Linda Wink; Bob & Susan Reikes; Deidre Bradford; James & Margaret Lico; and (?) Silva; petition against Charter School location: Michael & Anita Chang; Deidre Bradford; Fred & Maggie Merkin; (?) Coali; and (?) illegible signature. Jennifer Gorman: skatepark survey; Matt Holland: skatepark design; Steve O'Bier: skatepark location; Christine Saari: skatepark location; Lisa Ciani: Special Events Calendar; Doug & Anne Downs: skatepark injuries; Mariano Catbagan: decline GWP condition; Jennifer Gorman: skatepark size, GWP; Robert Gorman: GWP; and Diane Howell: GWP location. Public Comment: Jane Wynn: would like two more courts for Pickleball; Barbara Martinez: PG Adult School would like more PB courts and noted classes quickly fill; Dan Anderson would like PB as Rec Board Goal; Colleen Ingram: PB access; Dan Miller: noise issue from PB not enforced; Lisa Ciani: timer for comments.
6. **Approval of Minutes:** Motion to Approve by Tulley; Second, Smith - passed 4-0-1
7. **Regular Agenda:**

A. Proposed Skate Park Update: see Agenda Report

PW Gho noted that it would not be possible to provide Rec Board with estimates for each of the three tentative locations for the skatepark as too many variables to consider--- which add increased costs. Staff and the Sub-committee will meet prior to the February commission meeting and expectation is that recommendations will be brought to PG City Council in March.

Public Comments: Jennifer Gorman expressed concerns about skatepark; Colleen Ingram stated support for project; Inge Lorentzen Daumer commented re quiet neighborhoods; Steve O'Bier: commented on Forest Lodge location.

Commission Comments: Tulley asked for precise skatepark location on Charter School property; Gho responded general location is by David Avenue; Gibson stated belief location is by abandoned ball field. Tulley noted that Hazen will not be Sub-committee member after January; Gibson noted new member will be added at February meeting. Goldsmith expressed concern with the process: survey can be taken multiple times; has school board been contacted to determine feasibility; and order of the PW check list: spending huge sums on engineering before knowing whether fund raising will be successful. Gho responded that he would like a conceptual design and once the location is identified, more will be known about fund raising efforts. Gibson thanked the public for their input and noted that Rec Board only makes a recommendation to city council. Tulley inquired about discussion with school board and Gho responded that he has only spoken with Superintendent Porras. Tulley further commented that the process is challenged by the early decision to view sites of 10k size minimum.

B. Special Events Report: see Agenda Report

Rec Manager Clark provided overview of Special Events Policy 900-1 with definition of special events and city sponsored events. New events for consideration include: PG Summer Lights Dance and Lovers Point evening event with laser show.

Public Comment: Michael Ipson: Walk of Remembrance; John Moulton: Little Car

Show and billing; Christie Metzner: 4th of July and Music in the Park; Lisa Ciani: concern re Summer Lights and Autobahn events; Christine Gruber: new Summer Lights event; Inge Lorentzen Daumer: inquiry about the pier and CIP Project update.

Commission Comments: Gho provided information re backdrop location for the laser show. Goldsmith questioned the high estimate of PW hours for the Summer Lights event and associated costs. Gibson would like more detail regarding the event as it is city sponsored; also noted problems with a semi parked during Autobahn event and traffic control issues that need to be resolved. Gho explained that Summer Lights budget was based on previous budget for summer events and that PW is addressing parking concerns with Autobahn organizers and expansion of golf course parking. Gho further noted costs associated with Good Old Days are high because event is held during weekend, outside normal business hours.

Motion by Goldsmith to approve all events on the special events calendar with the exception of Summer Lights and request a Summer Lights presentation in February for approval; Second, Smith. Passed 4-0-1

C. Financial Update: see Agenda Expenditure Status Report

Rec Manager Clark provided update and explanation for report as well as revenue status. Of the total budget of $969,177, year to date expenses are $443,795, which leaves available $523,303 for FY22/23. Additionally, a revenue status report indicated receipts of $98,392.

No Public Comment.

Commission Comments: Chair Tulley requested additional detail regarding the utility expenses. Goldsmith requested report be provided quarterly to Rec Board, which Clark acknowledged. Gibson noted that utilities for water follow a summer/winter pattern.

Next Rec Board Meeting is February 23, 2023 at 6 pm

Meeting adjourned at 8:24 pm

Submitted by: C. Goldsmith

CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Katy Suttorp, Negotiator, City Attorney's Office
MEETING DATE:	November 01, 2023
SUBJECT:	Compensation and Benefits for Department Heads and Non-Represented Management and Confidential Group Employees
CEQA:	Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Approve a resolution approving the salary and benefit enhancements for Department Heads and for the Non-Represented Management and Confidential Group Employees.

DISCUSSION

Non-represented management, confidential, and department head employees (non-represented group) have a Compensation and Benefits Plan that outlines salary, benefits, and working conditions. Prior to the creation of the Compensation and Benefits Plan, the non-represented group received the same salary and benefit enhancements and concessions as the Management Employee Association (MEA). This was the City's past practice.

The Compensation and Benefits Plans formally tied the salary and benefit alignment with MEA. The Compensation and Benefits Plan states, the non-represented group will receive the same improvements, or concessions to the working conditions and benefits as the Management Employee's Association (MEA).

Recently, the City and the Management Employees Association (MEA) have come to a tentative agreement to improve salary, benefits, and working conditions in their Memorandum of Understanding for 2023-2026. Therefore, the non-represented group shall receive the same improvements if the MEA MOU is approved. If the MEA MOU is not approved, no changes will be made at this time for the non-represented group.

Below are key items that will be implemented for the non-represented group:

Cost of Living Adjustments (COLA)

- 3% COLA effective 8/20/2023
- 3% COLA effective the first full pay period of July 2024
- 3% COLA effective the first full pay period of July 2025

The annual costs for the Non-represented/Confidential COLA are projected to be approximately

$34,027, $35,048, and $36,099. While the annual costs for the first year are listed at $34,027, the actual impact to the budget is estimated to be $9,597. This is primarily due to the City incorporating a 2% COLA into the Fiscal Year 23/24 Budget; and an effective COLA implementation date of August 20, 2023.

The annual costs for the Department Heads are projected to be approximately $43,900, $45,200, and $45,600. While the annual costs for the first year are listed at $43,900, the actual impact to the budget is estimated to be $12,382. This is primarily due to the City incorporating a 2% COLA into the Fiscal Year 23/24 Budget; and an effective COLA implementation date of August 20, 2023.

Market Adjustments for Classification Under Market

- Administrative Service Director (1)
- Assistant City Manager/Administrative Service Director
- Human Resources Director
- Police Chief
- Public Works Director (1)
- Deputy City Manager/Public Works Director

The market adjustments would take place over the first two contract years in equivalent amounts. The annual costs for each market adjustment are anticipated to be $18,950 in each of the first two years.

(1) The Administrative Services Director and the Public Works Director positions would not be filled concurrently with the Assistant City Manager/Administrative Services Director and the Deputy City Manager/Public Works Director. These positions are listed only for the purpose of updating the salary schedule.

Increase to Employer Health Contributions

- Employee plus a dependent, from $1,300 monthly to $1,400 monthly
- Employee plus two or more dependents, from $1,600 monthly to $1,825 monthly
- $25 increase in 2024 for employee plus one dependent ($1,425) and $50 increase for employee plus two dependents or more ($1,875)
- $25 increase in 2025 for employee plus one dependent ($1,450) and $50 increase for employee plus two dependents or more ($1,925)
- $25 increase in 2026 for employee plus one dependent ($1,475) and $50 increase for employee plus two dependents or more ($1,975)
- Health benefit re-opener (meet and confer) if premiums increase on average 15% or more for CalPERS Region 1

The annual costs of health care for the Non-represented/Confidential employees are anticipated to be $6,750 in the first year, and $2,100 in the remaining two years.

The annual costs of health care for the Department Head employees are anticipated to be $9,000 for the first year and $2,700 for the remaining two years.

Paid Time Off (PTO) and Holidays

- Eliminate PTO tiering for those hired after July 1, 2015
- Eliminate Holiday tiering for those hired after July 1, 2015

Deferred Compensation

- Employer match of up to $100 per pay period for participating employees

The estimated annual cost for the Non-represented/Confidential matching contribution should not

exceed $9,100.

The estimated annual costs for Department Head matching contribution should not exceed $9,100.

These amounts may be less depending upon employee participation.

Bilingual Pay
$200 monthly for Spanish/English bilingual pay for assignments that qualify

$2,400 annually for a qualified assignment in the Non-Represented/Confidential Group. This benefit is not applicable to Department Heads.

Employee Fitness Program

- Redesign to a fitness reimbursement program, for up to $500 reimbursement for fitness memberships to gyms, fitness classes, or similar

The estimated annual cost for Non-represented/Confidential employees, up to $3,500 if all employees in this group participate.
The estimated annual cost for Department Head employees up to $3,500 if all employees in this group participate.

Employee Contribution to the CalPERS Employer Share

- Employees will continue to pay 5% of the CalPERS employer share for a total of 12% CalPERS employee contribution (7% employee share, 5% employer share)

OPTIONS

1. Provide alternate direction

FINANCIAL IMPACT:

It is anticipated that the impact to the Fiscal Year 23/24 Budget will be approximately $85,200 for both groups. This represents the amount of the projected first year increase, net of the 2% COLA that was incorporated into the original budget. If approved, a budget amendment will be prepared as part of the mid-year budget process.

The annual increases for both groups for the remaining two years of the contract are estimated to be approximately $104,900 and $86,500, respectively. These amounts represent the second year market adjustments, the increase in healthcare, and the additional COLA's.

The increase in the annual unfunded liability payment for each 3% COLA is estimated to be approximately $15,867 (Approximately $47,600 for the combined three-year contract period); however, the City's budget will not be impacted for the first $15,400 amount until Fiscal Year 26/27. The estimated increase in the unfunded liability is estimated to be $152,000 for each 3% increase. The projected increase in the unfunded liability payment and the unfunded liability may also change based on investment returns and CalPERS actuarial assumptions.

FOCUSED PRIORITY AREA: Not Applicable.

Attachments

Resolution - NonReps and Confidential Group

Resolution - Department Head Group
Public Comment
Public Comment

RESOLUTION NO. 23 - _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE APPROVING THE SALARY AND BENEFIT IMPROVEMENTS WITH THE PACIFIC GROVE NON-REPRESENTED MANAGEMENT AND CONFIDENTIAL GROUP (GROUP)

FINDINGS

1. The City of Pacific Grove and the Management Employees Association (MEA) have negotiated and have reached agreement on a successor Memorandum of Understanding amending the Memorandum of Understanding that governs wages, benefits, hours and working conditions Management Employee Association members.

2. Under the Compensation and Benefits Plan for the non-represented management and confidential group (group), the group will receive the same improvements, or concessions to the working conditions and benefits as the Management Employee's Association (MEA). If the MEA MOU is not approved, no changes will be made at this time for the group.

3. This action does not constitute a "project" as defined by California Environmental Quality Act (CEQA) because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment; and

RESOLUTION

NOW, THEREFORE, THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council finds each recital set forth above to be true and correct, and by this reference incorporates each as an integral part of this Resolution.

SECTION 2. The City Council approves the improvements to salary, benefits, and working conditions of the non-represented management and confidential group.

SECTION 3. The City Manager is authorized to execute all documents and to perform all other necessary City acts to implement the improvements.

SECTION 4. This resolution confers authority upon the City Manager to take all steps necessary to implement the improvements to the salary, benefits, and working conditions and authorizes budget adjustments if necessary to implement expenditures during FY 23/24, FY 24/25, and 25/26.

SECTION 5. This Resolution shall take effect immediately following its adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 1st day of November 2023, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

_____

_____
BILL PEAKE
Mayor

ATTEST:

_____
KERRY LINDSTROM
Interim City Clerk

APPROVED AS TO FORM:

_____
BRIAN PIERIK
City Attorney

RESOLUTION NO. 23 - _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE APPROVING THE SALARY AND BENEFIT IMPROVEMENTS WITH THE PACIFIC GROVE DEPARTMENT HEAD GROUP (GROUP)

FINDINGS

1. The City of Pacific Grove and the Management Employees Association (MEA) have negotiated and have reached agreement on a successor Memorandum of Understanding amending the Memorandum of Understanding that governs wages, benefits, hours and working conditions Management Employee Association members.

2. Under the Compensation and Benefits Plan for the department head group (group), the group will receive the same improvements, or concessions to the working conditions and benefits as the Management Employee's Association (MEA). If the MEA MOU is not approved, no changes will be made at this time for the group.

3. This action does not constitute a "project" as defined by California Environmental Quality Act (CEQA) because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment; and

RESOLUTION

NOW, THEREFORE, THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council finds each recital set forth above to be true and correct, and by this reference incorporates each as an integral part of this Resolution.

SECTION 2. The City Council approves the improvements to salary, benefits, and working conditions of the department head group.

SECTION 3. The City Manager is authorized to execute all documents and to perform all other necessary City acts to implement the improvements.

SECTION 4. This resolution confers authority upon the City Manager to take all steps necessary to implement the improvements to the salary, benefits, and working conditions and authorizes budget adjustments if necessary to implement expenditures during FY 23/24, FY 24/25, and 25/26.

SECTION 5. This Resolution shall take effect immediately following its adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 1st day of November 2023, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

_____

_____
BILL PEAKE
Mayor

ATTEST:

_____
KERRY LINDSTROM
Interim City Clerk

APPROVED AS TO FORM:

_____
BRIAN PIERIK
City Attorney

AGENDA ITEMS #11A & 11B, NOV. 1, 2023 CITY COUNCIL MEETING

Inge Lorentzen Daumer <ilwd50@gmail.com>

Tue 10/31/2023 1:27 PM

To:Public Comment <publiccomment@cityofpacificgrove.org>;City Council Members <citycouncil@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Dear City Council,

Just because COLA'S have been the City's Past Practices, it is Not something we should be automatically following. Salary and Step- Raises for the highest members of Staff have reached unsustainable levels and are not even remotely "Merit-Based". Whoever is "negotiating" these MOU's is clearly working for the benefit of employees only and not the Citizens of Pacific Grove. There seems to be a disconnect between what they might earn in the private sector, or much larger cities, and what salaries should be for a small city of 15,000 people, to implement city governance.
We have an ever-rising, Huge Pension debt!

Sincerely,
Inge Lorentzen Daumer



Virus-free.www.avg.com

Mr. Miller comment - 11:01/2023

Andrew <z10abutler@gmail.com>

Wed 11/1/2023 9:51 PM

To:City Council Members <citycouncil@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Hello,

I wanted to clear the room. It seems my attempt in bringing light to limited housing in the area back in 2021 has backfired and since brought me to end up in the Miller paper as well as misrepresented in public comment on numerous occasions.

I do not own a Tesla btw.

I do in fact live in a 2 bedroom apartment. I chose this rather than a 1 bedroom because my landlord allows me to sublease my apartment to make up the difference It ends up saving me a couple hundred dollars at the end of the month compared to renting a 1 bedroom in this area.

I did happen to purchase a used 2016 Toyota, not a Tesla back in 2021 because my old car which was a 2001 Toyota Avalon, transmission blew up.

Timing wasn't the best I do admit that but it was hard to buy a cheap good car during those times and the cost to repair the transmission wasn't worth it in a 21 year old car with 200,000 miles.

I was showing a fellow co worker the interior of my car because he was curious what it looked like and council member just happened to walk by and say hello. Next thing I know I'm being mentioned in the paper on how I pushed for a raise to buy a new car.

I honestly don't understand the tactics pushed to make staff look bad. We are all good people just trying to make a living and work for a city we all love.

Anyways that's what really happened right after we received a cola in 2021.

Thank you for your time.

Best,
Andrew Butler

Agenda No. 11 B

CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Katy Suttorp, Negotiator, City Attorney's Office
MEETING DATE:	November 01, 2023
SUBJECT:	Memorandum of Understanding between the City of Pacific Grove and the Management Employees Association (MEA)
CEQA:	Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

Approve a resolution approving the Memorandum of Understanding between the City of Pacific Grove and the Management Employees Association to cover the period of July 1, 2023, through June 30, 2026.

DISCUSSION

The City and Management Employees Association (MEA) have been negotiating a successor to the Memorandum of Understanding (MOU) that expired in June 2023.

The attached resolution implements the tentative agreement reached with MEA. MEA's membership preauthorized this agreement on October 12, 2023. Below are key items that have been negotiated:

Multi-year agreement, term ending June 30, 2026

Cost of Living Adjustments (COLA)

- 3% COLA effective 8/20/2023
- 3% COLA effective the first full pay period of July 2024
- 3% COLA effective the first full pay period of July 2025

The annual costs for each COLA are projected to be approximately, $28,585, $29,644, and $30,533. While the annual costs for the first year is listed as $28,585, the actual impact to the Fiscal Year 23/24 Budget is estimated to be approximately $8,062. This is primarily due to the City incorporating an estimated 2% COLA into the Fiscal Year 23/24 Budget; and an effective COLA implementation date of August 20, 2023.

Market Adjustments for Classification Under Market

- Construction Project Manager
- Management Analyst
- Planner, Principal

The annual costs for each market adjustment are projected to be approximately $15,500 in the first year

and $15,500 in the second year.

Increase to Employer Health Contributions

- Employee plus a dependent, from $1,300 monthly to $1,400 monthly
- Employee plus two or more dependents, from $1,600 monthly to $1,825 monthly
- $25 increase in 2024 for employee plus one dependent ($1,425) and $50 increase for employee plus two dependents or more ($1,875)
- $25 increase in 2025 for employee plus one dependent ($1,450) and $50 increase for employee plus two dependents or more ($1,925)
- $25 increase in 2026 for employee plus one dependent ($1,475) and $50 increase for employee plus two dependents or more ($1,975)
- Health benefit re-opener (meet and confer) if premiums increase on average 15% or more for CalPERS Region 1

The annual cost of health care increase in the first year is estimated to be $8,700, with increases of approximately $4,050 in the remaining years.

Paid Time Off (PTO) and Holidays

- Eliminate PTO tiering for those hired after July 1, 2015
- Eliminate Holiday tiering for those hired after July 1, 2015

Deferred Compensation

- Employer match of up to $100 per pay period for participating employees

The annual cost of the Deferred Compensation match is anticipated to be no greater than $13,000; however, this could vary depending on participation.

Bilingual Pay

- $200 monthly for Spanish/English bilingual pay for assignments that qualify

Employee Fitness Program

- Redesign to a fitness reimbursement program, for up to $500 reimbursement for fitness memberships to gyms, fitness classes, or similar

The amount of Bilingual Pay and participation in the Employee Fitness Program may vary; however, it is anticipated not to exceed $10,000 annually.

Employee Contribution to the CalPERS Employer Share

- Employees will continue to pay 5% of the CalPERS employer share for a total of 12% CalPERS employee contribution (7% employee share, 5% employer share)

The negotiations were fully collaborative and were based on shared interests of the MEA employees, and the City. This is a continuation of the MEA's ongoing approach to seek what is best for its members, and to do so in the larger context of what is best for the City as a whole.

Approval of the attached resolution confers authority upon the City Manager to take all steps necessary to implement this MOU and authorizes budget adjustments, if necessary, to implement expenditures during FY 23/24, FY 24/25 and FY 25/26.

OPTIONS

1. Provide alternate direction

FINANCIAL IMPACT:
It is anticipated that the impact to the Fiscal Year 23/24 Budget will be approximately $39,800. This represents the amount of the projected first year increase, net of the 2% COLA that was incorporated into the original budget. If approved, a budget amendment will be prepared during the mid-year budget process.

The average increases to the remaining two years of the contract are estimated to be approximately $$32,000 annually, which represent the increase in healthcare and the additional COLA's.

The increase in the annual unfunded liability payment for each 3% COLA is estimated to be approximately $5,650 (Approximately $17,000 for the combined three-year contract period); however, the City's budget will not be impacted for the first $5,480 amount until Fiscal Year 26/27. The estimated increase in the unfunded liability is anticipated to be approximately $52,200 for each 3% increase. The projected increase in the unfunded liability payment and the unfunded liability may also change based on investment returns and CalPERS actuarial assumptions.

FOCUSED PRIORITY AREA: Not Applicable.

Attachments

MEA MOU
Resolution
Public Comment

CITY OF PACIFIC GROVE

MEMORANDUM OF UNDERSTANDING MANAGEMENT EMPLOYEES ASSOCIATION

July 1, 2023 – June 30, 2026

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Memorandum of Understanding Between
City of Pacific Grove and
Management Employees' Association

July 1, 2023 - June 30, 2026

In accordance with State requirements, the City of Pacific Grove, through its negotiating team, and the Pacific Grove Management Employees' Association, through its negotiating team, have met and conferred in good faith on matters within the scope of representation. As a result of these meetings, the parties make the following Memorandum of Understanding as required and subject to the conditions of Government Code Section 3503.1.

ARTICLE 1 ADMINISTRATIVE

1.1 Parties
This agreement is made and entered into between the City of Pacific Grove (herein called the "City") and the Pacific Grove Management Employees' Association, (herein called the "Association").

1.2 Recognition
The City recognizes the Pacific Grove Management Employees' Association as the exclusive representative of the employees of the City in the Management Unit.

1.3 Unit Description
The Management Unit consists of all regular employees of the City occupying positions in the following non-confidential designated job classes:

Accountant
Construction Project Manager
IT Program Manager (see 2.1.2)
Librarian
Management Analyst
Planner, Principal
Program Manager
Public Works Superintendent
Senior Librarian
Senior Recreation Coordinator

1.4 Coverage
This Memorandum of Understanding applies only to full-time positions in the Management Association.

1.5 Duration and Scope of MOU
The MOU shall govern the period July 1, 2023 - June 30, 2026. It is understood that as to any terms not covered by this MOU. Section 4.20 of the Pacific Grove Municipal Code and *Policy & Procedures Manual* is applicable.

1.6. Nondiscrimination

The provisions of this Memorandum of Understanding shall be applied equally to all employees covered hereby without discrimination because of Association membership.

Employees may elect to exercise their right to join and participate in the activities of the Association for the purpose of representation in all matters of their working conditions and employer-employee relations.

1.7 Association Dues

Employees in classifications and positions recognized to be represented by the Association may authorize the City to deduct specified amounts for payment of dues to the Association. The City is not a party to any matters regarding the process and any other terms applicable to employee authorization or rescission of authorization for such deductions. Such matters are exclusively between the Association and affected employee(s) only.

The Association will maintain records of employee authorizations for such payroll deductions and will provide the City with a document identifying unit employees who have authorized payroll deductions and the amount that each employee has authorized the City to deduct. The City will rely upon the list of employees and the deduction amounts contained in the document provided by the Association, subject to the following terms:

Deduction of membership dues will cease starting with the next pay period following the effective date of promoting or demoting out of the association.

No payroll deductions shall be made under this Section during any pay period in which an employee's earnings, after all other deductions are made, are insufficient to cover the full amount authorized.

When an employee is in a non-pay status for an entire pay period, no deduction will be made to cover the pay period from future earnings.

In the case of an employee who is in a non-pay status during less than an entire pay period and whose earnings, after all other deductions are made, are insufficient to cover the full amount authorized under this Section, no deduction shall be made from future earnings to cover the pay period.

The City shall transmit to the Association, as soon as reasonably possible, the aggregate of such deductions, along with an itemized statement of the deductions taken. Dues deducted and paid to the Association in error shall be refunded to City upon presentation of proof of such error. The Association shall indemnify, defend, and hold the City harmless against any liability arising in any forum, whether judicial, administrative, or otherwise, from any claims, demands, or other action relating to the City's compliance with any obligations imposed under Section 1.7 including but not limited to payroll deductions made in reliance on information provided by the Association and the Association's use of monies collected under these provisions.

1.8 Contracting Out/Bidding

The City has the right to contract out bargaining unit services, when feasible, the City may perform cost analysis to meet the best interest of the City. In the event that the City exercises it's right to contract out bargaining unit work, the City shall provide at least 60 days' notice to Association and an opportunity for the Association to meet and confer on the impacts and effects of this decision and comply with current law.

1.9 Safety

The City recognizes its obligation and is committed to providing a safe place of employment for its employees. To assist in accomplishing this goal, it is agreed that the City reserves the right to adopt

reasonable City rules and regulations, which become effective when posted. City agrees to meet and discuss with the Association proposed changes prior to implementation.

The Association agrees that it is the duty of all employees to comply with all reasonable rules and regulations and to be alert to all unsafe places, equipment and conditions and to report any such unsafe practices or conditions to their immediate supervisor.

Association representatives shall have reasonable access to work locations of unit employees to inspect worksites to ensure a safe work place.

1.10 Safety Committee
The City shall convene a Safety Committee to discuss the provision of safety equipment appropriate to specific job classifications.

ARTICLE 2 COMPENSATION

2.1 Salary

A. Effective August 20, 2023, 3% Cost of Living Adjustment (COLA). Two reads of a salary ordinance is required to change the salary schedule and is anticipated to be completed in December 2023. COLA will be retroactive to August 20, 2023.

B. 3% COLA effective the first full pay period in July of 2024.

C. 3% COLA effective the first full pay period in July of 2025.

2.1.1 Market Adjustments

A. The following classifications will be brought-up to 95% of total compensation as indicated on the Bryce Compensation study. The below classifications will be brought-up to market:

- Accountant, Senior
- Construction Project Manager
- Management Analyst
- Planner, Principal

B. 50% towards 95% of market median effective the first full pay period of July 2023

C. Remaining 50% towards 95% of market median effective the first full pay period July 2024

D. 3% COLA effective the first full pay period of July 2025

E. Market adjustments would apply if greater than, and in lieu of, July 2023 and July 2024 3% COLA

2.1.2 New Classification
An IT Program Manager classification will be created and added to MEA.

2.2 Management Time Compensation

Due to the unique aspects of their normal job duties, employees shall receive Management Time Compensation is lieu of paid management leave, overtime, or compensatory time in the amount of 3% of base salary.

It is understood Association members are required to work flexible hours and will adjust their schedules as they feel appropriate to meet their responsibilities.

2.3 Salary Step on Promotion or Reclass

The salary of an employee who is promoted or reclassified to a class having a higher salary range shall be adjusted to the first step of the new salary range or to the next higher step that provides a minimum of five percent (5%) salary increase.

2.4 Bilingual Pay

Bilingual pay is $200 monthly for Spanish speaking skills used in assignments that routinely and consistently require Spanish communication skills. The Department Head will make a determination with City Manager approval, if Spanish bilingual skills are being used routinely and consistently.

Employees may test and pass the test for Spanish (verbal) skills. Bilingual Pay is effective the first full pay period after HR receives the passing results. If the assignment changes and there is no longer a need for Spanish speaking skills, the bilingual pay will be removed at the next full pay period.

If the employee fails the Spanish test, they may retest after 6 months.

ARTICLE 3 INSURANCE BENEFITS

3.1 Employee Health Plan Eligibility

Association employees shall be entitled to participate in the City-sponsored group health plans including medical, dental, and vision as well as optional benefits.

Eligible employees enrolling in the group health plans within 60 days following their appointment will be covered subject to the contract limitation with the group health plan carrier. Coverage shall commence when the employee is eligible for coverage under CalPERS rules and the group health plan carriers' rules.

Human Resources will notify employees of annual open enrollment periods to change group health plans or enroll in additional benefits; unless the employee can certify a qualifying loss of coverage. (an eligible spouse, domestic partner, or minor child requiring health coverage because of a court order; new children by birth or adoption, or placement of adoption; new family members due to marriage or domestic partnership registration; or those whose health plan was cancelled due to an involuntary loss of coverage).

3.2 City Paid Health Premiums

(a) City shall pay the employer required statutory minimum contribution for employees enrolled in the PERS health plans as required by the Public Employee Medical and Hospital Care Act (PEMHCA).

(b) Health care premiums include medical, dental and vision.

(c) For employees participating in all three health plans: medical, dental and vision:

(1) Effective the first full pay period following City Council approval of the MOU, the City will contribute according to the below plan enrollment levels:

Plan Enrollment Level	Monthly Employer Contribution (amount excludes PEMHCA)
Employee Only	$950
Employee + 1 Dependent	$1,400
Employee + 2 or More Dependents	$1,825

(2) Effective the first pay period in 2024, the employer contribution will increase to the chart amounts below.

Plan Enrollment Level	Monthly Employer Contribution (amount excludes PEMHCA)
Employee Only	$950
Employee + 1 Dependent	$1,425
Employee + 2 or More Dependents	$1,875

(3) Effective the first pay period in 2025, the employer contribution will increase to the chart amounts below.

Plan Enrollment Level	Monthly Employer Contribution (amount excludes PEMHCA)
Employee Only	$950
Employee + 1 Dependent	$1,450
Employee + 2 or More Dependents	$1,925

(4) Effective the first pay period in 2026, the employer contribution will increase to the chart amounts below.

Plan Enrollment Level	Monthly Employer Contribution (amount excludes PEMHCA)
Employee Only	$950
Employee + 1 Dependent	$1,475
Employee + 2 or More Dependents	$1,975

(d) Medical Premium Re-opener
Contract will be re-opened to meet and discuss medical premiums only, if premiums increase an average of 15% between all four eligible plans for CalPERS Region 1 (PERS Platinum, PERS Gold, Anthem HMO Select, and Blue Shield Trio HMO) at one or more of the employee only, employee plus one, or employee plus family enrollment levels. Only enrollment levels that meet the 15% average increase criteria will be subject to the re-opener. No rounding shall be applied for purposes of this section (e.g. an average increase of 14.995% at the employee-only enrollment level does not meet the 15% percent requirement.)

3.3 Rate of Contribution Cash in Lieu (Grandfathered Employees)

The City shall contribute $368.75 per month ($171.20 for each of twenty- six pay periods) for current employees who are not participating in medical health plan coverage at the time of MOU ratification. This option in not available to new hires or current employees participating in the City's medical health plan coverage. There is no opt-in for this program and employees who opt out will no longer be allowed to receive this benefit but may be able to participate in the New program outlined in Section 3.4. This contribution terminates 6/30/26.

3.4 Rate of Contribution Cash in Lieu (New Employees)

Beginning January 2021, employees who are not currently grandfathered in the cash-in-lieu program may opt out of health (medical, dental and vision) during open enrollment and receive $250 per month taxable cash in lieu ($115.38 for each twenty-six pay periods). Employees who receive the cash-in-lieu, must provide proof of other coverage for medical.

3.5 Proof of Other Coverage

Employees who opt out of the medical plan and receive cash in lieu must provide the following:

(a) proof the employee and all individuals for whom the employee intends to claim a personal exemption deduction ("tax family"), have or will have minimum essential coverage through another source (other than coverage in the individual market, whether or not obtained through Covered California) for the plan year to which the opt out arrangement applies ("opt out period");

and

(b) the employee must sign an attestation that the employee and his/her tax family have or will have such minimum essential coverage for the opt out period. An employee must provide the attestation every plan year at open enrollment or within 30 days after the start of the plan year. The City will not make an in lieu payment if the City knows the employee or tax family member doesn't have such alternative coverage, or if the conditions in this paragraph are not otherwise satisfied.

3.6 Section 125 Plan

Employees may elect to participate in three Section 125 programs offered by the City. The available programs are Pre-Tax Premium Option, Dependent Care, and Flexible Spending Account. Each of these programs shall be administered in accordance to the IRS Code. For purposes of information, the following provides a description of the programs.

- Pre-Tax Premium Option- Permits payment of health insurance premiums subject to salary deduction with pre-tax income.
- Dependent Care- Permits payment of eligible dependent care with pre-tax income.
- Flexible Spending Account- Permits payment of eligible health care expenses not reimbursed by health insurance with pre-tax income.
- Optional Insurance Programs (e.g. AFLAC or other pre-tax offerings sponsored by the City.

3.7 457 Deferred compensation Plan

The City will match up to $100.00 per pay period of any MEA member's contribution to the City's Deferred Compensation Plan authorized under the Internal Revenue Code Section 457.

3.8 Group Life Insurance
The City shall provide at its cost Group Life Insurance with Accidental Death and Dismemberment at a minimum benefit of $75,000.

3.9 Short Term/ Long Term Disability Plan (STD/ LTD)
The City shall provide at its cost supplemental Short-Term and Long-Term Disability Insurance.

3.10 State Disability Income Protection Plan
Association employees are covered by the State Disability Income (SDI) Protection Plan at their expense. The SDI benefit will be integrated with City PTO leave benefits.

3.11 Medical, Dental, and Vision Insurance
The City and Association agree to periodically review health insurance policies currently in place to provide the most favorable insurance coverage available.

3.12 Medicare
Medicare is withheld for employees.

3.13 Workers Compensation Salary Continuation
Association members who suffer a bona fide on the job injury or illness, as determined under the provisions of the California Workers' Compensation laws, and who, as a result of such injury or illness, are unable to work in their regularly assigned position or other position as determined by the City will be entitled to receive full salary and benefits for the first 90 days of such absence from the date of the incurred injury or illness. No charge to the member's sick leave, vacation, compensatory time off or other leave will be made during the 90 days from the date of the incurred injury. It is noted that the City offers a Disability Insurance policy which establishes additional benefits for absences due to disabilities.

If a claim has been filed with, but not yet finally accepted or rejected by, the City's Worker's Compensation provider, the employee will be required to use any accrued and available paid leave to cover their absence. If the claim is finally accepted, the employee's leave banks will be restored for days actually used, up to 90 days.

ARTICLE 4 FITNESS INCENTIVE

4.1 Fitness Reimbursement Program Overview.
A. City will reimburse up to $500 per calendar year for employee's personal fitness costs. Eligible covered fitness reimbursement are listed below.

- Fitness Classes (Yoga, Pilates, Cycling, etc.)
- Fitness Subscriptions (such as Peloton, etc.)
- Gym Membership
- Weight Management Programs (such as Weight Watchers)

B. Reimbursement for fitness expenses not listed above, will be subject to the City Manager's discretion and approval. To avoid declination of reimbursement, items not listed should be pre-approved by the City Manager, or designee. Declination of reimbursement for items not listed above are not grieveable.

C. Annual requests for reimbursement must be submitted by December 1st of calendar each year.

D. To be eligible for reimbursement, a requesting employee must be in active status and remain a current employee through December 31st of the year in which seeking reimbursement.

E. Subject to IRS guidelines, the fitness incentive is taxable income.

ARTICLE 5 RETIREMENT

This MOU shall incorporate the two tiered retirement system to address Classic Members and New CalPERS Members required for Miscellaneous Employees by the California Public Employees' Pension Reform Act (PEPRA) of 2013.

5.1 Definition

The terms Classic Member and New CalPERS members are defined by PERS law and regulations, but in general these are construed to have the following meanings:

A. Classic CalPERS Member

"Classic Member" is typically defined as an employee who was hired on or before December 31, 2012, or is a member of a reciprocal retirement system.

B. New Employee

"New Employee" means an employee of a public employer who is employed for the first time by any public employer on or after January 1, 2013, and who was either:

- Not employed by any other public employer prior to that date; or

- Employed by another public employer prior to that date, but who was not subject to reciprocity between his new employer's plan and another public retirement system.

C. New CalPERS Member

"New Member" means an individual who either:

- Becomes a member of the plan for the first time on or after January 1, 2013 and either (i) was not a member of any other public retirement system prior to that date or (ii) was a member of another public retirement system prior to that date but was not subject to reciprocity between his new employer's plan and another public retirement system; or

- Was an active member in the plan and, after a break in service of more than six months, returned to active membership in that plan with a new employer.

5.2 Service Pension for Classic Members
The retirement formula expressed in Government Code Section 21354 commonly known as 2% at 55 local miscellaneous members shall apply to covered Classic Members.

5.3 Cost Sharing - Service Pension for Classic Members
The parties shall engage in sharing the City's employer contribution towards retirement benefits in accordance with Government Code Section 20516. Cost-sharing shall be in effect and will require the employee to pay the portion of the employer contribution.

A. For the duration of the MOU, the employee shall pay a total of 12% of the employee and employer share (7% of the employee share and 5% of the employer share).

B. The City completed a contract amendment with CalPERS under Section 20516 that allows for employee cost sharing of the employer rate and provides member's contribution to be credited to each member's account. Following the expiration of the current MOU, the City will initiate a contract amendment with CalPERS to end the Section 20516 amendment if not re-negotiated at that time. The Association recognizes that the CalPERS amendment process may take up to 90 days or longer for the amendment to become effective.

5.4 Final Compensation for Classic Members
"Final Compensation" shall be applied for retirement purposes as specified in Government Code Section 20042, as one year's highest compensation.

5.5 Credit for Unused Sick Leave for Classic Members
Employees shall be given service credit upon retirement for unused sick leave as specified in Government Code Section 20965.

5.6 New CalPERS Members Benefit Rate, Contribution and Final Compensation
New CalPERS Members shall receive and make contributions for PERS benefits in compliance with PEPRA.

A. **Benefit Rate** New Members benefit rate shall be MISC 2% @ 62.
B. **Contribution** New Members shall pay 50% of the normal cost of their pension benefit.
C. **Final Compensation** Three-year average final compensation period.

5.7 1959 Survivor's Allowance
The "1959 Survivor's Allowance Fourth Level" as defined in Government Code Section 21574 shall apply to both Classic and New CalPERS Members.

5.8 Military Service Credit
Military Service Credit as defined in Government Code Section 21024 shall apply to both Classic and New CalPERS Members

5.9 Continued Application
The Parties agree that all elements of the CalPERS article shall have continued application until or unless it is amended by mutual agreement of the parties.

ARTICLE 6 LEAVE PROVISIONS

6.1 Sick Leave
Sick leave is replaced by paid time off (PTO). However, employees who were previously employed by the City in a part-time status, may utilize their accumulated sick leave.

6.2 Sick Leave Buyout
Upon separation of employment, other than retirement, the employee shall be entitled to be paid for 50% of his/her sick leave accumulated at the time of such termination.

Upon retirement the employee shall be entitled to be paid for 50% of any accumulated sick leave in excess of that for which retirement credit is given.

In the event the employee is terminated by virtue of a conviction of a felony or any other illegal act, the City shall have no obligation to provide sick leave buy-out.

6.3 Personal Necessity Leave
Employees may use accrued sick leave and or PTO leave in the event of the personal illness or injury of a family member, including father, mother, brother, sister, spouse, registered domestic partner, child, step-child, grandparent, or in-laws.

6.4 Bereavement Leave
Up to a maximum of five (5) days of paid leave will be granted per occurrence in the case of the death of a family member, including father, mother, brother, sister, spouse, child, step parent, step child, grandparent, grandchild, in-laws, registered domestic partner, child of registered domestic partner or any other member of the immediate household.

6.5 Paid Time Off (PTO)

A. Accrual Rate

PTO Accruals are based upon full years of consecutive employment.
New and Legacy employees shall earn PTO according the rates set out in the following table.

Effective the first full pay period following City Council approval of the MOU, accruals earned will be as follows for all members of the MEA.

Years of Service	Hours Earned per Month	Hours Earned Per Year
Less than 5	12	144
5 to 6	14.00	168
7 to 8	14.667	176
9 to 10	15.33	184
11 to 12	16.00	192
13 to 14	16.667	200
15	17.333	208
16 plus	18.00	216
17	18.667	224
18	19.333	232

Years of Service	Hours Earned per Month	Hours Earned Per Year
19	20.00	240
20 plus	20.667	248

B. PTO Accumulation

PTO shall not be accrued any time the employee's PTO balance exceeds 400 PTO hours.

C. Sick Leave Balances

Employees with Sick Leave balances may be retained as a sick leave bank.

Sick leave accrued before June 30, 2015 may be used as PTO or may be retained as a sick leave bank.

D. PTO/Vacation Buy-Back Program

Employees may sell back to the City up to 80 hours of their PTO/ vacation in any calendar year if both of the following conditions are met:

1. The employee has used (taken) at least 40 hours of PTO/ vacation during the preceding calendar year.

AND

2. The employee must have at least 40 hours of PTO/ vacation remaining after the buy-back of some of the accumulated vacation.

3. On or before the pay period which includes December 15 of each calendar year, an employee may make an irrevocable election to cash out up to eighty (80) hours of accrued PTO (in whole hour increments) which will be earned in the following calendar year at the employee's base rate of pay. On the pay day for the pay period which includes Thanksgiving in the following year, the employee will receive cash for the amount of vacation the employee irrevocably elected to cash out in the prior year. However, if the employee's PTO leave balance is less than the amount the employee elected to cash out (in the prior calendar year) the employee will receive cash for the amount of leave the employee has accrued at the time of the cash out.

E. PTO/Vacation Pay Out

PTO/Vacation leave balance shall be paid out upon employee's separation from employment in compliance with CalPERS rules and regulations.

6.6 Paid Holidays

Employees shall receive annually the following nine (9) paid holidays:

	Paid Holiday Schedule
1.	New Year's Day
2.	Memorial Day
3.	Independence Day

	Paid Holiday Schedule
4.	Labor Day
5.	Veteran's Day
6.	Thanksgiving Day
7.	Thanksgiving Holiday/Day after Thanksgiving
8.	Christmas Eve Day
9.	Christmas Day

C. Paid Holiday Pay

Paid holidays will be calculated at eight (8) hours of holiday pay for full-time employees and will be calculated at six (6) hours of holiday pay for 30-hour weekly employees. Holiday pay is paid at the base hourly rate (8 hours x base pay, or 6 hours x base pay).

D. Holiday Schedule Observance

Unless otherwise provided, when a holiday falls on a Sunday, the following Monday shall be observed; a holiday falls on a Saturday, the prior Friday shall be observed. When a holiday falls on an employee's time off, the working day immediately preceding or immediately following such holiday, at the determination of the department manager and subject to approval of the personnel officer, shall be observed as a holiday.

E. Floating Holidays

Employees shall receive six (6) floating holidays each fiscal year.

Employees may select the date upon which they shall use any floating holiday, subject to scheduling needs of the City. If a floating holiday is not used within the fiscal year, the time shall be forfeited.

Floating holidays denied due to staffing shortages or other operational reasons will be paid or accumulated at the employee's choice at the end of the fiscal year. The employee will have the burden to prove the request was made in a timely manner and then denied.

F. Prorated Allocation for New Employees

Employees who are hired during the Fiscal Year (FY) shall have the number of floating holidays prorated based upon their date of hire as follows:

Date of Hire	Number of Floating Days
July 1 to August 31	6 floating holidays
September 1 to October 31	5 floating holidays
November 1 to December 31	4 floating holidays
January 1 to February 28(29)	3 floating holidays
March 1 to April 30	2 floating holidays
May 1 to June 30	1 floating holiday

ARTICLE 7 WORKING CONDITIONS

7.1 Uniform
The City may provide field working uniforms and/or safety shoes for Public Works employees working out in the field.

7.1.1 Uniform Allowance
The City will provide a uniform allowance for designed members of field departments in the amount of $92.50 each calendar month. The classifications to which this Article applies shall be the Police Management Analyst and any other classification approved by the City Manager or designee.

7.2 Alternate Work Schedule
Employees may, upon approval of the appropriate Department Head and the City Manager, implement an alternative work schedule providing for 80 hours of work in two consecutive five-day Monday through Friday periods.

The schedule shall allow for adequate coverage of all activities normally and customarily covered during the Monday through Friday workweek. Approval by the appropriate Department Head and the City Manager shall not be unreasonably withheld.

7.3 Step Advancement
Employees are eligible for a salary step increase on their anniversary or new classification date following completion of 2,080 hours of paid service, or whichever is longer. Time spent on legally protected leaves of absence such as FMLA or CFRA count towards step increase eligibility. Salary step increases will be effective the first full pay period following the step eligibility date.

7.4 Work Outside Business Hours
Management employees receive management incentive compensation to recognize the unique aspects of the normal job duties. Management employees are expected to:

1. Regularly attend City Council Meetings and/or a City Advisory Board(s); to include preparation and presentation of agenda items; and
2. Regularly work on special projects, or City initiatives that may require work hours before or after normal business hours as well as be required to work weekends.
3. Be the first to staff the department outside of normal business hours, including weekends, when there is a critical need to complete work and/or during a natural disaster or emergency.

Management employees who do not work outside business hours as listed above or similarly, will forfeit the management incentive compensation. Department heads will monitor.

ARTICLE 8 CONTINUING EDUCATION AND PROFESSIONAL DEVELOPMENT

8.1 Tuition Reimbursement

Tuition Reimbursement is up to $3,000 in a fiscal year for qualified expenses per the MEA Education Reimbursement Program.

8.2 Professional Development Program

A lump sum payment of $500.00 shall be made by City to an employee represented by the Association who has completed a course of study and/or examination that results in attaining an acknowledged level of professional development – evidenced, for example, by degree, credential or certification – in the employee's field of work. To qualify for this payment, the achievement must demonstrate, as determined by the City Manager, attainment of a significant achievement based on national, state, or professional department standards.

The City Manager shall determine, prior to employee's embarking on the work and study required for the desired degree, credential or certification, whether the desired goal qualifies for the payment.

No more than three (3) such payments shall be paid to an individual during his or her tenure with the City.

8.3 City Training Day

Effective 2021, the City will close operations to the public for non-sworn personnel on the third Monday in October and provide a mandatory employee "Training Day".

ARTICLE 9 MISC

9.1 MOU Negotiations Timing

At least six (6) months prior to the MOU expiring, management will initiate MOU negotiations with MEA.

9.2 Future Negotiations

The parties hereto acknowledge and agree that they have reached settlement regarding all total compensation and non-compensation items, and that said issues are settled through the period expiring June 30, 2026, provided that either party may request to meet and confer upon written notice given to the other party.

The parties therefore agree to waive any and all rights or obligations to meet and confer on any subject fully covered by this MOU with the exception of the economic re-opener, until a reasonable period prior to June 30, 2026.

ARTICLE 10 SAVINGS CLAUSE

If any Article or Section of this Memorandum of Understanding should be found invalid, unlawful or unenforceable by reason of any existing or subsequent enacted legislation or by judicial authority, all remaining Articles and Sections of this Memorandum of Understanding shall remain in full force and effect for the duration of the MOU. In the event of invalidation of any Article or Section, the City and the Association agree to meet within 30 calendar days of such invalidation for the sole purpose of meeting and conferring upon said Article or Section.

This MOU constitutes a full and complete agreement between the parties on all matters within the scope of representation.

Tori Hannah, City Manager Pro Tempore
City of Pacific Grove

George Fuerst
Management Employees' Association (MEA)

Katy Suttorp, Negotiator, City Attorney's Office

Katie Clark
Management Employees Association (MEA)

Leticia Livian, Human Resources Director
City of Pacific Grove

Date

Date

RESOLUTION NO. 23 - _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE APPROVING THE MEMORANDUM OF UNDERSTANDING WITH THE PACIFIC GROVE MANAGEMENT EMPLOYEES ASSOCIATION.

FINDINGS

1. The City of Pacific Grove and the Management Employees Association (MEA) have negotiated and have reached agreement on a successor Memorandum of Understanding amending the Memorandum of Understanding that governs wages, benefits, hours and working conditions Management Employee Association members.

2. This action does not constitute a "project" as defined by California Environmental Quality Act (CEQA) because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment; and

RESOLUTION

NOW, THEREFORE, THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council finds each recital set forth above to be true and correct, and by this reference incorporates each as an integral part of this Resolution.

SECTION 2. The City Council approves the attached Memorandum of Understanding with the Management Employees Association that covers the period July 1, 2023, through June 30, 2026.

SECTION 3. The City Manager is authorized to execute all documents and to perform all other necessary City acts to implement the Memorandum of Understanding.

SECTION 4. This resolution confers authority upon the City Manager to take all steps necessary to implement this MOU and authorizes budget adjustments if necessary to implement expenditures during FY 23/24, FY 24/25, and 25/26.

SECTION 5. This Resolution shall take effect immediately following its adoption.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 1st day of November 2023, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

_____

_____
BILL PEAKE
Mayor

ATTEST:

_____
KERRY LINDSTROM
Interim City Clerk

APPROVED AS TO FORM:

_____
BRIAN PIERIK
City Attorney

AGENDA ITEMS #11A & 11B, NOV. 1, 2023 CITY COUNCIL MEETING

Inge Lorentzen Daumer <ilwd50@gmail.com>

Tue 10/31/2023 1:27 PM

To:Public Comment <publiccomment@cityofpacificgrove.org>;City Council Members <citycouncil@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Dear City Council,

Just because COLA'S have been the City's Past Practices, it is Not something we should be automatically following. Salary and Step- Raises for the highest members of Staff have reached unsustainable levels and are not even remotely "Merit-Based". Whoever is "negotiating" these MOU's is clearly working for the benefit of employees only and not the Citizens of Pacific Grove. There seems to be a disconnect between what they might earn in the private sector, or much larger cities, and what salaries should be for a small city of 15,000 people, to implement city governance.
We have an ever-rising, Huge Pension debt!

Sincerely,
Inge Lorentzen Daumer



Virus-free.www.avg.com

Agenda No. 12 A

CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Erica Vega, Assistant City Attorney
MEETING DATE:	November 01, 2023
SUBJECT:	Introduction of Cannabis Licensing Ordinance and Cannabis Zoning Ordinance
CEQA:	Categorical Exemption, CEQA Guidelines Section 15061(b)(3)

RECOMMENDATION

1. Request the City Attorney to read the title of Licensing Ordinance
2. Motion to waive further reading of the ordinance and introduce the Licensing Ordinance
3. Request the City Attorney to read the title of Zoning Ordinance
4. Motion to waive further reading and introduce the Zoning Ordinance
5. Direct that publication of these two ordinances will be satisfied by publication of a summary approved by the City Attorney
6. Other action(s) based on direction by the City Council related to this item

DISCUSSION

Pacific Grove voters approved Measures M and N at the November 8, 2022 general election. Measure M was an advisory measure asking the voters the following question: “Should the Pacific Grove City Council be authorized to amend the Municipal Code to allow retail sales of medical or recreational cannabis, limited to one single location within the City, at a location no closer than 1000 feet from any existing licensed Daycare/Preschools, Youth Center, and Schools, to engage in commercial cannabis activities?” Measure N established a tax on cannabis businesses at the rate of 6% of gross receipts from the retail sale of cannabis (storefront and delivery sales). Copies of Measure M and Measure N are attached to this report.

At the December 7, 2022 City Council meeting, the Council directed the City Manager and City Attorney to create a cannabis licensing program to authorize one cannabis retail storefront to operate in the City, consistent with the voter approval of Measure M.

Two draft ordinances have been prepared, a licensing ordinance and a zoning ordinance. The City Council previously reviewed the draft ordinances on May 17, 2023 and October 4, 2023. The Planning Commission reviewed the draft ordinances on August 10, 2023 and September 14, 2023 and has recommended approval of the ordinances. The ordinances have been updated to include changes recommended by the Planning Commission.

At the October 4, 2023 City Council meeting, the Council requested that the ordinances be brought forward for introduction and first reading, but that the staff report identify the outstanding items raised by Council Members and the Police Department at that meeting for further discussion and consideration.

Summary of Ordinances

Two ordinances are proposed to create a two-step regulatory framework that requires a proposed cannabis retailer to first obtain a license to operate from the City and then a conditional use permit. The allows the City to have regulations in place that address both the use (conditional use permit) and the user (license).

One license will be available to operate a storefront retail location, consistent with the Measure M advisory measure. Additionally, licenses will be available to medicinal cannabis retailers proposing to operate delivery-only with no walk-in customers allowed. There is no cap proposed on the number of delivery-only retail licenses. SB 1186 goes into effect on January 1, 2024, and prohibits a local agency from adopting or enforcing ordinances that prohibit or have the effect of prohibiting the retail sale by delivery of medicinal cannabis. The City Council will be the approval body for a license. The initial draft presented to the Council provided that the city manager would approve local licenses. Though no formal direction was provided on this subject, this change was made based on the tenor of comments made at the Council meeting.

The licensing process will involve review of the applicant's business operations plan and the conduct of a background check. If approved, the license will be good for one year and must be renewed annually. A licensee will be required to operate in compliance with State law and regulations, and the operational requirements included in the ordinance. The licensing ordinance calls for administrative rules to be approved by the city council that provide more detail on the implementation of the licensing application process and procedures. Draft rules will be brought to Council at a future meeting, and will include the proposed competitive process for selecting the sole licensee to operate a storefront retail location.

Once a license is issued by the City, the applicant can submit an application for a conditional use permit for their proposed location. The zoning ordinance allows the sole storefront retailer to be located in the C-1, C-D, C-FH or C-2 zones. Medicinal delivery-only retailers may be located in the I, C-FH, C-1 or C-2 zones. All retail locations must be at least 1,000 feet from a day care center, a youth center, a preschool, or a public or private school. The ordinance includes some standard conditions of approval, including conditions for odor control. However, conditions may also be applied case-by-case based on what is appropriate for the proposed site and use.

Outstanding Items for Discussion

Below is a list of the issues raised by members of the City Council at the October 4, 2023 meeting for further discussion. Also included in this list are recommendations received from the Police Department. In many instances, the issue is addressed in the Department of Cannabis Control (DCC) Regulations. Section 11.100.100.A of the licensing ordinance requires every licensee to comply with all applicable DCC Regulations. For the sake of brevity, where a topic is addressed in the DCC Regulations the list below includes a citation to that reference. All referenced DCC Regulations are included in the attachments to this report.

1. Costs to the City to Regulate: The Acting City Manager indicated that the costs are being studied as a part of an ongoing fee study update.

2. THC levels, Serving Size & Product Packaging: DCC Regulations 17301(b), 17304

3. Health Warnings: DCC Regulations 17403, 17406

4. Expanding Separation Requirements: Comments were raised to consider adding a requirement that a

retailer be located at least 1,000 feet from a library or park. This is a policy decision within the Council's purview. However, the Council should be cognizant of the impact such changes will have to the available sites.

5. Security Cameras: The Police Department suggested several changes specific to security cameras.
   - 24-hour security surveillance. DCC Regulations 15044
   - Police Department Approves Placement of Security Cameras: If the requirements for placement of security cameras in DCC Regulation 15044 are not acceptable to the Police Department, the ordinance may be revised to include additional requirements.
   - No Changes Without Police Department Approval: If the requirements for placement of security cameras in DCC Regulation 15044 are not acceptable to the Police Department, the ordinance may be revised to include additional requirements.
   - Police Department Access to Security Cameras: Section 11.100.120.A. of the licensing ordinance requires a licensee to make video immediately available to the city on request for law enforcement purposes.

6. Requirement to Report Criminal Activity to Police Department: DCC Regulations 15035, 15036.

7. On-Site Security Personnel: DCC Regulation 15045

8. Hours of Operation: The Police Department has suggested reducing the permissible hours of operation to between 10 a.m. and 8 p.m. The ordinance as drafted reflects the hours of operation under the DCC Regulations (6:00 a.m. to 10:00 p.m.). The City may reduce the hours of operation.

9. Cash Payment of Taxes: The City has the discretion to determine the acceptable methods for the payment of taxes.

10. Specific Language Regarding Checking State Daycare Licensing Database: Language referencing the specific database that must be checked (the Department of Social Service's Facility Lookup) to confirm a site is not within 1,000 feet of a licensed day care facility may be added.

11. Waste Handling: DCC Regulation 17223

12. Employee Badges & Premises Access: DCC Regulations 15042, 15043

13, Delivery Vehicle Requirements: DCC Regulation 15417.

14. No Cash Payment At Delivery Point: The Police Department suggested prohibiting cash payment for product at the point of delivery. The DCC Regulations do not address acceptable forms of payment from customers. It is our understanding that the legal cannabis market is still by and large cash-only. Prohibiting cash payment at point of delivery may be construed as a regulation that has the effect of prohibiting the delivery of medicinal cannabis in violation of SB 1186.

OPTIONS

1. Introduce the draft ordinances

2. Not introduce the ordinances and provide staff with direction on proposed changes.

FINANCIAL IMPACT:

Estimated annual revenue up to $300,000; actual amount of annual revenue may be more or less than this estimate. The administrative costs are unknown, however the City is conducting a fee study with the intent to recover City costs associated with the cannabis program.

FOCUSED PRIORITY AREA: Not Applicable.

Attachments

Draft Cannabis licensing ordinance
Draft Cannabis zoning ordinance
Combined State Cannabis Regulations
Public Comment
Public Comment
Public Comment
Public Comment

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE, AMENDING CHAPTER 11.100 TO THE PACIFIC GROVE MUNICIPAL CODE ESTABLISHING COMMERCIAL CANNABIS LICENSING REGULATIONS

FACTS

1. In 1996, the voters of the State of California approved Proposition 215, which was codified as Health and Safety Code Section 11362.et seq., and entitled the Compassionate Use Act of 1996, which intended to enable seriously ill Californians to legally possess, use, and cultivate marijuana for medical use under limited, specified circumstances; and
2. In 2004, the California legislature enacted Senate Bill 420, the Medicinal Marijuana Program (the "MMP"), which, as codified in California Health and Safety Code Section 11362.7 et seq., was intended to clarify the CUA's scope and immunize from criminal prosecution, under specified state laws, certain activities and conduct related to the provision of medicinal marijuana to qualified patients; and
3. On November 8, 2016, the voters of the State of California approved Proposition 64, entitled the "Control, Regulate and Tax Adult Use of Marijuana Act," which legalizes and regulates recreational marijuana in California; and,
4. The State has established an integrated licensing and regulatory system for both medicinal and recreational marijuana businesses consistent with Propositions 215 and 64 entitled the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), codified in Business and Professions Code section 26000 et seq.; and
5. Business and Professions Code section 26200 expressly recognizes the ability of cities to completely prohibit all medicinal and recreational cannabis businesses or to allow and regulate such businesses; and,
6. A majority of the voters in Pacific Grove who voted on Measure M at the November 8, 2022 election voted in favor of Measure M, which was an advisory measure asking whether the electors supported amending the Municipal Code to allow one cannabis retailer in the City at a location at least 1000 feet from any existing licensed daycare/preschool, youth center, or school; and
7. In order to protect the public health, safety, and welfare, and consistent with the will of the voters of Pacific Grove, the City desires to amend the Municipal Code to allow one cannabis retailer to be located in the City consistent with Measure M.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES ORDAIN AS FOLLOWS:

SECTION 1. The foregoing Facts are adopted as findings of the City Council as though set forth in fully within the body of this ordinance.

SECTION 2. The City Council finds that the adoption of this Ordinance is exempt from review under the California Environmental Quality Act (CEQA) pursuant to the common sense

exemption (CEQA Guideline 15061(b)(3)) because it can be seen with certainty that there is no possibility that permitting one cannabis retail location to operate within the City may have a significant effect on the environment. Cannabis retail operations are small footprint and retailers are likely to operate within an existing vacant location rather than engage in new construction, and would likely qualify for the in-fill development exemption (CEQA Guideline 15332). In the event the sole retailer permitted in Pacific Grove does not qualify for the in-fill development exemption or another CEQA exemption, CEQA review would be conducted concurrently with project processing, ensuring that any environmental impacts are less than significant.

SECTION 3. Pacific Grove Municipal Code Chapter 11.100 shall be amended in its entirety to read as follows:

CHAPTER 11.100
CANNABIS

11.100.010 Statement of purpose.
11.100.020 Relationship to other laws.
11.100.030 Definitions.
11.100.040 Local license in addition to business license or other permit.
11.100.050 Local license required.
11.100.060 Local license application process.
11.100.070 Conditions of approval, administrative rules.
11.100.080 Changes and modifications of local licenses.
11.100.090 Renewal of local license.
11.100.100 Cannabis business operational requirements.
11.100.110 Limitations on city's liability
11.100.120 Inspections
11.100.130 Enforcement; Suspension and Revocation of License.
11.100.140 Residential cannabis cultivation.
11.100.150 Consumption of cannabis.
11.100.160 Exceptions.

11.100.010 Statement of purpose.

A. This chapter shall provide for the regulation and licensing of medicinal and adult-use cannabis businesses throughout the city in conformance with applicable state and local laws and regulations pertaining to medicinal and adult-use cannabis.

B. The city council finds that it is necessary for the city to adopt local licensing standards for medicinal and adult-use cannabis businesses for the purpose of controlling and regulating the sale of medicinal cannabis and medicinal cannabis products to qualified patients, and adult-use cannabis and adult-use cannabis products to adults twenty-one years of age and over.

C. The purpose of this chapter is to regulate all commercial cannabis activity in the city, as defined in the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), to the extent authorized by state law and in a manner designed to minimize negative impacts on the city and neighboring uses, and promote the health, safety and general welfare of residents and businesses within the city.

11.100.020 Relationship to other laws.

A. Except as otherwise specifically provided herein, this chapter incorporates the requirements and procedures set forth in MAUCRSA. In the event of any conflict between the provisions of this chapter and the provisions of MAUCRSA or any other applicable state or local law or regulation, the more restrictive provision shall control.

B. Except as expressly stated herein, cannabis businesses must comply with all other city codes and regulations. Nothing in this chapter shall be construed as permitting a cannabis business to operate at any time in a manner that is in violation of other applicable state and local laws.

11.100.030 Definitions.

Unless otherwise defined herein, the terms in this chapter shall have the same meaning as set forth in MAUCRSA and any rules promulgated pursuant thereto. In addition, the following terms shall be defined as follows:

“Adult-use cannabis” means cannabis and cannabis products that are intended for adults who are 21 years of age and older and who do not possess a physician’s recommendation, or are intended for use on, or consumption by, animals.

"Cannabis business" means any person engaged in commercial cannabis activity.

"City" means Pacific Grove, California.

"City manager" shall mean the city manager of the city or their designee.

"Identification card" or "ID card" means a valid identification card issued pursuant to Section 11362.7 et seq., of the California Health and Safety Code.

"Identification card holder" or "ID card holder" means an individual who is a qualified patient who has applied for and received a valid ID card pursuant to Article 2.5 of Chapter 6 of Division 10 of the California Health and Safety Code.

"Licensed premises" means a premises for which a local license has been issued pursuant to this chapter.

"Licensee" means a person who has been issued a local license pursuant to this chapter.

"Local license" means a license issued pursuant to this chapter. A “provisional local license” is a local license issued to a storefront retail cannabis business that has not secured a use permit for a location to operate their storefront retail business.

"Medicinal and Adult-Use Cannabis Regulation and Safety Act" or "MAUCRSA" means Division 10 of the California Business and Professions Code.

“Medicinal cannabis” means cannabis and cannabis products that are intended to be sold or donated for use pursuant to the Compassionate Use Act of 1996 (Proposition 215), found in Section 11362.5 of the Health and Safety Code, by a medicinal cannabis patient in California who possesses a physician’s recommendation.

"Medicinal cannabis patient" means both a qualified patient without an identification card and an ID card holder.

“Owner” shall have the definition provided in MAUCRSA, as it may be amended from time to time, which as of the date of the adoption of this definition means any of the following:

(1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.

(2) The chief executive officer of a nonprofit or other entity.

(3) A member of the board of directors of a nonprofit.

(4) An individual who will be participating in the direction, control, or management of the person applying for a license.

"Physician," as used in this chapter, shall mean an individual who possesses a license in good standing to practice medicine or osteopathy from the state of California.

"Qualified patient" shall have the meaning set forth in Section 11362.7(f) of the California Health and Safety Code.

“Retail, delivery-only” shall mean a cannabis business that does not allow on-site sales of cannabis to customers, and has or will have a Type 9 license from the California Department of Cannabis Control.

“Retail, storefront” shall mean a cannabis business that has a physical location from which cannabis is sold to retail customers on-site, and has or will have a Type 10 license from the California Department of Cannabis Control.

"State law(s)" shall mean and include California Health and Safety Code Section 11362.5 (Compassionate Use Act of 1996); California Health and Safety Code Sections 11362.7 to 11362.85 (Medicinal Marijuana Program Act); the MAUCRSA, and all other applicable laws and regulations of the state of California.

"State license" means a state license issued under MAUCRSA, and includes both an A-license and an M-license, as well as a testing laboratory license.

"State licensing authority" shall mean the state agency responsible for the issuance, renewal, or reinstatement of a state license, or the state agency authorized to take disciplinary action against a state licensee.

11.100.040 Local license in addition to business license or other permit.

The local license required by this chapter shall be in addition and supplemental to any other business registration or any permit required by any ordinance of the city.

11.100.050 Local license required.

A. It is unlawful to operate any cannabis business in the city without first having obtained a local license under this chapter.

B. The City shall not grant a license to any cannabis business proposing to engage in cannabis cultivation, manufacturing, distribution, or laboratory testing. The City may

approve a license for a cannabis business proposing to operate as a cannabis retailer subject to the following limitations:

1. No more than one (1) local license to engage in storefront retail sales shall be active in the City at any time.

2. A license for delivery-only retail sales shall only be granted to a business engaging exclusively in retail sale of medicinal cannabis and medicinal cannabis products. No license shall be granted to a delivery-only retailer for the retail sale of adult-use cannabis or adult-use cannabis products.

C. The city may grant a local license prior to the applicant having obtained a state license. A cannabis business must possess the requisite state and local licenses and a use permit prior to receiving a certificate of occupancy from the city.

11.100.060 Local license application process.

A. For the single storefront retail license, there shall be an initial 60-day application period, the precise days of which shall be determined by the city manager. The city manager may open up subsequent 60-day application periods if there is no active local license for a storefront retail cannabis business in the City.

B. An application for a local license shall be made upon the form prescribed by the city manager and accompanied by the application fee established by resolution of the city council. The application shall include the following basic information, in addition to any additional information that the city manager requests.

1. An operating plan for the proposed cannabis business including the following information:

a. A general description of the types of products and services to be provided by the facility;

b. A statement confirming whether delivery service of cannabis to any location outside the premises will be provided and the extent of such service, and in the event delivery is provided, a detailed delivery plan detailing how the retailer will comply with all requirements of this chapter, MAUCRSA, and any other applicable state or local laws.

2. Authorization for the city manager to seek verification of the information contained within the application and to conduct background checks of the owners of the cannabis business. If the background check shows that any owner has been convicted of a crime listed in Business & Professions Code Section 26057(b)(4)(A)-(E) the application shall be denied.

3. Proof of the nature of the cannabis business's organizational status, such as articles of incorporation, by-laws, organizational minutes, partnership agreements, or such other documentation acceptable to the city.

C. The city manager shall conduct an initial review of an application submitted to determine completeness. All complete applications shall be reviewed under the criteria set forth in administrative rules adopted pursuant to Section 11.100.070.

D. The one (1) storefront retail local license shall be provisionally granted to the applicant who is selected pursuant to the review and selection criteria set forth in the administrative rules. From the date the local license is provisionally approved, the applicant will have twelve (12) months to secure approval of a use permit for a premises, in addition to

any other land use permits or entitlements that may be required by this code for the premises. If the applicant who received a provisional license does not obtain the use permit or any other required land use permits or entitlements for the premises within this time frame, then the provisional license shall become null and void and a provisional license shall be granted to another applicant in the manner specified in the administrative rules.

E. A local license issued pursuant to this chapter shall specify the date of issuance, the expiration date, the name of the licensee, and whether the cannabis business is storefront retail or delivery-only retail. A provisional local license is valid for one (1) year from the date of issuance. A provisional local license shall automatically lose its provisional status once a use permit is granted for a premises to operate the business. The term of the license shall be valid for one (1) year from the date the use permit for the premises is approved.

11.100.070 Conditions of approval, administrative rules.

A. The city council shall have the authority to approve or deny an application for a local license. The city council may place conditions upon the approval of any local license which are, in the opinion of the city council, reasonably related to the protection of the health, safety and welfare of the general public.

B. The city council shall establish by resolution rules, policies and procedures consistent with the intent and spirit of this chapter concerning the applications, the application process, the information required of applicants, the application procedures, and the administration and procedures to be used and followed in the application process, including but not limited to those required by Section 11.100.060.

11.100.080 Changes and modifications of local licenses.

In addition to any applicable requirements in Chapter 23.92 of this code, the following requirements apply for transfers of or changes to the ownership of a licensee,

A. Subsequent to the issuance of a local license, the licensee shall report any transfer of ownership in the cannabis business to the city manager on forms prescribed by the city manager and pay the application fee established by resolution of the city council.

B. A change of ownership that solely involves a previously approved owner no longer being an owner of the cannabis business shall be reported to the city manager within thirty calendar days of the change. The City will administratively remove a previously approved owner from a license only if notarized statements are submitted by all approved owners consenting to the change, or the change is mandated by order of a court of competent jurisdiction.

C. A change in ownership that involves adding a new owner to the previously approved ownership must be approved by the city council in advance and a background check must be conducted on the proposed new owner. The city council shall have the sole and absolute discretion to approve or deny a proposed change of ownership that involves the addition of a new owner. All owners must submit notarized statements agreeing to the addition of a new owner to the business.

11.100.090 Renewal of local license.

A. A cannabis business that desires to renew its license shall apply for the renewal no less than sixty (60) calendar days prior to the local license's expiration date. If the cannabis business files a renewal application within sixty (60) calendar days prior to expiration, the

cannabis business must provide a written explanation detailing the circumstances surrounding the late filing. The city manager may accept or reject such late filing in its discretion. The city manager may elect to administratively continue a local license past its expiration date, provided that the licensee has submitted a renewal application that is pending final action.

B. An application for renewal shall be submitted on forms provided by the city manager, accompanied by the application fee established by resolution of the city council. The following information shall be submitted as a part of the renewal application:

1. Verification that no changes to the ownership of the cannabis business has occurred since last approved by the city manager.

2. Verification that the licensee is still entitled to the possession and use of the premises for which a use permit has been granted.

3. Any other information that the city manager deems necessary to determine whether to renew the local license.

C. The city council shall renew a local license if the licensee has submitted a complete application and paid the application fee, unless the city council finds that there are grounds to suspend or revoke the license as provided in Section 11.100.210. Notwithstanding the foregoing, the city council in its discretion may elect not to renew any local license if it determines that the licensed premises has not been used for a cannabis business, without reasonable cause as determined by the city council, during the term of the license.

D. Unless administratively continued pursuant to subsection A, a local license is immediately invalid upon expiration and the cannabis business shall cease operations. If a local license expires, the city council may approve a renewal of the expired license at any time up to three months from the expiration date of the license. After the license has been expired for three months, the license may not be renewed by the city council, and the holder of the expired license must apply for and obtain a new cannabis license to resume operations.

11.100.100 Cannabis business operational requirements.

All cannabis business must comply with the requirements set forth in this section.

A. General Obligation to Operate in Compliance. A cannabis business shall operate in compliance with all applicable state and local laws and regulations governing cannabis businesses.

B. General Obligation to Pay Taxes. A cannabis business must pay all applicable taxes pursuant to federal, state, and local law, including but not limited to state and local sales and use taxes and state excise taxes.

C. Age Requirement. A cannabis business shall not allow an individual less than twenty-one years of age to work within the licensed premises or handle cannabis and cannabis products.

D. Age Restrictions. A cannabis business may not permit an individual less than twenty-one years of age to enter, or be within, its licensed premises, except that a cannabis business with an M-license from the state may allow persons eighteen years of age or older within the licensed premises if they are an ID card holder or qualified patient with physician's recommendation from a licensed physician.

E. Secure Storage of Product. Cannabis and cannabis products possessed by a cannabis business shall be kept and stored in a secured manner at all times.

F. Cannabis Consumption on Licensed Premises. Smoking, vaporizing, ingesting, or otherwise consuming cannabis and cannabis products at a licensed premises is prohibited. "Licensed premises" as used in this subsection includes the actual building, as well as any accessory structures, common areas and parking areas. A sign shall be posted at each entrance to a licensed premises that clearly and legibly states, "Smoking, vaporizing, ingesting, or otherwise consuming cannabis or cannabis products on these premises or in their vicinity is prohibited and a violation of the Pacific Grove Municipal Code."

G. Prohibition on Alcohol and Tobacco Sales, Distribution, or Consumption on Licensed Premises. A cannabis business shall not sell, provide, store, or distribute any alcoholic beverages or tobacco products, or allow such products to be consumed on the licensed premises.

H. Advertising. A cannabis business shall not advertise in a manner intended to encourage persons under twenty-one years of age to consume cannabis or cannabis products. It shall be unlawful for any cannabis business to make any claims that a product is safe because it is tested. All advertisements, including off-site advertising signs, shall comply with Chapter 15 of MAUCRSA.

I. Display of License. A cannabis business shall display a copy of its local license issued pursuant to this chapter in a conspicuous place at or near the entrance to the licensed premises.

J. No Physician Evaluations on Licensed Premises. A cannabis business shall not permit a physician to evaluate potential medicinal cannabis patients or to provide a physician's recommendation for medicinal cannabis within its licensed premises. Cannabis businesses shall not offer or provide any form of remuneration to a physician who provides physician's recommendations for medicinal cannabis.

K. Community Relations Designee. A cannabis business must provide the city with the name, phone number, facsimile number, and email address of an on-site community relations representative or staff member or other representative whom the city can contact regarding operating concerns associated with the cannabis business. The cannabis business shall report any change in their community relations designee to the city within ten calendar days.

L. Security Requirements. The licensed premises of a cannabis business must comply with all of the following security requirements:

1. Video Surveillance. The licensed premises must be equipped with a video surveillance system that meets all of the requirements set forth in this subsection.

a. Security cameras and digital storage of recordings shall be maintained in good condition and used in an on-going manner, twenty-four hours per day, seven days per week.

b. The security system must maintain at least 90 days of digitally recorded video for each security camera in the licensed premises. Security footage should be stored in an MPEG4, MJPEG, H.264, or another format approved by the city manager in writing.

c. Security cameras must provide adequate and sufficient coverage for the facility, which must include, but need to be limited to, all limited access areas, all areas of

ingress and egress, point of sale, the public areas, storage areas, and any other areas as required by this chapter and the MAUCRSA.

d. The video surveillance system must be equipped with a failure notification system that provides prompt notification to the manager of record of the licensed premises of the cannabis business of any surveillance interruption or complete failure of the surveillance system that lasts longer than fifteen minutes.

e. The video surveillance system shall have sufficient battery backup to support a minimum of twenty-four hours of recording in the event of a power outage.

2. Alarm System. The licensed premises shall have an audible interior and exterior security alarm system installed on all perimeter entry points and perimeter windows, operated, and monitored by a security company licensed by the Department of Consumer Affairs, Bureau of Security and Investigative Services.

3. Signage Requirement. The licensed premises must comply with the following signage requirements.

a. A sign shall be posted in a conspicuous place near each point of public access which shall be not less than twelve inches wide and twelve inches long, composed of letters not less than one inch in height, stating "All Activities Monitored by Video Camera."

b. Limited access areas shall be clearly identified by the posting of a sign which shall be not less than twelve inches wide and twelve inches long, composed of letters not less than one-half inch in height, which shall state, "Limited Access Area—Authorized Personnel Only."

4. Lighting. The business entrance(s) and all window areas shall be illuminated during evening hours. The cannabis business shall comply with the city's lighting standards regarding fixture type, wattage, illumination levels, and shielding.

5. Commercial-Grade Locks. All points of ingress and egress to a licensed premises shall ensure the use of commercial-grade, nonresidential door locks or window locks.

6. Notification of City Manager and Law Enforcement. A cannabis business shall notify the city manager and the appropriate law enforcement authorities within twenty-four hours after discovering any of the following:

a. Significant discrepancies identified during inventory;

b. Diversion, theft, loss, or any criminal activity involving the retailer or any employee or agent of the retailer;

c. The loss or unauthorized alteration of records related to cannabis, cannabis patients, primary caregivers, or retailer employees or agents; or

d. Any other breach of security.

M. Subletting Prohibited. Licensees are not authorized to sublet any portion of a licensed premises for any purpose.

N. Recordkeeping. Cannabis businesses shall keep and maintain all records specified in Chapter 16 of the MAUCRSA and shall make the same available for inspection and examination of the city manager or their duly authorized representatives during standard business hours of the licensed facility or at any other reasonable time. Cannabis businesses are required to exercise due diligence in preserving and maintaining all required records.

O. Transactions. Licensees shall only do business with cannabis businesses that are licensed or permitted to do business in their respective jurisdictions.

P. Limited Hours of Operation. A retailer may only be open to the public and engage in sales between the hours of 8:00 a.m. and 10:00 p.m.

Q. Window Displays. Cannabis, cannabis products and cannabis paraphernalia shall not be placed in a window display or otherwise placed in a manner primarily intended for individuals outside of the premises to view the products.

R. Cannabis Paraphernalia Sales. Retailers may sell or otherwise provide equipment, supplies, and paraphernalia used to consume cannabis and cannabis products.

S. Electronic Point-of-Sale System Required. Retailers must have an electronic point of sale system. The electronic point of sale system must be capable of producing an electronic or automatic paper record for all transactions associated with any product sold, rented, or otherwise provided to the customer.

T. No Sales of Expired Product. A retailer may not sell any expired products, cannabis or cannabis products. A retailer shall not alter, edit, or adjust in any manner an expiration date on any item or product once affixed by its manufacturer.

U. Handling of Edible Cannabis Products. A retailer that possesses edible cannabis products shall comply with the provisions of all relevant state and local laws regarding the storage, handling, and sale of food.

V. Delivery of Cannabis and Cannabis Products. A retailer that provides delivery service shall comply with the following requirements:

1. The retailer shall not delivery cannabis or cannabis products to any location outside of California or to any location within California where the delivery of cannabis or cannabis products has been prohibited by the city or county.

2. The delivery service must be approved by the city manager as a part of the licensing process. The deliveries must be conducted in accordance with any relevant state laws, this code, any applicable local laws in the delivery location, and any conditions imposed upon the license.

3. The retailer must keep in place standard operating procedures that ensure the safety and security of those individuals engaging in delivery and the and security of all cannabis being delivered, including procedures to prevent diversion.

4. A retailer may only deliver cannabis to a specific street address requested by the purchaser. Delivery to parks, schools or any other public facilities is prohibited.

5. Upon arrival at the delivery address and prior to transferring any cannabis or cannabis products, the delivery person must verify and confirm that the identity of the recipient is the same as the person who requested the delivery and that the person is either twenty-one years of age or a qualified patient or primary caregiver.

6. A retailer shall report to the city manager and local law enforcement any vehicle accidents, diversions, losses, or other reportable incidents such as thefts or suspicious activity, that occur during transportation and delivery, within twenty-four hours.

7. The delivery shall keep a delivery manifest that includes the following information:

a. All cannabis that will be transported, accurately inventoried;

b. Departure date and approximate time of departure;

c. Arrival date and approximate time of arrival;

d. Name, address, local license number and CUP number of the originating cannabis business;

e. Name and address of the individual requesting the delivery;

f. Delivery vehicle make, model, and license plate number; and

g. Name and signature of the individual transporting the cannabis.

8. Sale of Live Plants. A retailer may sell and offer for sale seeds and immature cannabis plants, but shall not sell or offer for sale live mature cannabis plants. The retailer may provide light and water to immature cannabis plants being offered for sale but may not engage in any other cultivation activity. For the purposes of this provision, an immature cannabis plant is defined as a non-flowering cannabis plant that is shorter and narrower than 18 inches.

11.100.110 Limitations on City's liability.

To the fullest extent permitted by law, the city shall not assume any liability whatsoever, with respect to approving any local license pursuant to this chapter or the operation of any cannabis business approved for such local license pursuant to this chapter. As a condition of approval a local license granted under this chapter, the applicant or its legal representative shall:

A. Indemnify and hold the city harmless from any and all claims, damages, legal or enforcement actions, including, but not limited to, any actions or claims associated with violation of federal law associated with the operation of the cannabis business and delivery of cannabis as provided in this chapter; and

B. Maintain insurance in the amounts and of the types that are acceptable to the city pursuant to guidelines and policies set forth by the city; and

C. Name the city as an additionally insured on all city-required insurance policies; and

D. Defend, at its sole expense, any action against the city, its agents, officers, and employees related to the approval of a local license or the operation of the cannabis business; and

E. Reimburse the city for any court costs and attorney fees that the city may be required to pay as a result of any legal challenge (or federal enforcement action) related to the city's approval of a local license or use permit. The city may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve the operator of its obligation hereunder.

11.100.120 Inspections.

A. Recordings made by security cameras at any cannabis business shall be made immediately available to the city manager upon verbal request for law or regulatory enforcement and criminal investigation purposes. Such recordings shall be considered confidential and shall not be released to the public pursuant to Government Code Section 7923.600 without the consent of the licensee.

B. The city manager shall have the right to enter all cannabis businesses from time to time unannounced for the purpose of making reasonable inspections to observe and enforce compliance with this chapter. Such inspections shall be limited to observing the licensed premises for purposes of determining whether the cannabis business is being operated or maintained in compliance with this code, state law, and other applicable laws and regulations. Any cannabis business licensed pursuant to this chapter may be required to demonstrate, upon demand by the city manager that the source and quantity of any cannabis or cannabis products found upon the licensed premises is in full compliance with any applicable local or state law or regulation.

C. The city manager shall have the right to inspect records of medicinal cannabis patients and primary caregivers that have made purchases of medicinal cannabis or medicinal cannabis products from a retailer for the sole purpose of determining whether any and all such individuals are qualified to make such purchases. Such inspections of records shall not be used for any other purposes, nor shall the records be removed off-site by the city without a court order.

D. The city manager may delegate an act required to be performed pursuant to this section to any code enforcement officer or official of the city, including, without limitation, the chief of police, the fire chief, the building official, the finance director, the city attorney, or any designee of such officers or officials.

E. Applicants and licensees must cooperate with the city manager and his designees who are conducting inspections or investigations relevant to the enforcement of laws and regulations related to this chapter.

11.100.130 Enforcement; Suspension and Revocation of License.

A. The provisions of this chapter may be enforced by the city manager by any means provided for in Chapter 1.16 or Chapter 1.19 of this code in addition to any and all other remedies, civil, equitable or criminal, afforded to the city under the law. Any use or condition caused, or permitted to exist, in violation of any provision of this chapter is hereby deemed to be a public nuisance and may be summarily abated by the city pursuant to Code of Civil Procedure Section 731 or by any other remedy available to the city. Any violation of this chapter is declared to be a public nuisance per se contrary to the public interest and will, at the discretion of the city, be subject to a cause of action for injunctive relief.

B. Any violation of this chapter shall constitute a misdemeanor and a separate offense for each and every day during any portion of which any such person commits, continues, permits, or causes a violation thereof, and shall be enforced pursuant to Chapters 1.16 and 1.19 PGMC.

C. In addition to any other remedies available to the city under the law, a license issued under the terms of this chapter may be suspended or revoked by the city council if they conclude any of the following:

1. The cannabis business or licensee has violated any of the requirements of this chapter, Chapter 23.92, or the applicable use permit.

2. The cannabis business is being operated in a manner which constitutes a nuisance.

3. The cannabis business is being operated in a manner which conflicts with or violates State Laws.

4. A licensee's use permit issued pursuant to Chapter 23.92 of this code has been terminated or revoked.

5. A licensee's state license has been suspended, terminated, or revoked.

11.100.140 Residential cannabis cultivation

A. All cannabis cultivation within city limits is prohibited except that a person, 21 years of age or older, may cultivate no more than six living cannabis plants inside a private residence, regardless of the number of persons that reside in the private residence, or inside a fully enclosed and secure accessory structure to a private residence located upon the grounds of that private residence. Such cultivation shall only occur in residences and accessory structures that are fully enclosed and secured against unauthorized entry.

B. The primary use of the property must be for a private residence, and cultivation must not prevent the property owner's primary use as a residential use. The property shall remain at all times a private residence with a legal and functioning kitchen, bathroom(s) and bedroom(s) for their intended use and such cultivation shall not prevent the property's primary use as a residential use. The cultivation activities shall be conducted in a manner that is child resistant.

C. If a private residence is not occupied or inhabited by the owner of the private residence, then no persons living in the residence may cultivate cannabis without written consent signed by the owner expressly allowing cannabis cultivation to occur at the private residence.

D. Persons cultivating cannabis in a residence shall comply with all applicable building code requirements set forth in the Pacific Grove Municipal Code.

E. There shall be no use of gas products (CO2, butane, propane, natural gas, etc.) on the property for purposes of cannabis cultivation.

F. All private cannabis cultivation under this section shall comply with Health and Safety Code Section 11362.2.

G. The cannabis cultivation area shall not adversely affect the health or safety of nearby residents by creating dust, glare, heat, noise, noxious gases, odor, smoke, traffic, vibration or other impacts and shall not be hazardous due to the use or storage of materials, processes, products or wastes, or from other actions related to cultivation.

H. The outdoor cultivation of cannabis is prohibited within city limits.

11.100.150 Consumption of cannabis

Smoking and vaporizing of cannabis and cannabis products are prohibited in all public places and any place that is open to the public; reference Chapter 11.24 PGMC. Additionally, consumption and the use of any and all forms of cannabis, including edible cannabis product, shall be prohibited in all public places.

11.100.160 Exceptions

A. To the extent that the following activities are permitted by state law, nothing in this chapter shall prohibit a person 21 years of age or older from:

1. Possessing, processing, purchasing, transporting, obtaining or giving away to persons 21 years of age or older without compensation whatsoever not more than 28.5 grams of cannabis not in the form of concentrated cannabis; or

2. Possessing, processing, purchasing, transporting, obtaining or giving away to persons 21 years of age or older without compensation whatsoever up to eight grams of cannabis in the form of concentrated cannabis; or

3. Possessing, smoking or ingesting cannabis or cannabis products in a manner consistent with California Health and Safety Code Section 11362.3.

B. This chapter shall not prohibit any person from transporting cannabis through the jurisdictional limits of the city for delivery or distribution to a person located outside of the city, where such transport does not involve delivery or distribution within the jurisdictional limits of the city.

SECTION 4. The City Manager is directed to execute all documents and to perform all other necessary City acts to implement this Ordinance.

SECTION 5. Severability. If any provision, section, paragraph, sentence, clause or phrase of this ordinance, or any part thereof, or the application thereof to any person or circumstance is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance, or any part thereof, or its application to other persons or circumstances. The City Council hereby declares that it would have passed and adopted each provision, section, paragraph, subparagraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, paragraphs, subparagraphs, sentences, clauses or phrases, or the application thereof to any person or circumstance, be declared invalid or unconstitutional.

SECTION 6. In accord with Article 15 of the City Charter, this ordinance shall become effective on the thirtieth (30th) day following passage and adoption hereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE THIS ___day of _____, 2023, by the following vote:

AYES:
NOES:
ABSENT:

APPROVED

_____
BILL PEAKE, Mayor

ATTEST:
DATED:_____

_____
SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

_____
BRIAN A. PIERIK, City Attorney

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE, ADDING CHAPTER 23.92 TO THE PACIFIC GROVE MUNICIPAL CODE ESTABLISHING CANNABIS BUSINESS ZONING REGULATIONS

FACTS

1. In 1996, the voters of the State of California approved Proposition 215, which was codified as Health and Safety Code Section 11362.et seq., and entitled the Compassionate Use Act of 1996, which intended to enable seriously ill Californians to legally possess, use, and cultivate marijuana for medical use under limited, specified circumstances; and
2. In 2004, the California legislature enacted Senate Bill 420, the Medicinal Marijuana Program (the "MMP"), which, as codified in California Health and Safety Code Section 11362.7 et seq., was intended to clarify the CUA's scope and immunize from criminal prosecution, under specified state laws, certain activities and conduct related to the provision of medicinal marijuana to qualified patients; and
3. On November 8, 2016, the voters of the State of California approved Proposition 64, entitled the "Control, Regulate and Tax Adult Use of Marijuana Act," which legalizes and regulates recreational marijuana in California; and,
4. The State has established an integrated licensing and regulatory system for both medicinal and recreational marijuana businesses consistent with Propositions 215 and 64 entitled the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), codified in Business and Professions Code section 26000 et seq.; and,
5. Business and Professions Code section 26200 expressly recognizes the ability of cities to completely prohibit all medicinal and recreational cannabis businesses or to allow and regulate such businesses; and,
6. A majority of the voters in Pacific Grove who voted on Measure M at the November 8, 2022 election voted in favor of Measure M, which was an advisory measure asking whether the electors supported amending the Municipal Code to allow one cannabis retailer in the City at a location at least 1000 feet from any existing licensed daycare/preschool, youth center, or school; and
7. In order to protect the public health, safety, and welfare, and consistent with the will of the voters of Pacific Grove, the City desires to amend the Municipal Code to allow one cannabis retailer to be located in the City consistent with Measure M.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF PACIFIC GROVE DOES ORDAIN AS FOLLOWS:

SECTION 1. The foregoing Facts are adopted as findings of the City Council as though set forth in fully within the body of this ordinance.

SECTION 2. The City Council finds that the adoption of this Ordinance is exempt from review under the California Environmental Quality Act (CEQA) pursuant to the common sense

exemption (CEQA Guideline 15061(b)(3)) because it can be seen with certainty that there is no possibility that permitting one cannabis retail location to operate within the City may have a significant effect on the environment. Cannabis retail operations are small footprint and retailers are likely to operate within an existing vacant location rather than engage in new construction, and would likely qualify for the in-fill development exemption (CEQA Guideline 15332). In the event the sole retailer permitted in Pacific Grove does not qualify for the in-fill development exemption or another CEQA exemption, CEQA review would be conducted concurrently with project processing, ensuring that any environmental impacts are less than significant.

SECTION 3. The City Council makes the following findings required for a zoning ordinance amendment.

A. The proposed amendment is consistent with the general plan and, if applicable, the certified local coastal program.

This ordinance is consistent with General Plan Goal 1: "Provide for orderly, well-planned, and balanced development consistent with the historic nature of Pacific Grove, the capacity of the City's infrastructure, and ability to assimilate new growth." This ordinance establishes regulations to allow for a new type of commercial use to be established in the City in limited quantities. Cannabis retailers will likely move into existing vacant structures and as such will not create new burdens on existing infrastructure. The ordinance is also consistent with General Plan Policy 2: "Ensure new development is compatible with adjacent existing development." The ordinance limits cannabis retailers to specific commercial and industrial zones and includes separation requirements to ensure the businesses do not locate in close proximity to sensitive uses.

B. The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare.

This ordinance will facilitate access to medicinal and adult-use cannabis in a safe manner consistent with all applicable State regulations. The ordinance limits the number of storefront retailers that may open in the City to one, which ensures there will not be an overconcentration of these uses. Delivery-only retailers will only be permitted to sell medicinal cannabis. The ordinance requires odor control systems to be installed to ensure that nuisance odors do not impact neighbors and the general public.

C. The proposed amendment is internally consistent with other applicable provisions of the zoning code.

This ordinance relies on the existing use permit process as the mechanism for the approval of cannabis retailers. The ordinance incorporates existing enforcement provisions as well. There are no inconsistencies between the proposed ordinance and existing provisions of the zoning code.

SECTION 4. Chapter 23.92 (Cannabis Businesses) is hereby added to the Pacific Grove Municipal Code to read as follows:

CHAPTER 23.92 CANNABIS BUSINESSES

23.92.010 Purpose.
23.92.020 Relationship to other laws.
23.92.030 Definitions.
23.92.040 Use permit required.
23.92.050 Use permit application.
23.92.060 Findings for approval of use permit.
23.92.070 Separation requirements.
23.92.080 Conditions of approval.
23.92.090 Limitations on City's liability.
23.92.100 Inspections.
23.92.110 Enforcement.

23.92.010 Purpose.

A. The purpose of this chapter is to regulate cannabis business land uses, as permitted by the Medicinal and Adult-Use Cannabis Regulation and Safety Act (Section 26200 of the California Business and Professions Code), in a manner designed to minimize negative impacts on the city and neighboring uses, and promote the health, safety and general welfare of residents and businesses within the city.

B. This chapter is further adopted and established pursuant to the specific authority granted to Pacific Grove in Section 7 of Article XI of the California Constitution and Section 26200 of the California Business and Professions Code. This chapter shall govern all cannabis businesses within the jurisdiction of Pacific Grove.

23.92.020 Relationship to other laws.

A. In the event of any conflict between the provisions of this chapter and the provisions of Medicinal and Adult-Use Cannabis Regulation and Safety Act or any other applicable state or local law, the more restrictive provision shall control.

B. Except as expressly stated herein, cannabis businesses must comply with all other city codes and regulations. Nothing in this chapter shall be construed as permitting a cannabis business to operate at any time in a manner that is in violation of all other applicable state and local laws.

23.92.030 Definitions.

Unless otherwise defined herein, the terms in this chapter shall have the same meaning as set forth in Medicinal and Adult-Use Cannabis Regulation and Safety Act and any rules promulgated pursuant thereto. In addition, the following terms shall be defined as follows:

"Adult-use cannabis" means cannabis and cannabis products that are intended for adults who are 21 years of age and older and who do not possess a physician's recommendation, or are intended for use on, or consumption by, animals.

“Cannabis business” means any person engaged in commercial cannabis activity as defined in California Business and Professions Code Section 26001.

"Local license" means a license granted by the City pursuant to Chapter 11.100 of this code.

"Medicinal and Adult-Use Cannabis Regulation and Safety Act" or "MAUCRSA" means Division 10 of the California Business and Professions Code.

“Medicinal cannabis” means cannabis and cannabis products that are intended to be sold or donated for use pursuant to the Compassionate Use Act of 1996 (Proposition 215), found in Section 11362.5 of the Health and Safety Code, by a medicinal cannabis patient in California who possesses a physician’s recommendation.

“Retail, delivery-only” shall mean a cannabis business that does not allow on-site sales of cannabis to customers, and has or will have a Type 9 license from the California Department of Cannabis Control.

“Retail, storefront” shall mean a cannabis business that has a physical location from which cannabis is sold to retail customers on-site, and has or will have a Type 10 license from the California Department of Cannabis Control.

"State law(s)" shall mean and include California Health and Safety Code Section 11362.5 (Compassionate Use Act of 1996); California Health and Safety Code Sections 11362.7 to 11362.85 (Medical Marijuana Program Act); MAUCRSA, and all other applicable laws and regulations of the state of California.

23.92.040 Use permit required.

A. No person may operate a cannabis business of any type in the city unless they are in compliance with the following:

1. A use permit has been approved for the cannabis business and remains valid; and

2. A local license has been approved for the cannabis business and remains valid; and

3. A State license to operate the cannabis business has been approved and remains valid.

B. Section 23.70.080(a) of this code shall govern and apply to use permits for cannabis businesses applied for or obtained pursuant to this chapter unless this chapter expressly states otherwise. All requirements contained in this chapter shall be in addition to the applicable requirements of Section 23.70.080(a).

23.92.050 Use permit application.

A. An application for a use permit shall be filed with the planning director on the official form supplied by the city and shall be accompanied by the application fee established by resolution of the city council, as may be amended from time to time.

B. An application for a use permit shall include, but shall not be limited to, the following information:

1. Proof that the applicant has received a local license, and the local license is in good standing.

3. The address of the proposed cannabis business.

4. A site plan and floor plan of the cannabis business denoting the use of areas within the cannabis business, including storage, employee areas, restrooms, areas of ingress and egress, limited access areas, and restricted access areas, if included. The plans shall also note the locations of proposed exterior lighting and security cameras.

5. The name and address of the person that owns the real property upon which the cannabis business is to be operated. In the event the applicant does not legally own the property, the application must be accompanied by a notarized acknowledgement from the person that owns the property that a cannabis business will be operated on his or her property.

6. A statement in writing by the applicant that he or she certifies under penalty of perjury that all the information contained in the application is true and correct.

7. Authorization for the planning director to seek verification of the information contained within the application.

8. Any such additional and further information as is deemed necessary by the planning director to administer this section or this chapter.

C. The planning director and appropriate city staff shall review, verify and investigate all information on the application and prepare a report for the planning commission incorporating the findings of such investigation and verification, including, but not limited to, the suitability of the proposed location, and the applicant's compliance with the requirements of this chapter, Chapter 11.100 and Section 23.70.080(a).

23.92.060 Findings for approval of use permit.

A. The planning commission shall not hold a public hearing on or approve any application for a use permit to operate a cannabis business unless the applicant holds a local license in good standing.

B. In addition to the findings set forth in Section 23.70.080(a)(4) of this code, a use permit for a cannabis business shall only be granted subject to the following additional findings:

1. The cannabis business fully complies with and meets all operating criteria required pursuant to state laws, Chapter 11.100 of this code, any other provisions of this code, and any specific, additional operating procedures and measures as may be imposed as conditions of approval in the use permit; and

2. The cannabis business will be located in one of the following zones:

a. For storefront retail, the use will be located in the C-1, C-D, C-FH or C-2, zone.

b. For delivery-only retail, the use will be located in the I, C-FH, C-1 or C-2 zone.

3. The cannabis business meets the separation requirements in Section 23.92.070.

C. The planning commission may deny an application for a use permit if it determines that one or more of the findings required by Section 23.70.080(a)(4) or Section 23.92.060(b) of this code cannot be made.

D. Based on the information set forth in the application and city staff's report and testimony presented at the public hearing, the planning commission may impose reasonable conditions on the proposed cannabis business in addition to those specified in and required to be included in every use permit granted under this chapter.

23.92.070 Separation requirements.

A. A use permit for a cannabis business shall not be approved unless the proposed cannabis business will be located more than 1,000 feet from a day care center, a youth center, a preschool, or a public or private school.

B. All distances specified in this section shall be measured in a straight line, without regard to intervening structures or topography, from the nearest point on the property line on which the cannabis business is or will be located, to the nearest property line of the parcel where such use is located.

C. For the purposes of this section the following definitions apply:

1. "Day care center" means a child day care facility other than a family day care home, and includes infant centers, preschools, extended day care facilities, and school-age child care centers, and includes child care centers licensed pursuant to California Health & Safety Code Section 1596.951.

2. "Youth center" means any facility that is operated by a public agency or non-profit entity with the sole purpose of providing educational and/or recreational services to minors. Dance studios, gymnasiums, martial arts studios, or other similar uses that provide services to both adults and minors shall not be considered a youth center.

3. "Public or private school" means any location appearing in the California Department of Education School Directory as the location of a public or private school.

23.92.080 Conditions of approval.

A use permit for a cannabis business shall be subject to the following conditions of approval.

1. The premises must be equipped with an odor absorbing ventilation and exhaust system so that odor generated inside the cannabis business that is distinctive to its operation is not detected outside the cannabis business, anywhere on adjacent property or public rights-of-way, on or about any exterior or interior common area walkways, hallways, breeze-ways, foyers, lobby areas, or any other areas available for common use by tenants or the visiting public, or within any other unit located within the same building as the cannabis business. As such, cannabis businesses must install and maintain the following equipment or any other equipment which the City determines has the same or better effectiveness:

a. An exhaust air filtration system with odor control that prevents internal odors from being emitted externally; or

b. An air system that creates negative air pressure between the cannabis businesses' interior and exterior so that the odors generated inside the cannabis business are not detectable outside the cannabis business.

2. The applicant or its legal representative shall indemnify and hold the city harmless from any and all claims, damages, legal or enforcement actions, including, but not limited to, any actions or claims associated with violation of federal law associated with the operation of the cannabis business; defend, at its sole expense, any action against the city, its agents, officers, and employees related to the approval of a use permit or the operation of the cannabis business; reimburse the city for any court costs and attorney fees that the city may be required to pay as a result of any legal challenge (or federal enforcement action) related to the city's approval of a conditional use.

3. All windows on the premises of the cannabis business shall be appropriately secured and cannabis securely stored.

4. All cannabis businesses shall comply with the city's lighting standards in Section 23.31.040, as applicable, including, without limitation, fixture type, wattage, illumination levels, shielding, and secure the necessary approvals and permits as needed.

5. All cannabis businesses and all equipment used in the conduct of the business, must be operated in compliance with all applicable state and local laws and regulations, including all building, electrical, and fire codes, and in compliance with the businesses' state and local licenses.

6. For delivery-only retail, the business will only sell medicinal cannabis and medicinal cannabis products. The sale of adult-use cannabis or adult-use cannabis products is prohibited.

7. The cannabis business shall not engage in cultivation, manufacturing, distribution, or laboratory testing of cannabis, and shall limit its commercial cannabis activities to those permitted by a State retail license.

8. On-site signage for a cannabis business that is viewable from the exterior of the cannabis business shall comply with all local signage laws applicable to the licensed premises, including Chapters 17.251 and 17.254 of this code. Signage may not be designed to appeal to children, or contain any false or misleading statements, or make any misrepresentations.

23.92.090 Limitations on City's liability.

To the fullest extent permitted by law, the city shall not assume any liability whatsoever, with respect to approving any use permit pursuant to this chapter or the operation of any cannabis business approved for such permit pursuant to this chapter.

23.92.100 Inspections.

A. Recordings made by security cameras at any cannabis business shall be made immediately available to the planning director or designee upon verbal request for the purposes of determining compliance with this chapter and the cannabis business' use permit.

B. The planning director or designee shall have the right to enter all cannabis businesses from time to time unannounced for the purpose of making reasonable inspections

to observe and enforce compliance with this chapter and the cannabis business' use permit. Such inspections shall be limited to observing the premises for purposes of determining whether the cannabis business is being operated or maintained in compliance with this code, state law, and other applicable laws and regulations.

C. Applicants and permittees must cooperate with employees and investigators of the city who are conducting inspections or investigations relevant to the enforcement of this chapter. No applicant or permittee shall by any means interfere with, obstruct or impede the any city official from exercising their duties under the provisions of this chapter and all rules promulgated pursuant to it.

23.92.110 Enforcement.

The operation of a cannabis business in violation of any conditions of approval or the provisions of this chapter or Section 23.70.080(a) is a violation of this code, and a public nuisance. The city may seek to remedy such violations by any means provided for in law or equity, including but not limited to the enforcement mechanisms and remedies provided for in Chapters 1.16 and 1.19 of this code, or take action to revoke the use permit.

Revocation may be effected by the planning commission after a public hearing to which the operator has had 10 days' notice by certified mail, and in which the planning commission finds that the cannabis business has not complied with one or more use permit conditions or requirements of this chapter. In the event that service by certified mail is not effected, service may be by personal service on an owner, or if personal service is not effected, the property shall be posted with a notice of the hearing, and a copy of the notice shall be published in an official newspaper of this city.

SECTION 5. The City Manager is directed to execute all documents and to perform all other necessary City acts to implement this Ordinance.

SECTION 6. Severability. If any provision, section, paragraph, sentence, clause or phrase of this ordinance, or any part thereof, or the application thereof to any person or circumstance is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance, or any part thereof, or its application to other persons or circumstances. The City Council hereby declares that it would have passed and adopted each provision, section, paragraph, subparagraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, paragraphs, subparagraphs, sentences, clauses or phrases, or the application thereof to any person or circumstance, be declared invalid or unconstitutional.

SECTION 7. In accord with Article 15 of the City Charter, this ordinance shall become effective on the thirtieth (30th) day following passage and adoption hereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE THIS ___day of _____, 2023, by the following vote:

AYES:
NOES:
ABSENT:

APPROVED

_____
BILL PEAKE, Mayor

ATTEST:
DATED:_____

_____
SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

_____
BRIAN A. PIERIK, City Attorney

§15035. Notification of Criminal Acts, Civil Judgments, Violations of Labor Standards, and Revocation of a Local License, Permit, or Other Authorization After Licensure.

(a) A licensee shall ensure that the Department is notified in writing of a criminal conviction of any owner, either by mail or electronic mail, within 48 hours of the conviction. The written notification to the Department shall include the date of conviction, the court docket number, the name of the court in which the licensee was convicted, and the specific offense(s) for which the licensee was convicted.

(b) A licensee shall ensure that the Department is notified in writing of a civil penalty or judgment rendered against the licensee or any owner in their individual capacity, either by mail or electronic mail, within 48 hours of delivery of the verdict or entry of judgment, whichever is sooner. The written notification shall include the date of verdict or entry of judgment, the court docket number, the name of the court in which the matter was adjudicated, and a description of the civil penalty or judgment rendered against the licensee.

(c) A licensee shall ensure that the Department is notified in writing of an administrative order or civil judgment for violations of labor standards against the licensee or any owner in their individual capacity, either by mail or electronic mail, within 48 hours of delivery of the order. The written notification shall include the date of the order, the name of the agency issuing the order, and a description of the administrative penalty or judgment rendered against the licensee.

(d) A licensee shall ensure that the Department is notified in writing of the revocation of a local license, permit, or other authorization held by the licensee or any owner in their individual capacity, either by mail or electronic mail, within 48 hours of receiving notice of the revocation. The written notification shall include the name of the local agency involved, a written explanation of the proceeding or enforcement action, and the specific violation(s) that led to revocation.

(e) For any notification required under this section, licensees shall use and submit to the Department the Licensee Notification and Request Form, Notifications and Requests to Modify a License, DCC-LIC-027 (Amended 2/22), which is incorporated herein by reference.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26030 and 26031, Business and Professions Code.

§15036. Notification of Theft, Loss, and Criminal Activity.

(a) A licensee shall notify the Department and local law enforcement within 24 hours of discovery of any of the following situations:

(1) The licensee discovers a significant discrepancy, as defined in section 15034, in its inventory.

(2) The licensee discovers diversion, theft, loss, or any other criminal activity pertaining to the operations of the licensee.

(3) The licensee discovers diversion, theft, loss, or any other criminal activity by an agent or employee of the licensee pertaining to the operations of the licensee.

(4) The licensee discovers loss or unauthorized alteration of records related to cannabis or cannabis products, customers, or the licensee's employees or agents.

(5) The licensee discovers any other breach of security.

(b) The notification to the Department pursuant to subsection (a) shall be submitted on the Licensee Notification and Request Form, Notifications and Requests Regarding Regulatory Compliance, DCC-LIC-028 (New 2/22), which is incorporated herein by reference, and shall include the date and time of occurrence of the theft, loss, or criminal activity, the name of the local law enforcement agency that was notified, and a description of the incident including, where applicable, the item(s) that were taken or lost.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15037. General Record Retention Requirements.

(a) Licensees must keep and maintain records in connection with the licensed commercial cannabis business. Records must be kept for at least seven years from the date of creation, unless a shorter time is specified. Records include, but are not limited to:

(1) Financial records including, but not limited to, bank statements, sales invoices, receipts, tax records, and all records required by the California Department of Tax and Fee Administration (formerly Board of Equalization) under title 18, California Code of Regulations, sections 1698 and 4901.

(2) Personnel records, including each employee's full name, Social Security number or individual taxpayer identification number, date employment begins, and date of termination of employment, if applicable.

(3) Training records including, but not limited to, the content of the training provided and the names of the employees who received the training.

(4) Contracts regarding commercial cannabis activity.

(5) Permits, licenses, and other local authorizations to conduct the licensee's commercial cannabis activity.

(6) All other documents prepared or executed by an owner or their employees or assignees in connection with the licensed commercial cannabis business.

(7) Records required by the Act or this division.

(b) Records must be kept in a manner that allows the records to be produced for the Department in either hard-copy or electronic form.

(c) Records must be legible and accurate. No person may intentionally misrepresent or falsify records.

(3) For seeds, immature plants, and other propagated material, no more than six (6) strains to each recipient licensee.

(d) A licensee is limited to providing no more than one (1) individual cannabis and cannabis product line to each recipient employee in a calendar month period.

(e) The limits provided in subsection (c) apply to the transfer of cannabis trade samples from one licensee to each recipient licensee and do not limit the total amount of cannabis trade samples that a licensed distributor may transport.

Authority: Sections 26013 and 26153.1, Business and Professions Code. Reference: Section 26153.1, Business and Professions Code.

Article 5. Security Measures

§15042. Premises Access Requirements.

(a) For a premises that is not open to the public, the licensee shall establish and implement an identification and sign-in/sign-out procedure for all persons accessing the premises, including authorized individuals, suppliers, and visitors.

(b) Licensees shall ensure that only employees of the licensee and other authorized individuals access the licensed premises.

(c) For the purpose of this section, “authorized individuals” include outside vendors, contractors, or other individuals conducting business that requires access to the licensed premises.

(d) An individual who enters the licensed premises and is not employed by the licensee shall be escorted by an employee of the licensee at all times while within the licensed premises.

(e) A licensee shall maintain a record of all authorized individuals who are not employees of the licensee who enter the licensed premises. The record shall include the name of the individual, the company the individual works for, the reason the individual entered the licensed premises, the date, and the times the individual entered and exited the licensed premises. These records shall be made available to the Department immediately upon request.

(f) A licensee shall not receive consideration or compensation for permitting an individual to enter the licensed premises.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26160, Business and Professions Code.

§15042.1. Security Plan for Licensed Manufacturers.

A licensed manufacturer shall develop and implement a written security plan. At a minimum, the security plan shall include a description of the security measures to:

(a) Prevent access to the manufacturing premises by unauthorized persons and protect the physical safety of employees. This includes, but is not limited to:

(1) Establishing physical barriers to secure perimeter access and all points of entry into a manufacturing premises (such as locking primary entrances with commercial-grade, non-residential door locks, providing fencing around the grounds and driveway, and securing any secondary entrances including windows, roofs, and ventilation systems);

(2) Installing a security alarm system to notify and record incident(s) where physical barriers have been breached;

(3) Establishing an identification and sign-in/sign-out procedure for authorized personnel, individuals, suppliers, and visitors;

(4) Maintaining the premises such that visibility and security monitoring of the premises is possible; and

(5) Establishing procedures for the investigation of suspicious activities.

(b) Deterring theft or loss of cannabis and cannabis products. This includes, but is not limited to:

(1) Establishing an inventory system to track cannabis and cannabis products and the personnel responsible for processing it throughout the manufacturing process;

(2) Limiting access of personnel within the premises to those areas necessary to complete job duties, and to those timeframes specifically scheduled for completion of job duties, including access by outside vendors, suppliers, contractors or other individuals conducting business with the licensee that requires access to the premises;

(3) Supervising tasks or processes with high potential for diversion, including the loading and unloading of cannabis and cannabis products from transportation vehicles; and

(4) Providing areas in which personnel may store and access personal items that are separate from the manufacturing areas.

(c) Securing and backing up electronic records in a manner that prevents unauthorized access and ensures that the integrity of the records is maintained.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26051.5, Business and Professions Code.

§15043. Licensee Employee Badge Requirement.

All agents, officers, or other persons acting for or employed by a licensee conducting retail sales or participating in a temporary cannabis event shall display a laminated or plastic-coated identification badge issued by the licensee at all times while engaging in commercial cannabis activity. The identification badge shall, at a minimum, include the licensee's “doing business as” name and license number, the employee's first name, an employee number exclusively assigned to that employee for identification purposes, and a color photograph of the employee that clearly shows the full front of the employee's face and that is at least 1 inch in width and 1.5 inches in height.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§15044. Video Surveillance System.

(a) Each licensed premises shall have a digital video surveillance system with a minimum camera resolution of 1280 × 720 pixels on the licensed premises. This requirement does not apply to a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises.

(b) The video surveillance system shall at all times be able to effectively and clearly record images of the area under surveillance.

(c) Each camera shall be permanently mounted and in a fixed location. Each camera shall be placed in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises, and allows for the clear and certain identification of any person and activities in all areas required to be filmed under subsection (d).

(d) Areas that shall be recorded on the video surveillance system include the following:

(1) Areas where cannabis or cannabis products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the licensed premises;

(2) Limited-access areas;

(3) Security rooms;

(4) Areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area; and

(5) Entrances and exits to the licensed premises, which shall be recorded from both indoor and outdoor vantage points.

(e) Licensed retailers and licensed microbusinesses authorized to engage in retail sales shall also record point-of-sale areas and areas where cannabis goods are displayed for sale on the video surveillance system. At each point-of-sale location, camera placement must allow for the recording of the facial features of any person purchasing or selling cannabis goods, or any person in the retail area, with sufficient clarity to determine identity.

(f) Cameras shall record continuously 24 hours per day and at a minimum of 15 frames per second (FPS).

(g) The physical media or storage device on which surveillance recordings are stored shall be secured in a manner to protect the recording from tampering or theft.

(h) Surveillance recordings shall be kept for a minimum of 90 calendar days.

(i) Surveillance recordings are subject to inspection by the Department and shall be kept in a manner that allows the Department to view and obtain copies of the recordings at the licensed premises immediately upon request. The licensee shall also send or otherwise provide copies of the recordings to the Department upon request within the time specified by the Department.

(j) Recorded images shall clearly and accurately display the time and date. Time is to be measured in accordance with the standards issued by the United States National Institute of Standards and Technology. The displayed date and time shall not cover the view of

recorded images in a manner that prevents the ready identification of any person or activity in the captured image.

(k) The video surveillance system shall be equipped with a failure notification system that provides notification to the licensee of any interruption or failure of the video surveillance system or video surveillance-system storage device.

(l) If multiple licensed premises are contained within the same building or on the same parcel of land, a single video surveillance system covering the entire building or parcel of land may be used by all of the licensees if all licensees have immediate access to the surveillance recordings to produce them pursuant to subsection (i). All licensees sharing a video surveillance system shall be held responsible and subject to discipline for any violations of the video surveillance requirements.

(m) Notwithstanding subsection (a), a licensed distributor transport only licensee engaged in self-distribution whose premises is on the same parcel of land as their licensed cultivation premises shall not be required to comply with the provisions of this section.

Authority: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

§ 15045. Security Personnel.

(a) A licensed retailer or licensed microbusiness authorized to engage in retail sales shall hire or contract for security personnel who are at least 21 years of age to provide onsite security services for the licensed retail premises during the hours of operation. All security personnel hired or contracted for by the licensee shall be licensed by the Bureau of Security and Investigative Services and shall comply with chapters 11.4 and 11.5 of division 3 of the Business and Professions Code.

(b) Notwithstanding subsection (a), a licensed non-storefront retailer or licensed microbusiness who is not engaged in storefront retail sale is not required to hire or contract for security personnel.

(c) If multiple licensed premises are contained within the same building, security personnel may be shared by all of the licensees to cover the entire building. However, all licensees shall be held responsible and subject to discipline for any violations of the security personnel requirements.

Authority cited: Section 26013, Business and Professions Code. Reference: Section 26070, Business and Professions Code.

(e) A delivery employee shall not deliver cannabis goods to a school providing instruction in kindergarten or any grades 1 through 12, day care center, or youth center.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.

§15417. Delivery Vehicle Requirements.

(a) A licensed retailer's delivery employee, carrying cannabis goods for delivery, shall only travel in an enclosed motor vehicle. Any vehicle used in the delivery of cannabis goods shall be operated by a delivery employee of the licensee. A vehicle used in the delivery of cannabis goods shall not have any marking or other indications on the exterior of the vehicle that may indicate that the delivery employee is carrying cannabis goods for delivery. Only the licensee or an employee of the retailer licensee for whom delivery is being performed shall be in the delivery vehicle.

(b) While carrying cannabis goods for delivery, a licensed retailer's delivery employee shall ensure the cannabis goods are not visible to the public. Cannabis goods shall be stored in a secure, fully enclosed trunk that cannot be accessed from inside the vehicle, or in a secured area or compartment within the interior of the vehicle. A "secured area" is defined as an area where solid or locking metal partitions, cages, or high-strength shatterproof acrylic can be used to create a secure compartment in the fully enclosed vehicle. The secured area may be comprised on three sides by any part of the body of the vehicle, provided the parts of the vehicle used for the purposes of this section are shatterproof and are not made of glass.

(c) A licensed retailer's delivery employee shall not leave cannabis goods in an unattended motor vehicle unless the motor vehicle is locked and equipped with an active vehicle alarm system. Any cannabis goods left in an unattended vehicle must be stored in a container as required in subsection (b).

(d) A vehicle used for the delivery of cannabis goods shall be outfitted with a dedicated Global Positioning System (GPS) device for identifying the geographic location of the delivery vehicle and recording a history of all locations traveled to by the delivery employee while engaged in delivery. A dedicated GPS device must be owned by the licensee and used for delivery only. The device shall be either permanently or temporarily affixed to the delivery vehicle and shall remain active and inside of the delivery vehicle at all times during delivery. At all times, the licensed retailer shall be able to identify the geographic location of all delivery vehicles that are making deliveries for the licensed retailer and document the history of all locations traveled to by a delivery employee while engaged in delivery. A licensed retailer shall provide this information to the Department upon request. The history of all locations traveled to by a delivery employee while engaging in delivery shall be maintained by the licensee for a minimum of 90 days.

(e) Upon request, a licensed retailer shall provide the Department with information regarding any motor vehicle used for the delivery of cannabis goods, including the vehicle's make, model, color, Vehicle Identification Number, license plate number and Department of Motor Vehicles registration information.

(f) Any motor vehicle used by a licensed retailer to deliver cannabis goods is subject to inspection by the Department. Vehicles used to deliver cannabis goods may be stopped and inspected by the Department at any licensed premises or during delivery.

Authority: Section 26013, Business and Professions Code. Reference: Sections 26070 and 26090, Business and Professions Code.

§15418. Cannabis Goods Carried During Delivery.

(a) A licensed retailer's delivery employee shall not carry cannabis goods in the delivery vehicle with a value in excess of $10,000 at any time.

(b) For the purposes of this section, the value of cannabis goods shall be determined using the current retail price of all cannabis goods carried by, or within the delivery vehicle of, the licensed retailer's delivery employee.

(c) A delivery employee may only carry cannabis goods, cannabis accessories, branded merchandise of any licensee, or promotional materials in the delivery vehicle and may only perform deliveries for one licensed retailer at a time. A delivery employee must depart and return to the same licensed premises before taking possession of any cannabis goods from another licensee to perform deliveries.

(d) Before leaving the licensed premises, the licensed retailer's delivery employee must have a delivery inventory ledger of all cannabis goods provided to the licensed retailer's delivery employee. The contents of the delivery inventory ledger must comply with the requirements of section 15049.3. During the delivery trip, as defined in section 15049.3, the delivery employee shall maintain the delivery inventory ledger in hard copy or electronically, the latter of which may be an electronic copy maintained in the track and trace system. The delivery inventory ledger must be updated after each completed delivery to reflect the remaining inventory carried by the delivery employee. The delivery inventory ledger must otherwise be updated in accordance with the requirements of section 15049.3, and then entered into the track and trace system no later than the end of the calendar day on which the delivery trip occurred.

(e) The licensed retailer's delivery employee shall maintain a log that includes all stops from the time the licensed retailer's delivery employee leaves the licensed premises to the time that the licensed retailer's delivery employee returns to the licensed premises, and the reason for each stop. The log shall be turned in to the licensed retailer when the licensed retailer's delivery employee returns to the licensed premises. The licensed retailer must maintain the log as a commercial cannabis activity record as required by this division. The log may be maintained electronically.

(f) Prior to arrival at any delivery location, the licensed retailer must have received a delivery request from the customer and provided the delivery request receipt to the licensed retailer's delivery employee electronically or in hard copy. The delivery request receipt provided to the licensed retailer's delivery employee shall contain all of the information required in section 15420, except for the date and time the delivery was made, and the signature of the customer.

§17223. Waste Management.

(a) A licensee shall dispose of all waste in accordance with the Public Resources Code and any other applicable state and local laws. It is the responsibility of the licensee to properly evaluate waste to determine if it should be designated and handled as a hazardous waste, as defined in Public Resources Code section 40141.

(b) A licensee shall establish and implement a written cannabis waste management plan that describes the method or methods by which the licensee will dispose of cannabis waste, as applicable to the licensee's activities. A licensee shall dispose of cannabis waste using only the following methods:

(1) On-premises composting of cannabis waste.

(2) Collection and processing of cannabis waste by a local agency, a waste hauler franchised or contracted by a local agency, or a private waste hauler permitted by a local agency in conjunction with a regular organic waste collection route.

(3) Self-haul cannabis waste to one or more of the following:

(A) A staffed, fully permitted solid waste landfill or transformation facility;

(B) A staffed, fully permitted composting facility or staffed composting operation;

(C) A staffed, fully permitted in-vessel digestion facility or staffed in-vessel digestion operation;

(D) A staffed, fully permitted transfer/processing facility or staffed transfer/processing operation;

(E) A staffed, fully permitted chip and grind operation or facility; or

(F) A recycling center as defined in title 14, California Code of Regulations, section 17402.5(d) that meets the following:

(i) The cannabis waste received shall contain at least ninety (90) percent inorganic material;

(ii) The inorganic portion of the cannabis waste is recycled into new, reused, or reconstituted products that meet the quality standards necessary to be used in the marketplace; and

(iii) The organic portion of the cannabis waste shall be sent to a facility or operation identified in subsections (b)(3)(A)-(E).

(4) Reintroduction of cannabis waste back into agricultural operation through on-premises organic waste recycling methods including, but not limited to, tilling directly into agricultural land and no-till farming.

(c) The licensee shall maintain any cannabis waste in a secured waste receptacle or secured area on the licensed premises until the time of disposal. Physical access to the receptacle or area shall be restricted to the licensee, employees of the licensee, the local agency, waste hauler franchised or contracted by the local agency, or private waste hauler permitted by the local agency only. Nothing in this subsection prohibits licensees from using a shared waste receptacle or area with other licensees, provided that the

shared waste receptacle or area is secured and access is limited as required by this subsection.

(d) A licensee that disposes of waste through an entity described in subsection (b)(2) shall do all of the following:

(1) Maintain and make available to the Department upon request the business name, address, contact person, and contact phone number of the entity hauling the waste; and

(2) Obtain documentation from the entity hauling the waste that evidences subscription to a waste collection service.

(e) If a licensee is self-hauling cannabis waste as allowed by the local jurisdiction, the licensee shall be subject to all of the following requirements:

(1) Self-hauled cannabis waste shall only be transported by the licensee or its employees;

(2) Self-hauled cannabis waste shall only be transported to a facility specified in subsection (b)(3); and

(3) The licensee or its employee who transports the waste shall obtain for each delivery of cannabis waste a copy of a certified weight ticket or receipt from the solid waste facility.

(f) A batch of cannabis or cannabis products that is being disposed of because the batch has failed internal quality testing, quality assurance review by a distributor, or regulatory compliance testing shall comply with the following additional requirements:

(1) All cannabis or cannabis products in the batch shall be rendered unusable prior to disposal;

(2) Rendering of the cannabis or cannabis products shall be done under video surveillance, unless the rendering is performed by a licensee engaging in cultivation activities on a licensed premises authorized exclusively for cultivation activities or the cultivation area of a licensed microbusiness premises; and

(3) The reason for disposal and the disposition of the batch shall be noted in the track and trace system.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17225. Product Complaints.

(a) A licensee shall review all product complaints made to the licensee to determine whether the complaints involve possible misbranding or adulteration of a cannabis good, and shall investigate the complaints to the extent practicable based on the information received and the records the licensee is required to maintain.

(b) For purposes of this section, “product complaint” means any written, electronic, or oral communication received by a licensee that contains any allegation expressing concern, for any reason, with the quality of a cannabis good. Examples of product

(m) Any cannabis product in, or imprinted with the shape, either realistic or caricature, of a human being, animal, insect, or fruit.

(n) Any inhalable cannabis product that is delivered into the lungs through a metered-dose inhaler or dry-powder inhaler. Nothing in this section shall be interpreted to prohibit other dry-powder cannabis products or metered-dose vaporizers containing cannabis or cannabis oil.

(o) Any cannabis product that is administered to the eye or the nasal passages.

(p) Any cannabis product that is injected into the body by piercing the skin.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17301. Additional Requirements for Edible Cannabis Products.

(a) Except for cannabis, cannabis products, or terpenes, no ingredient or component shall be used in the manufacture of an edible cannabis product unless that ingredient or component is permitted by the United States Food and Drug Administration for use in food or food manufacturing, as specified in *Substances Added to Food in the United States*, available at https://www.accessdata.fda.gov/scripts/fdcc/index.cfm?set=FoodSubstances or is Generally Recognized as Safe (GRAS) under sections 201(s) and 409 of the Federal Food, Drug, and Cosmetic Act (codified in 21 U.S.C. 321(s) and 21 U.S.C. 348).

(b) Edible cannabis products that consist of more than a single serving shall be marked or packaged in a manner such that a single serving is readily identifiable or measurable.

(c) An edible cannabis product consisting of multiple servings shall be homogenized so that each serving contains the same concentration of THC.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

§17302. Additional Requirements for Topical Cannabis Products.

(a) Except for cannabis, cannabis concentrate, or terpenes, topical cannabis products shall only contain ingredients permitted for cosmetic manufacturing in accordance with title 21, Code of Federal Regulations, part 700, subpart B (section 700.11 et seq.) (Rev. March 2016), which is hereby incorporated by reference.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

§17302.1. Additional Requirements for Tinctures.

(a) A tincture shall be no more than 2 fluid ounces and shall include a calibrated dropper or similar device for measuring a single serving.

(b) A tincture, defined at section 15000(rrr), may include ingredients other than cannabis extract and alcohol, vegetable oil, or glycerin provided that the primary ingredient by weight is alcohol, vegetable oil, or glycerin.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

§17303. Orally Consumed Products Containing Alcohol.

(a) Any orally consumed product that contains more than 0.5% alcohol by volume as an ingredient, and is not otherwise an alcoholic beverage as defined in Business and Professions Code section 23004, shall be packaged in a container no larger than two (2) fluid ounces and shall include a calibrated dropper or other similar device capable of accurately measuring servings.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

§17303.1. Additional Requirements for Inhaled Products.

(a) Cannabis products intended for inhalation shall only contain cannabis, cannabis concentrate, terpenes, rolling paper, leaf, pre-roll filter tips, or ingredients permitted by the United States Food and Drug Administration as an “inactive ingredient” for inhalation, as specified in the United States Food and Drug Administration *Inactive Ingredients Database*, available at https://www.fda.gov/drugs/drug-approvals-and-databases/inactive-ingredients-database-download.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26011.5, Business and Professions Code.

Article 2. Cannabinoid Concentration Limits

§17304. THC Concentration Limits.

(a) An edible cannabis product shall not contain more than:

(1) 10 milligrams THC per serving; and

(2) 100 milligrams THC per package.

(b) Notwithstanding subsection (a), a package containing an edible product that is an orally dissolving product, such as sublingual lozenges or mouth strips, may contain up to 500 milligrams THC per package, if:

(1) The cannabis product consists of discrete servings of no more than 10 milligrams THC per piece;

(2) The cannabis product is labeled “FOR MEDICAL USE ONLY;” and

(3) The cannabis product is only available for sale to a medicinal-use patient.

(c) A topical cannabis product or a cannabis concentrate shall not contain more than 1,000 milligrams THC per package.

(d) Notwithstanding subsection (c), a topical cannabis product or a cannabis concentrate may contain more than 1,000 milligrams THC per package, but not more than 2,000 milligrams THC per package, if the product is labeled “FOR MEDICAL USE ONLY” and is only available for sale to a medicinal-use patient.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5, 26120 and 26130, Business and Professions Code.

Article 3. Failed Product Batches

§17305. Failed Product Batches.

(a) A finished cannabis product batch that fails any regulatory compliance laboratory testing requirement established in this division shall be destroyed unless:

(1) The cannabis product batch or harvest batch may be remediated by relabeling pursuant to subsection (d); or

(2) A corrective action plan for remediation is approved by the Department pursuant to subsection (e). The licensed manufacturer or microbusiness authorized to engage in manufacturing who submits a corrective action plan for remediation shall be the manufacturer that remediates the subject batch. The licensed manufacturer shall not receive the batch from the licensed distributor until the Department has approved the corrective action plan.

(b) Remediation of a failed product batch or the use of a harvest batch that has failed any regulatory compliance laboratory test shall comply with the requirements and procedures established by the Department in section 15306, in addition to the requirements of this article.

(c) Except as provided in subsections (d) and (f), edible cannabis products that fail regulatory compliance laboratory testing shall not be remediated and shall be destroyed. If any edible cannabis product that has failed regulatory compliance laboratory testing is remediated or otherwise mixed with another batch of cannabis product in violation of this section, such action shall render the final cannabis product adulterated, regardless of the defect level of the final cannabis product.

(d) A cannabis product batch that fails regulatory compliance laboratory testing for cannabinoid or terpenoid content may be remediated by relabeling the product with the correct information from the certificate of analysis for regulatory compliance, provided that the THC limits in section 17304 are met.

(e) Except as provided in subsection (d), a cannabis product batch or a harvest batch that fails regulatory compliance laboratory testing or quality assurance review shall not be remediated unless the Department has approved a corrective action plan submitted by the licensed manufacturer or microbusiness authorized to engage in manufacturing who will be performing the remediation. Edible cannabis products may only be remediated by relabeling pursuant to subsection (d) or repackaging as provided in subsection (f). Corrective action plans will be reviewed by the Department on a case-by-

Article 2. Cannabis Products Released from Manufacturing

§17401. Release to Distributor as Finished Product.

(a) Cannabis products shall not be transferred to a licensed distributor, or microbusiness authorized to engage in distribution, for regulatory compliance testing unless the cannabis products are in their final form and packaged and labeled for retail sale.

(b) Notwithstanding subsection (a), a product label may exclude labeling of cannabinoid content if the cannabinoid content is to be added to the label at the distribution premises after issuance of a Certificate of Analysis in accordance with section 17407.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Sections 26011.5 and 26130, Business and Professions Code.

Article 3. Labeling Requirements

§ 17402. General Provisions.

(a) Any information required to be listed on a label shall be written in English.

(b) A label shall be unobstructed and conspicuous so that it can be read by the consumer.

(c) All required label information shall be located on the outside container or wrapper of the finished product to be sold at a retailer, or be easily legible through the outermost container or wrapper. If the immediate container holding the cannabis goods is separable from the outermost packaging, such as a container placed inside of a box, the immediate container shall be labeled with the universal symbol as described in section 17410.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§ 17403. Primary Panel Labeling Requirements: Nonmanufactured Cannabis Goods.

(a) The label for a package of nonmanufactured cannabis goods shall include a primary panel that includes the following information in a type size no smaller than 6 point and proportional to the size of the primary panel and container:

(1) The identity of the product;

(2) The net weight of cannabis in the package, listed in both metric and U.S. customary units; and

(3) The universal symbol described in section 17410.

(b) The label for a package of nonmanufactured cannabis goods shall include an informational label that includes the following information in a type size no smaller than 6 point and proportional to the size of the informational panel and container:

(1) The UID;

(2) The name of the licensed cultivator or licensee packaging the product (either the legal

business name or the listed on the license certificate) and that licensee's contact number or website address;

(3) The date of packaging for retail sale; and

(4) The following statement in bold print: “GOVERNMENT WARNING: THIS PACKAGE CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION.”

(c) Nothing in this section prohibits the inclusion of additional information on the primary panel, provided that the label does not violate the requirements of section 17408.

(d) The cannabinoid content for a package of nonmanufactured cannabis goods shall be labeled as specified in section 17407.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17404. Primary Panel Labeling Requirements: Manufactured Cannabis Products.

(a) The label for a manufactured cannabis product shall include a primary panel that includes the following information in a type size no smaller than 6 point and proportional to the size of the primary panel and container:

(1) The identity of the product in a text size reasonably proportional to the most prominent printed matter on the panel;

(2) The universal symbol as described in section 17410; and

(3) The net weight or volume of the contents of the package, listed in both metric and U.S. customary units.

(b) Nothing in this section prohibits the inclusion of additional information on the primary panel, provided that the label does not violate the requirements of section 17408.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17405. Additional Primary Panel Labeling Requirements: Edible Products.

(a) In addition to the requirements of section 17404, the primary panel of an edible cannabis product shall include the words “cannabis-infused” or “cannabis infused” immediately above the identity of the product in bold type and a text size larger than the text size used for the identity of the product.

Authority cited: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17406. Informational Panel Labeling Requirements.

(a) The label for a manufactured cannabis product shall include an informational panel that includes the following:

(1) The name of the licensed manufacturer (either the legal business name or the name listed on the license certificate) that manufactured the cannabis product and the manufacturer's contact number or website address;

(2) The date the cannabis product was packaged for retail sale;

(3) The following statement in bold print: "GOVERNMENT WARNING: THIS PRODUCT CONTAINS CANNABIS, A SCHEDULE I CONTROLLED SUBSTANCE. KEEP OUT OF REACH OF CHILDREN AND ANIMALS. CANNABIS PRODUCTS MAY ONLY BE POSSESSED OR CONSUMED BY PERSONS 21 YEARS OF AGE OR OLDER UNLESS THE PERSON IS A QUALIFIED PATIENT. THE INTOXICATING EFFECTS OF CANNABIS PRODUCTS MAY BE DELAYED UP TO TWO HOURS. CANNABIS USE WHILE PREGNANT OR BREASTFEEDING MAY BE HARMFUL. CONSUMPTION OF CANNABIS PRODUCTS IMPAIRS YOUR ABILITY TO DRIVE AND OPERATE MACHINERY. PLEASE USE EXTREME CAUTION;"

(4) The statement: "FOR MEDICAL USE ONLY" if the package contains an amount of THC that exceeds the level allowed for adult-use cannabis goods, as specified in section 17304;

(5) A list of all product ingredients in descending order of predominance by weight or volume. If any product ingredient contains subingredients, the list shall either:

(A) Include the common name of the ingredient followed by a parenthetical listing of all ingredients in descending order by weight or volume; or

(B) List all subingredients as individual ingredients in descending order of predominance; however,

(C) This subsection shall not apply to flavoring, which shall instead comply with title 21, Code of Federal Regulations, Part 101.22 (Rev. Jan. 2009), hereby incorporated by reference;

(6) For cannabis products containing an ingredient, flavoring, coloring, or an incidental additive that bears or contains a major food allergen, the word "contains," followed by a list of the applicable major food allergens. The list shall conform with the requirements for food allergen labeling set forth in 21 U.S.C. §343(w), paragraph (1)(A) or (1)(B);

(7) The names of any artificial colorings contained in the product;

(8) For edible cannabis products, the amount, in grams or milligrams, of sodium, sugar, carbohydrates, and total fat per serving;

(9) Instructions for use, such as the method of consumption or application, and any preparation necessary prior to use;

(10) The UID;

(11) The batch or lot number; and

(12) The statement: “KEEP REFRIGERATED” or “REFRIGERATE AFTER OPENING,” as applicable, if the cannabis product is perishable or perishable after opening.

(b) The informational panel text shall be in a type size no smaller than 6 point and proportional to the size of the primary panel and container.

(c) Except for the information required by subsections (a)(1), (a)(10) and (a)(11), the requirements of subsection (a) may be fulfilled through the use of supplemental labeling, which may include, but is not limited to, a package insert, fold-out or booklet label, or a hanging tag.

(d) Cannabinoid content may be included on the informational panel. Cannabinoid content for manufactured cannabis products shall be labeled as specified in section 17407.

(e) Nothing in this section prohibits the inclusion of additional information on the informational panel provided that the label does not violate the requirements of section 17408.

Authority: Sections 26013 and 26130, Business and Professions Code. Reference: Section 26120, Business and Professions Code.

§17407. Cannabinoid Content Labeling.

(a) Each package for retail sale of cannabis goods shall be labeled with the cannabinoid content on either the primary panel or an informational panel. For manufactured products, cannabinoid content may be included on the label prior to release to a distributor or it may be added to the label at the distribution premises after issuance of a regulatory compliance testing Certificate of Analysis for the batch as described in subsection (d).

(b) Cannabinoid content labeling shall include the following:

(1) For an edible product or a cannabis concentrate for which the manufacturer has established serving designations, THC and CBD content expressed in milligrams per serving and milligrams per package.

(2) For a topical cannabis product or a cannabis concentrate without serving designations, THC and CBD content expressed in milligrams per package.

(3) For nonmanufactured cannabis goods, Total THC content expressed as a percentage.

(4) Packages of infused pre-rolls shall be labeled with either:

(A) The cannabinoid content in milligrams; or

(B) The cannabinoid content of the dried flower expressed as a percentage and the added cannabinoid content in milligrams.

PUBLIC COMMENT AGENDA #12A CANNABIS ORDINANCES

Inge Lorentzen Daumer <ilwd50@gmail.com>

Fri 10/27/2023 4:42 PM

To:City Council Members <citycouncil@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Dear City Council,

Our PGLibrary excels with Children's Programming and has robust participation, much like "child-care". The Library also has some homeless individuals sleeping and hanging-out on the premises. Our City Parks are indeed, Playgrounds and family recreation. It doesn't matter if the impact of expanding an exclusion zone further impacts available locations!

I also would welcome use of a State Data Base to confirm where Licensed Daycare Facilities are actually located. The City of Pacific Grove has been lax in updating locations and maps.

Please add to the Ordinance:

4. **Expanding Separation Requirements**: Comments were raised to consider adding a requirement that a retailer be located at **least 1,000 feet from a library or park**. This is a policy decision within the Council's purview. However, the Council should be cognizant of the impact such changes will have to the available sites.

10. Specific Language Regarding Checking **State Daycare Licensing Database:** Language referencing the specific database that must be checked (the Department of Social Services Facility Lookup) to **confirm a site is not within 1,000 feet of a licensed day care facility may be added.**

Thank you for your consideration**,**

Inge Lorentzen Daumer
(in absentia due to my Health Conditions)

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Upcoming Council Meeting Item #12A

Nico Enea <nico@nug.com>

Sun 10/29/2023 8:54 PM

To:City Council Members <citycouncil@cityofpacificgrove.org>;Pierik, Brian A. <bpierik@bwslaw.com>;Aaron Campbell <ACampbell@cityofpacificgrove.org>

1 attachments (44 KB)

PG Council Meeting Item #12.pdf;

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Dear Honorable Mayor, Council Members and City Staff,

My name is Nico Enea and I am a Pacific Grove resident and a cannabis business owner.

My family has owned and operated businesses and maintained a residence in Pacific Grove all the way back to the John Steinbeck "*Cannery Row"* days. Some of the more recent developments my family has spearheaded include the renovations of the Old Bath House at Lovers Point and the Berwick Park apartment redevelopment on Ocean View Blvd.

In addition to being a resident of Pacific Grove I am the co-founder and partner of NUG which is a vertically integrated cannabis company which owns and operates eight (8) successful and profitable cannabis retail dispensaries in Northern California. We employ over 400 employees and have obtained cannabis licenses to operate all facets of the cannabis business, including but not limited to retail store-front dispensaries, delivery, cultivation, distribution, extraction and manufacturing operations. NUG and its four (4) co-founding partners (including myself) have been successfully operating in California for over a decade. During our tenure, the NUG has developed a highly successful "best in breed" track record in cannabis regulatory compliance, an impressive history of taxes paid to the state & local municipalities while providing community benefits to the cities we operate in and a safe environment for our employees and customers.

NUG currently has licensed dispensaries in Sacramento, San Leandro, El Cerrito, Alameda, Oakland, Vallejo, Redding and Red Bluff. In all these municipalities NUG is the number 1 or in the top 5 cannabis businesses based on the amount of cannabis tax revenue generated. As a fully vertically integrated cannabis business we are able to provide the highest quality products at the lowest possible prices. Our competitors simply don't have the production capabilities or flexibility in competitive pricing that NUG has because they do not control the entire process from "Seed to Sale". NUG looks at each city we operate in as a partner and our business cannot thrive unless our goals are aligned in tandem with the community.

Based on my experience I will briefly address the following outstanding Items open for discussion:

Items # 2, 3, 6, 7, 11, 12, 13
The State has already put significant time and resources into determining allowable THC levels, serving size, child resistant packaging and health warnings. Anything contrary to the states regulations in these categories would significantly complicate and potentially reduce the product offerings currently allowed in other competing markets. Specialized third party waste handling of expired products is currently done at NUG retail locations.

Item #5 - Security Cameras
Providing security and safety to our customers, employees and community is a constant focus and main priority of NUG's current business model. Having onsite security personnel & best in class security systems is integral in running a successful storefront dispensary and delivery service. Having a well-thought out, tried and true security plan is a cornerstone of NUG's success. Ensuring customer, employee and community safety with the use of the latest technological advancements in security are constantly reviewed and updated.

Having the newest camera systems and effective camera placement vetted by the local Police Department is always a process NUG engages in. Regulations stipulate that cameras be present everywhere cannabis or cash is present and the ability to store ninety (90) days of past security camera footage is required. NUG currently follows this protocol at all its locations. In some instances where the local ordinance requires it NUG does provide the local Police Department with the ability to view all our cameras both historical and real-time footage.

References to local police departments where NUG operates are available upon request.

Item # 8 - Operating hours
The competitive advantages the city allows in the ordinance comes full circle and allows NUG to generate the most cannabis tax revenue as possible. The City of Pacific Grove allowing its single dispensary to be open from 8AM - 10PM would allow an even playing field with Seaside Dispensaries that are already allowed to be open from 8AM - 10PM. In the near future the single Pacific Grove dispensary will be competing with two City of Monterey dispensaries; one on Lighthouse Ave and one on Alvarado St that are within a 1.5 mile radius to Forest Hill.

Item #9 - Electronic Payments
NUG currently banks at a FDIC insured bank. This gives us the ability to make all payments electronically i.e. taxes, W2 wages, vendor payments, rent, etc. NUG utilizes armored car cash pickups twice per week so that the amount of cash on hand never gets too large.

Item #14 - No Cash payments at Delivery
Historically and currently at NUG's Delivery businesses which are operated out of all our dispensaries; cash payments represent 40% of our transactions. No municipality we operate in disallows cash payments. This is viewed as a discrimination issue that would prohibit lower income individuals without bank accounts to be able to access the products they need. For some customers cash payment is typically the main payment method. NUG does offer ACH and credit card transaction solutions which represent 60% of our transactions. If Pacific Grove were to mandate cash only for deliveries it would lose a large part of the customer market.

Unlimited Delivery Licenses - NO
No delivery licenses should be allowed except for the winner of the single storefront license. The City should not carry the burden of regulating and permitting multiple cannabis licenses. The city should take a simple approach to the application, licensing and permitting process. By adding unlimited delivery licenses it will be adding 2-3X the amount of resources needed vs. just one storefront with a delivery license. So here again there should be a single delivery license given and it should go to the winner of the single storefront license. Why complicate the process by regulating multiple licenses? Granting both a retail and delivery license to one applicant will further ensure that applicant's success in competing with neighboring dispensaries.

I appreciate the opportunity to share my thoughts with you and will make myself available to answer and questions and or address your comments.

Sincerely,

Nico S. Enea
(925) 683 - 1037
1312 Pico Ave
Pacific Grove
CA 93950

Marina officer was in the 300 block of Reservation Road when he noticed a green sedan had collided with a parked vehicle. He observed two individuals running away from the vehicle. With the assistance of nearby citizens, he was able to stop them. The driver was identified as 18-year-old Dylan Scott of Salinas. His passenger was a juvenile female who was transported to the hospital with minor injuries.

Scott was arrested for suspicion of DUI. During a search of the vehicle, several flavored e-cigarettes and marijuana vapes were discovered. Also found was a large amount of psilocybin mushrooms, several THC edibles and several large bags of marijuana.

Scott was booked into the Monterey County Jail for violation of 11357 (b) HS- Underaged Possession of Over 1 Ounce of Marijuana, 11360 (a) HS- Transport/Sale of Marijuana, 11351 HS- Sale of Controlled Substances, 272 PC- Contributing to the Delinquency of Minor, and 23152 (c) VC- DUI.

As shown in the images below, many of these marijuana edibles resemble actual candies that children may be receiving when they go out Trick or Treating on Halloween night. The types of THC edibles seized in our investigation use trademarked and recognizable brand logos that make it difficult to differentiate from regular candy. We are urgently reminding parents to check children's candy before they eat it. Do not allow your children to eat candy before it gets checked out. If anything looks suspicious or is open/ unsealed, TOSS IT OUT.



Like Comment Share



Like Comment Share



Message Marina Police Department



Like Comment Share



Like Comment Share



Message Marina Police Department

CANNABIS ORDINANCE...

Inge Lorentzen Daumer <ilwd50@gmail.com>

Wed 11/1/2023 9:59 PM

To:City Council Members <citycouncil@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Council,
I really wish you had added a 1000' buffer-zone around our PG.Public Carnegie Library (along-side our kid-friendly Natural History Museum). The Library has more children's programs than our Youth Center seems to have.

Inge Lorentzen Daumer

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Agenda No. 12 B

CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Debby Beck, Councilmember, Luke Coletti, Councilmember, Lori, McDonnell, Councilmember
MEETING DATE:	November 01, 2023
SUBJECT:	Water Conservation Subcommittee Status Report and Recommendation for Quarterly Reporting of the City's Cal-Am Water Use
CEQA:	Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

1. Receive the report.
2. Direct Staff to return to City Council with a proposal to provide quarterly reports of the City's Cal-Am potable water use.
3. Alternatively, discuss and take other action related to this item.

DISCUSSION

Background:

At its January 18, 2023 meeting the City Council received a report from Councilmember Debby Beck recommending the creation of a Council subcommittee to perform water cost audits, identify water meter site locations, and review ways to conserve water. Council approved the recommendation.

The Subcommittee met with Cal-Am Water representatives and the City's Public Works Director to discuss how the city might lower its water usage.

Public Works reviewed several of the high usage sites and determined there were water leaks in some of the irrigation lines, which have since been repaired. Public Works also adjusted the irrigation timers to optimize conservation. The Subcommittee suggested placing locks on the water timers.

Moving Forward:

- Staff will be reviewing the City's property leases to determine who should be paying the water bill.

- Staff will meet with Cal-Am Water representatives to discuss the possible removal of inactive water meters, which the city is currently being charged for.

- The City's Local Water plant is currently using less Cal-Am potable water. The potable water

supplements the non-potable water produced by the plant used to irrigate the golf course and cemetery.

- Total annual Cal-Am water demand, and associated costs, are trending lower: $554,873 in 2021, $446,657 in 2022, and $211,317 in 2023 (YTD).

- The City Council should consider providing direction to Staff to initiate quarterly reports of Cal-Am Water demand.

OPTIONS

1. Take no action.
2. Provide alternate direction.

FINANCIAL IMPACT:

There is no no cost associated with receiving this report.

GOAL ALIGNMENT: Infrastructure

Attachments

Water Usage Presentation/Slides

Public Comment

Cal Am Water

Subcommittee Report

City Council
City of Pacific Grove

Council Members Coletti, Beck and Mcdonnell dbeck@cityofPacificgrove.org

October 25, 2023

Water Billing

- **Subcommittee met with Cal Am Water representatives and Public Works Director to discuss how to lower the usage and cost to the City of Pacific Grove.**
- **Cal Am provides Landscape Grant Programs. The City of Pacific Grove has received a $30,000 Grant Award in the past to install Native Drought-Tolerant Landscaping at Lover's Point Park. Estimated Annual Water Savings: 225,000 Gallons.**

Water Billing

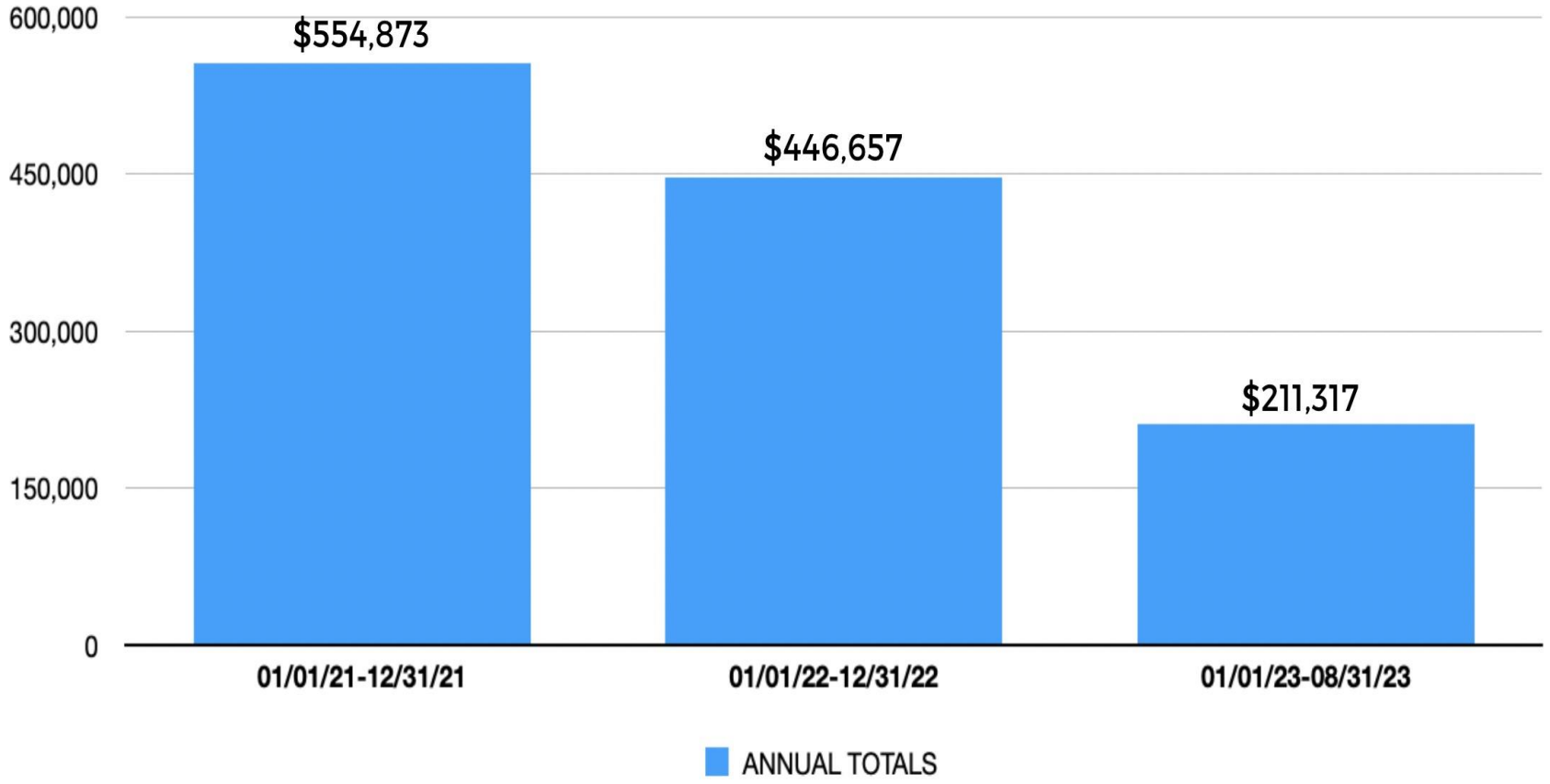
- **Meeting on 10/9/23 with Mr. Gho and Staff to determine what areas of improvement have been taken to reduce the water usage since our committee formed in 1/2023.**

- **Staff reviewed several of the high usage sites and determined there were water leaks in the irrigation and they have since been repaired, they also adjusted the irrigation timers. The Subcommittee suggested placing locks on the water timers. Mr. Gho also considered the heavy rains this past year contributed to less irrigation needed.**

Moving Forward

- **Staff will be working with a few of our City leases to determine how to cost the water being used by the tenants, so it is not incurred by the City.**
- **Staff will be meet with Cal Am water to discuss the Water meters not usage, however, the City is being charged for the meter connection. Possibly removing the meters with a letter to Cal Am to confirm the meters will be returned in the future if needed to the original site.**
- **The Local Water project is currently providing less potable water to the Golf Course.**
- **Graph is a great indication that we are moving in the right direction as 2021 billing $554,873, 2022 billing $446,657 and YTD for 2023 $211,317**

PG WATER USAGE - CAL AM ANNUAL BILLINGS



Questions?

City Council
City of Pacific Grove

AGENDA #12B WATER CONSERVATION SUB-COMMITTEE REPORT

Inge Lorentzen Daumer <ilwd50@gmail.com>

Sat 10/28/2023 12:05 PM

To:City Council Members <citycouncil@cityofpacificgrove.org>

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Dear City Council,
I want to thank Councilmember Beck for initiating this project and so diligently following through!
Nice that Public Works actually fixed some water leaks and adjusted timers. It is a very good idea to install locks on the timers, to rule out any "tampering"...
And, of Course, the 13 Atmospheric Rivers contributed to less water usage!

Thank You,

Inge Lorentzen Daumer



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CITY OF PACIFIC GROVE

300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Joseph Sidor, Contract Planner
MEETING DATE:	November 01, 2023
SUBJECT:	Consider an Appeal of Architectural Permit (AP), Use Permit (UP) and Variance (VAR) No. 22-0284, 773-775 Ocean View Blvd, Pacific Grove (APN 006-071-007)
CEQA:	Categorical Exemption, CEQA Guidelines Section 15301, Class I, Existing Facilities

RECOMMENDATION

Staff recommends the City Council deny the appeal and approve the Architectural Permit, Use Permit, and Variance (AP/UP/VAR 22-0284), subject to the findings, conditions of approval, and Class 1 Categorical Exemption (CEQA Guidelines Section 15301, Existing Facilities).

DISCUSSION

Project Description

The proposed project includes the remodel of an existing 2,343 square foot two-story duplex, including installation of an elevator and construction of a roof deck. The project would also include an interior reconfiguration of the garage area (i.e., reconversion of the garage from habitable space to parking spaces) to increase the number of existing parking spaces, thereby reducing the need for street parking and reducing the interior habitable space, enclosure of the exterior stairs to the upper unit, new exterior stairs to the roof deck, and a new balcony area on the second floor.

Site Description

The 1,491 square foot lot, located at the corner of Ocean View Boulevard and Moss Street, is currently developed with a 2,343 square foot two-story duplex, including a 1,029 square foot lower unit, a 1,189 square foot upper unit, and a 125 square foot garage. The property is located within the City's Coastal Zone, Area of Special Biological Significance, and within an archaeologically sensitive area. Due to the limited scope of the proposed project, submittal of an archaeological report is not required or warranted, and conditions of approval have been added to address inadvertent discovery of cultural resources. The subject property is not listed on the City's Historic Resources Inventory (HRI).

Surrounding Land Uses

The parcel is located in an area of small- to medium-sized one- and two-story single-family residences and duplexes in the Beach Tract neighborhood.

Background and Summary of Appeal Contentions

At a special meeting of the Architectural Review Board (ARB) on May 16, 2023, the ARB voted 4 - 0

-1 (4 yes, 0 noes, and 1 absent) to recommend the Planning Commission deny the Use Permit and Variance, and to grant approval of the Architectural Permit subject to plans that conform to the existing code. The ARB recommended the elevator only provide access to the second floor and be contained within the existing structure footprint, and that access to the roof deck be provided by exterior stairs or interior hatch.

In response to the ARB's recommendation, the applicant revised the proposed project design to decrease the height and footprint of the elevator shaft and to decrease the height of the main structure. The revisions resulted in the following: a 9-inch height reduction of the elevator shaft, from 27.75 feet to 27.00 feet; a 4-inch reduction of the main dwelling height, including the roof deck railing, from 22.5 feet to 22.17 feet; and an increase of the rear setback (i.e., a reduction of the encroachment) from 6 inches to 1 foot. The building and site coverages, although slightly decreased, remain approximately the same as initially proposed. See the Use Permit and Variance sections below for additional information. The revised plans also reflect a building code requirement to have an open staircase to the roof deck in addition to the elevator.

On September 14, 2023, the Planning Commission considered the project, including the ARB's recommendation and the applicant's revisions, and voted 4 - 1 -2 (4 yes, 1 no, and 2 absent) to approve the project as revised.

On September 22, 2023, the appellant submitted a timely appeal (attached) of the Planning Commission's decision to approve the project. The appellant made the following contentions:

1) The project is in noncompliance with zoning for R-3-PGB. The existing building already exceeds height, gross floor area and setback requirements, and the proposed project further exceeds limits of the zoning.

Staff Response: As stated below in **Applicable Zoning Code Regulations and Architectural Permit**, the proposed project would comply with applicable development standards for main structure height and gross floor area. The existing development on the property is nonconforming with regard to the front setback, side setbacks, rear setback, building coverage, site coverage, lot size, and required parking. As proposed, the front setback and side setbacks would not change. The proposed remodel would increase the covered parking from 1 space to 2 spaces, thereby improving the existing and proposed nonconforming residential parking situation. The rear setback, building coverage, and site coverage would become more nonconforming under the development proposal (see the Variance section below for additional information).

Regarding parking, the City's longstanding practice has been to allow and approve improvements to existing nonconforming development. Regarding the height, the main structure would conform to the allowed development standard, and the City may approve a Use Permit to allow the elevator shaft to exceed the zoning district's maximum allowed height. Regarding the rear setback, building coverage, and site coverage, the City may approve a Variance based on the specific circumstances of a property. In this case, the proposed project would not significantly nor adversely change the existing situation. Site coverage would increase by 10 square feet over existing, and building coverage would increase by 132 square feet over existing. The rear setback would decrease from 6 feet to 1 foot; however, the existing stairs already encroach into the rear setback and the proposed elevator shaft would not significantly increase the encroachment and would be placed over existing site coverage. Due to the small lot sizes in this area, multiple properties in the vicinity have nonconforming development and either Use Permits or Variances have been approved on these properties for similar types of changes.

2) There are no facts to support the findings required for a variance from existing zoning limits, under PGMC Sec. 23.70.080 (b) (4) or any other provision.

Staff Response: The appellant submitted no evidence to support this assertion. See Staff Response to contention 1 above, the Variance section below, and the Variance findings and supporting evidence in the attached draft resolution.

3) The proposed elevator shaft does not qualify for a use permit under PGMC Section 23.64.120 for chimneys and flagpoles.

Staff Response: The appellant submitted no evidence to support this assertion. PGMC Section 23.64.120 states "Chimneys, cupolas, flagpoles, monuments, water tanks, clock towers and similar structures and mechanical appurtenances may be permitted in excess of height limits provided a use permit is first obtained in each case. The proposed elevator shaft is a similar structure to those identified, and this determination is consistent with past City practice and approvals.

4) The proposed elevator shaft does not meet the requirements for findings required for a use permit under PGMC Sec. 23.70.080 (a)(4) or any other provision.

Staff Response: The appellant submitted no evidence to support this assertion. Pursuant to PGMC Section 23.64.120, the City may approve a Use Permit to allow the elevator shaft to exceed the zoning district's maximum allowed height. See the Use Permit findings and supporting evidence in the attached draft resolution.

5) The proposed project is not in compliance with the City's Architectural Review Guidelines.

Staff Response: The appellant submitted no evidence to support this assertion. See the **Architecture and Design Consideration** section below and the Architectural Permit findings and supporting evidence in the attached draft resolution.

6) The proposed project is not consistent with the Pacific Grove General Plan, including but not limited to inconsistency with SCE-1 and SCE-2.

Staff Response: The appellant submitted no evidence to support this assertion. As proposed, the project does not impact public views along the shoreline and is consistent with Land Use Plan (LUP) Policy SCE-1. Moreover, the proposed project does not adversely impact public views and is consistent with LUP Policy SCE-2. As proposed, the elevator shaft is designed with a flat roof and would be constructed on the rear elevation opposite Ocean View Boulevard.

7) The proposed project poses an undue fire hazard due to lack of fire department access for equipment and personnel in case of fire or equipment malfunction.

Staff Response: The appellant submitted no evidence to support this assertion. The property is located at the intersection of Moss Street and Ocean View Boulevard, and access would remain from these two streets. Access would also remain on the side opposite Moss Street, and sufficient structure separation would remain between the site and the adjacent property located on Mermaid Avenue. Therefore, as proposed, the site would retain access for emergency response personnel and equipment.

8) The proposed project encroaches on adjacent property due to the lack of setbacks for access and repairs.

Staff Response: The appellant submitted no evidence to support this assertion. See Staff Response to contention 7 above.

In summary, the appellant submitted no evidence in support of the contentions. Also, as described above, the assertions made in the appeal contentions lack merit.

Applicable General Plan Policies
The neighborhood is designated High Density Residential with an allowed density of up to 24.8 dwelling units per acre. The Pacific Grove General Plan provides a framework for future growth and development within the City. The Land Use Element includes goals and polices that call for the orderly, well-planned, and balanced development, consistent with the historic nature of Pacific Grove, the capacity of the City's infrastructure, and ability to assimilate new growth. The proposed project is consistent with applicable General Plan policies, including the following:

Chapter 2 - Land Use
Policy 2: Ensure that new development is compatible with adjacent existing development.
Policy 4: Continue to preserve Pacific Grove's character and regulate development.

Chapter 3 - Housing
Policy 8: Strive to provide the City's share of the region's housing need.

The policies above are implemented through the R-3-PGB zoning district which allows residential and multi-family development in areas with adequate public services.

Applicable Zoning Code Regulations and Architectural Permit
As proposed, the project complies with some of the zoning regulations set forth in Pacific Grove Municipal Code (PGMC) Chapter 23.57 (R-3-PGB). This includes, but is not limited to, height limit for the main structure and gross floor area. The existing development on the property is nonconforming with regard to the front setback, side setbacks, rear setback, building coverage, site coverage, lot size, and required parking. As proposed, the front setback and side setbacks would not change. The proposed remodel would increase the covered parking from 1 space to 2 spaces, thereby improving the existing and proposed nonconforming residential parking situation. The rear setback, building coverage, and site coverage would become more nonconforming under the development proposal (see the Variance section below).

The applicant provided a revised Project Data Sheet (attached) indicating the development standards of the zoning district, existing conditions, and proposed conditions. The Architectural Permit (AP) is required per PGMC Sections 23.70.060(c)(1) and 23.57.070. PGMC Section 23.57.070 requires architectural approval for all structures remodeled in the R-3-PGB zoning district. The required findings for the AP are located in the draft permit (attached).

Use Permit
Per PGMC Section 23.64.120, a Use Permit (UP) is required to allow the elevator shaft to exceed the zoning district's maximum allowed height of 25 feet. The elevator shaft would rise to a height of 27.00 feet (i.e., 2 feet over the allowed maximum height) to provide access to the second story of the duplex and to the roof deck. The required findings for a UP are listed in PGMC Section 23.70.080(a)(4), and are included in the draft permit (attached).

Variance
The Variance (VAR) is required per PGMC Section 23.70.080(b)(4), and the required findings for the VAR are located in the draft permit (attached). The Variance is required to allow a further reduction of the rear setback, and minor increases to both building and site coverage. The required rear setback for a two-story structure is 8 feet, and the existing nonconforming rear setback would decrease from 6 feet to 1.0 foot. The existing nonconforming building coverage of 1,154 square feet (77.4 percent) would increase by 132 square feet to a total of 1,286 square feet (86.3 percent) to accommodate the elevator

shaft to the second story of the duplex and to the roof deck. The existing nonconforming site coverage of 1,372 square feet (92.0 percent) would increase by 10 square feet to a total of 1,382 square feet (92.7 percent) to accommodate the elevator shaft to the second story of the duplex and to the roof deck. Most of the elevator shaft would be placed over existing impervious surface site coverage. Due to the small lot sizes in this area, multiple properties in the vicinity have nonconforming development and either Use Permits or Variances have been approved on these properties for similar types of changes. Additionally, properties in the vicinity have approved second-floor or roof decks. Examples of other properties in the vicinity that have nonconforming development and/or second-floor or roof decks include 701 Ocean View Blvd., 707 Ocean View Blvd., 711 Ocean View Blvd., 717/719 Ocean View Blvd., and 829 Ocean View Blvd. The Council may determine that the proposed rear setback, building coverage, and site coverage on the project site are appropriate based on the circumstances of the application and the surrounding development.

Architecture and Design Consideration
As proposed, the design would be compatible with the neighborhood comprised of small- to medium-sized one- and two-story single-family residences and duplexes of varying architectural styles, alignments, and scales. Exterior color and material finishes for the project will match the existing structure and include a tile roof and clear glass with stainless steel railing. The elevator shaft and enclosed/exterior stairs would be constructed on the rear elevation opposite Ocean View Boulevard. As designed and per CDD staff site inspections, the proposed minor changes to the structural bulk and mass would not result in adverse visual impacts for neighbors or along Ocean View Boulevard.

Architecture Review Guidelines:
The architectural style, materials and site design are in substantial conformance with the City's Architectural Review Guidelines. Specifically, Guidelines Nos. 7 and 9 relating to the second floor decks and balconies and neighbors' views were used in analyzing the proposed project to ensure compliance. As designed, the project complies with the following Architectural Review Guidelines:

Guideline #7: Second floor balconies and decks should be designed and located to minimize the loss of privacy for neighboring properties.

As proposed, the new second floor deck area balcony would face Ocean View Boulevard, and the roof deck would not overlook any yard areas and would not result in the loss of privacy for neighboring properties.

Guideline #9: Attempt to preserve some portion of neighbors' views by carefully positioning or limiting the width, depth, or height of proposed building elements.

The proposed elevator shaft would be built to the height required to access the roof deck and is designed with a flat roof. Surrounding properties would retain the majority of existing views.

Lighting
Exterior lighting shall comply with LUP Policy DES-6, and is required as a condition of approval.

Water
Any additional water credits required to complete the project will need to be purchased from the City of Pacific Grove.

Stormwater Treatment Measure
Less than 2,500 sq ft of impervious surface will be replaced; therefore, the project does not trigger stormwater requirements.

Coastal Development Permit (CDP)
Pursuant to PGMC Sections 23.90.050, City CDP Determinations, and 23.90.040, CDP Exemptions, Community Development Department (CDD) staff determined the project to be exempt from the requirement to obtain a CDP. CDD staff forwarded this determination to the Coastal Commission on December 15, 2022.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)
In reviewing this action, the City has followed the CEQA statute adopted by the State of California as published in the California Public Resources Code, Division 13, §21000, et seq., and the associated guidelines as published in the California Code of Regulations, Title 14, §15000, et seq. (i.e., CEQA Guidelines). The proposed project is found to be categorically exempt under CEQA Guidelines Section 15301, Class 1, Existing Facilities, allowing additions and/or alterations to existing facilities and structures. As proposed, the project is consistent with the General Plan and the neighborhood within which the project is located is not environmentally sensitive. No adverse environmental effects were identified during staff review of the development application nor during site inspections. The exceptions to exemptions in Section 15300.2 of the CEQA Guidelines pertaining to location, cumulative impacts, significant effects, scenic highways, hazardous waste sites, and historical resources do not apply to this project. There is no substantial evidence of an unusual circumstance because there is no feature or condition of the project that distinguishes the project from the exempt class. Additionally, there is no substantial evidence that would support a fair argument that the project has a reasonable possibility of having a significant effect on the environment or that it would result in a cumulative significant impact.

OPTIONS
1. Deny the appeal of the Planning Commission's decision and approve the project as proposed, subject to the findings, conditions of approval, and Class 1 Categorical Exemption (CEQA Guidelines Section 15301, Existing Facilities);
2. Approve the appeal of the Planning Commission's decision and deny the proposed project;
3. Direct the applicant to revise the proposed project subject to Council direction; or
4. Discuss and take other action related to this item.

FINANCIAL IMPACT:
The proposed project would have no impact on the City's fiscal operations.

FOCUSED PRIORITY AREA: Not Applicable.

Attachments

Appeal Form & Supplemental Information
Application
Project Data Sheet
Draft Resolution
CEQA Exemption Form
Planning Commission Permit dated September 14, 2023
Architectural Review Board Permit dated 05-16-2023
Historic Report
Plan Set
Correspondence-10-25-2023

Public Comment

$ PAID 1747.-

CITY OF PACIFIC GROVE

Community Development Department – Planning Division

300 Forest Avenue, Pacific Grove, CA 93950

T :: 831.648.3190 • F :: 831.648.3184 • www.ci.pg.ca.us/cdd

Appeal Form

Appeal #: Appeal 22-0284
Date: 9/22/2023
Received By: dd
Total Fee: RECEIVED
CITY MANAGER'S OFFICE

2023 SEP 22 11:0
CITY OF PACIFIC GROVE

Project Information

Project Address: 773-775 Ocean View Blvd. 93950 APN: 006-071-007
☐ On HRI/ ☐ Not on HRI

Application & No.: 22-0284

Applicant Name: _____ Phone #: _____

Mailing Address: _____

Email Address: _____

Owner Name: _____ Phone #: _____

Mailing Address: _____

Email Address: _____

RECEIVED
SEP 22 2023
CITY OF PACIFIC GROVE
COMMUNITY DEV DEPT

Action[1]

☐ ARB: Architectural Review Board
☐ CDD: Planning Staff
☐ HRC:Historic Resources Committee
■ PC: Planning Commission
☐ NRC: Natural Resources Committee
☐ SPRC: Site Plan Review Committee
☐ ZA: Zoning Administrator

Date of Action: 09/14/2023

Action Taken: approval of variance use permit, architecul permit, and use permit #22-0284,773-774 Ocean View Blvd

Appeal Information

Appellant Name: Darrin Tinsley Phone #: 510-220-4632

Mailing Address: 700 Briggs #8 Pacific Grove Ca 93950

Email Address: dntinsley@aol.com

Appeal Deadline: 5:00 p.m. on ____/____/____

Grounds for Appeal: see attached

If necessary, use additional pages.

Fees

Discretionary Fees[2]	$
Appeal Fee = 25% of discretionary fees	$
Cost of publication of legal notice[3]	$
Photocopies ____ copies @ 10¢ each	$
Postage[4] ____ stamps @ 45¢ each	$
Other	$
Total Appeal Fee	

Darrin Tinsley
Appellant Signature

9/21/2023
Date

[1] See Table 23.70.012-1 in the Pacific Grove Zoning Code, which identifies roles of review authorities as they relate to appeals.
[2] Whatever fee was collected by the city for the application for use permit, architectural approval, variance, etc., or combination of more than one fee if more than one decision is being appealed.
[3] Currently averaging $250-300.
[4] Typically the number of address labels for parcels (or portions thereof) found within a 300 ft radius of the subject parcel (350 ft radius for homes in the Asilomar Dunes area) is approximately 120. Mailing is sent to owners and occupants (including most individual apartments) of properties.

GROUNDS FOR APPEAL

1. The project is in noncompliance with zoning for R-3-PGB. The existing building already exceeds height, gross floor area and setback requirements, and the proposed project further exceeds limits of the zoning.

2. There are no facts to support the findings required for a variance from existing zoning limits, under PGMC Sec. 23.70.080 (b) (4) or any other provision.

3. The proposed elevator shaft does not qualify for a use permit under PGMC Section 23.64.120 for chimneys and flagpoles.

4. The proposed elevator shaft does not meet the requirements for findings required for a use permit under PGMC Sec. 23.70.080 (a)(4) or any other provision.

5. The proposed project is not in compliance with the City's Architectural Review Guidelines.

6. The proposed project is not consistent with the Pacific Grove General Plan, including but not limited to inconsistency with SCE-1 and SCE-2.

7. The proposed project poses an undue fire hazard due to lack of fire department access for equipment and personnel in case of fire or equipment malfunction.

8. The proposed project encroaches on adjacent property due to the lack of setbacks for access and repairs.

*****

In addition, we request that all videos, transcripts and submittals of the Architectural Review Board meeting and the Planning Commission meeting on this project be included in the City's staff report to the City Council.

CITY OF PACIFIC GROVE

Community Development Department – Planning Division
300 Forest Avenue, Pacific Grove, CA 93950
Tel: 831.648.3190 • Fax: 831.648.3184 • www.cityofpacificgrove.org/cedd

Permit Application

$ PAID 6680.57

Application # AP/VAR 22-0284
Date: 11-17-22
Total Fees: #6,680.57

APPLICANT/OWNER:

Project Address: 773-775 Ocean View Blvd. **APN:** 006-071-007-000

Project Description: Existing 2-story duplex residence to be remodeled.
New enclosed stairs (to replace existing open stiars)
and new elevator at rear to access 2nd floor unit and new roof deck.

Will the project create, add, or replace impervious surface? ☑ Yes ☐ No

Will the project impact any tree(s) on site? ☐ Yes ☑ No

Applicant
Name: Jeanne C. Byrne, FAIA Architects
Phone: 831-372-6585
Email: jcbarchfaia@att.net
Mailing Address: 951 Lighthouse Ave. #5
Pacific Grove, CA 93950

Owner
Name: Bart Bruno
Phone: 831-277-6108
Email: bbruno20001@gmail.com
Mailing Address: P.O Box 545
Pebble Beach, CA 93953

PLANNING STAFF USE ONLY:

Permit Request:

☐ CRD: Counter Determination	☐ SP: Sign Permit	☐ IHS: Initial Historic Screening	☒ VAR: Variance
☒ AP: Architectural Permit	☐ UP: Use Permit	☐ HPP: Historic Preservation	☐ MMP: Mitigation Monitoring
☐ AAP: Administrative AP	☐ AUP: Administrative UP	☐ A: Appeal	☐ Water Entitlement
☐ ADC: Arch Design Change	☐ CDP: Coastal Dev. Permit	☐ TPD: Tree Permit W/ Dev't	☐ Other:
☐ ASP: Admin Sign Permit	☐ LLA: Lot Line Adjustment	☐ CDP Waiver/Admin. CDP	☐ Other:

CEQA Determination:
☒ Exempt
☐ Initial Study & Mitigated Negative Declaration
☐ Environmental Impact Report

Review Authority:
☐ Staff ☐ HRC
☐ ZA ☒ PC
☐ SPRC ☐ CC
☒ ARB ☐ _____

Active Permits:
☐ Active Planning Permit
☐ Active Building Permit
☐ Active Code Violation
Permit #: _____

Overlay Zones:
☐ Butterfly Zone
☒ Area of Special Biological Significance (ASBS)
☐ Environmentally Sensitive Habitat Area (ESHA)

Property Information
Lot: 14 & 15 Block: 246 Tract: Beach
ZC: R-3-PGB GP: HDR 24.8 du/ac Lot Size: 1,491
☐ Historic Resources Inventory ☒ Archaeologically Sensitive Area ☒ CDP Appeal Jurisdiction ☒ CZ

Staff Use Only:
Received by: _____
Assigned to: J. Sidor

RECEIVED
NOV 17 2022
CITY OF PACIFIC GROVE
COMMUNITY DEV DEPT

Application # 22-0284

INDEMNIFICATION CONDITION

In consideration for City review and approval of application in this matter, the Owner/Applicant shall indemnify, defend, protect and hold harmless the City, its elected and appointed officials, officers, agents, and employees (collectively "Indemnitees"), using counsel approved in writing by the City, from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorneys' fees and disbursements which may accrue against Indemnitees by reason of the City's processing, approval or denial of the request and application in this matter. Indemnification shall include, but shall not be limited to any action, or proceeding brought to attack, set aside, void, annul, limit, or inhibit the approval of the application referenced above, and shall expressly include causes of action under the California Environmental Quality Act (CEQA), the National Environmental Policy Act (NEPA), or the CA Coastal Act.

The obligation to indemnify shall include, but not be limited to, all costs relating to preparing administrative records, investigations, responses to discovery, retention of experts, and other costs, including attorney's fees or obligations related to this matter, including actions brought by the Owner/Applicant and also extend to any expense incurred in establishing the City's right to indemnification. City expenses shall be paid by Owner/Applicant upon City request notwithstanding final disposition of the matter has not yet occurred. If the City is later determined to not be entitled to indemnification, the City shall repay amounts so advanced.

This indemnification condition is the Owner/Applicant's inducement to the City to process and approve the application, which approval would otherwise be withheld by City due to its concern for liability or expense that may result from performance of the City's duties. Should any dispute arise regarding interpretation of this condition, the prevailing party shall recover all reasonable costs incurred, including court costs, attorney fees and related expenses. Recovery of expenses shall be as additional costs awarded to the prevailing party, and shall not require initiation of a separate legal proceeding.

This indemnification condition shall not require the Owner/Applicant to indemnify the City or other Indemnities: (a) to the extent that an obligation is actually paid by an insurer pursuant to an insurance policy; (b) in connection with any remuneration paid to the City, if it shall be finally adjudged that such remuneration was in violation of law; or (c) on account of the City's misconduct if such misconduct shall be finally adjudged to have been knowingly fraudulent, deliberately dishonest or willful.

Any permit or other approval given by the City to the Owner/Applicant Guarantor shall be valid only so long as this indemnification condition is given full force and effect. If this indemnification condition is revoked, the permit or other approval of the City shall then become null and void.

Owner/Applicant represents it (and any subsidiary) is (a) duly formed and organized, (b) validly existing and in good standing under state law, and (c) has all necessary power to execute and deliver this document and perform its obligations. Owner/Applicant also represents it is authorized to enter into this agreement by all requisite partnership, corporate or other action, and its terms are a valid and legally binding obligation. Neither execution nor delivery of this document nor performance of its obligations will violate any law or provision of any agreement, articles of incorporation, by-laws or other organizational or governing documents relating to Owner/Applicant, nor conflict with any court order relating to Owner/Applicant.

Applicant Signature: _____ **Date:** 11/08/22

Roberto James Bruno Trustee

Owner Signature (Required): _____ **Date:** 11/8/22

PROJECT DATA SHEET

Revised 08-08-2023

Project Address: 773 - 775 Ocean View Blvd.

Submittal Date: 09/30/2022

Applicant(s): Jeanne C. Byrne, FAIA Architects

Permit Type(s) & No(s): AP-UP-VAR 22-0284

	REQUIRED/ Permitted	Existing Condition	Proposed Condition	Notes
Zone District	R-3-PGB			
Building Site Area	1,525 sq.ft.			
Density (multi-family projects only)				
Building Coverage	763	1,154	1,286	
Site Coverage	915	1,372	1,382	
Gross Floor Area	-	2,343	2,456	
Square Footage not counted towards Gross Floor Area		-	-	
Impervious Surface Area Created and/or Replaced			132	
Exterior Lateral Wall Length to be demolished in feet & % of total*	_____	_____	18ft/ 12%	
Exterior Lateral Wall Length to be built	_____	_____	60'-0"	
Building Height	25'-0"	20'-6"	27'-0"	@ elevator shaft / 22'-2" at roof deck
Number of stories	2	2	2	
Front Setback	12'	0	0	
East **Side Setback (specify side)**	4'-3"	0	0	
West **Side Setback (specify side)**	4'-3"	2'-10"	2'-10"	
Rear Setback	8'-0"	6'-0"	1'-0"	
Garage Door Setback	20'	0	0	
Covered Parking Spaces		1	2	
Uncovered Parking Spaces		0	0	
Parking Space Size (Interior measurement)	9' x 20'	9'x20'	18' x 20'	
Number of Driveways	1	-	-	
Driveway Width(s)		-	-	
Back-up Distance		-	-	
Eave Projection (Into Setback)	3' maximum	2"	2"	
Distances Between Eaves & Property Lines	3' minimum	0	0	at OVB & Moss
Open Porch/Deck Projections		-	-	
Architectural Feature Projections		-	-	
Number & Category of Accessory Buildings		0	0	
Accessory Building Setbacks		N/A	N/A	
Distance between Buildings		N/A	N/A	
Accessory Building Heights		N/A	N/A	
Fence Heights		6'	6'	

**If project proposes demolition to an HRI structure, also indicate % of proposed demolition of the surface of all exterior walls facing a public street or streets, if applicable.*

[Rev. 01/14/14]

RESOLUTION NO. 23-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE DENYING AN APPEAL AND APPROVING ARCHITECTURAL PERMIT (AP), USE PERMIT (UP), AND VARIANCE (VAR) 22-0284 FOR A PROPERTY LOCATED AT 773/775 OCEAN VIEW BOULEVARD TO ALLOW THE REMODEL OF AN EXISITNG DUPLEX, INCLUDING INSTALLATION OF AN ELEVATOR AND CONSTRUCTION OF A ROOF DECK.

FACTS

1. The applicant proposes to remodel an existing 2,343 square foot two-story duplex, including installation of an exterior elevator and construction of a roof deck. The resulting duplex would have an 888 square foot lower unit and an 1,170 square foot upper unit with a 398 square foot two-car garage.
2. The subject site is located at 773/775 Ocean View Blvd, Pacific Grove, APN 006-071-007.
3. The subject site is approximately 1,491 square feet in size, and currently developed with a 2,343 square foot two-story duplex.
4. The subject site has a land use designation of Medium High Density Residential (10-20 du/ac) on the City's adopted Land Use Plan Map.
5. The project site is located in the R-3-PGB zoning district.
6. The property is located within the City's Coastal Zone, Area of Special Biological Significance (ASBS), and within an archaeologically sensitive area.
7. The subject property is not listed on the City's Historic Resources Inventory (HRI). A Phase I Historic Review prepared for the property by a qualified historian (Seavey, October 17, 2022) concluded the property is ineligible as a historical resource.
8. Due to the limited scope of the proposed project, submittal of an archaeological report is not required or warranted. The proposed ground disturbance for the elevator shaft will occur in a previously-developed area, and conditions of approval have been added to address inadvertent discovery of cultural resources.
9. Pursuant to Pacific Grove Municipal Code (PGMC) Sections 23.90.050, *City CDP Determinations*, and 23.90.040, *CDP Exemptions*, Community Development Department (CDD) staff determined the project to be exempt from the requirement to obtain a Coastal Development Permit (CDP). CDD staff forwarded this determination to the Coastal Commission on December 15, 2022.
10. This project has been determined to be Categorically Exempt per California Environmental Quality Act (CEQA) Guidelines, Section 15301, Class 1, Existing Facilities, and the exceptions to the exemptions in Section 15300.2 of the CEQA Guidelines do not apply.
11. At a noticed Special Meeting of the City of Pacific Grove Architectural Review Board (ARB) on May 16, 2023, the ARB reviewed the proposed project and voted 4 - 0 -1 (4

yes, 0 noes, and 1 absent) to recommend the Planning Commission deny the Use Permit and Variance, and to grant approval of the Architectural Permit subject to plans that conform to the existing code. The ARB recommended the elevator only provide access to the second floor and be contained within the existing structure footprint, and that access to the roof deck be provided by exterior stairs or interior hatch.

12. In response to the ARB's recommendation, the applicant revised the proposed project design to decrease the height and footprint of the elevator shaft and to decrease the height of the main structure. The revisions resulted in the following: a 9-inch height reduction of the elevator shaft, from 27.75 feet to 27.00 feet; a 4-inch reduction of the main dwelling height, including the roof deck railing, from 22.5 feet to 22.17 feet; and an increase of the rear setback (i.e., a reduction of the encroachment) from 6 inches to 1 foot. The building and site coverages, although slightly decreased, remain approximately the same as initially proposed. The revised plans also reflect a building code requirement to have an open staircase to the roof deck in addition to the elevator.

13. At a noticed Regular Meeting on September 14, 2023, the City of Pacific Grove Planning Commission (PC) considered the project, including the ARB's recommendation and the applicant's revisions, and voted 4 - 1 -2 (4 yes, 1 no, and 2 absent) to approve the project as revised.

14. On September 22, 2023, the appellant submitted a timely appeal of the Planning Commission's decision to approve AP-UP-VAR 22-0284.

15. Pursuant to the appeal, the City of Pacific Grove City Council considered the appeal and the proposed project at a noticed public hearing on November 1, 2023.

FINDINGS

For an Architectural Permit per PGMC Section 23.70.060(f)

1. The architecture and general appearance of the completed project are compatible with the neighborhood.

The proposed project includes the remodel of an existing 2,343 square foot two-story duplex, including installation of an exterior elevator and construction of a roof deck. As designed, the project would be compatible with other residences in the neighborhood. The surrounding streetscape is comprised of residences with varying architectural styles, alignments, and scales. The proposed exterior materials will match the existing structure and include a tile roof and clear glass with stainless steel railing for the roof deck. The elevator shaft and enclosed stairs would be constructed on the rear elevation opposite Ocean View Boulevard. As designed, the project would not result in adverse visual impacts along Ocean View Boulevard.

2. The completed project will neither be detrimental to the orderly and harmonious development of the citynor impair the desirability of investment or occupation in the neighborhood.

There is no indication or evidence that the proposed project would either negatively affect the orderly and harmonious development of the city or impair the desirability of investment in the neighborhood. The proposed development would increase the value of

the property and contribute to the desirability of investment in the Beach Tract neighborhood, and would provide accessibility to the proposed roof deck.

3. *The council has been guided by and referenced applicable provisions of the architectural review guidelines in making its determinations on single-family residences.*

   The architectural style, materials and site design are in substantial conformance with the City's Architectural Review Guidelines. Specifically, Guidelines Nos. 7 and 9 relating to the second-floor balcony, roof deck, and neighbors' views were used in analyzing the proposed project to ensure compliance.

For a Use Permit per PGMC Section 23.70.080(a)(4)

1. *The proposed use is allowed with a use permit within the applicable zoning district and complies with all applicable provisions of these regulations.*

   The proposed use is a continuation of an existing use (duplex) permitted in the R-3-PGB zoning district. Per PGMC Section 23.64.120, a Use Permit is required to allow the elevator shaft to exceed the maximum allowed height of 25 feet. The elevator shaft would rise to a height of 27 feet (i.e., 2 feet over the allowed maximum height) to provide access to the second story of the duplex and to the roof deck.

2. *The proposed use is consistent with the general plan, the local coastal program, and any applicable specific plan.*

   The proposed use is consistent with the general plan and local coastal program. No specific plans apply to the subject property.

3. *The establishment, maintenance, or operation of the use will not, under the circumstances of the particular case, be detrimental to the health, safety, or general welfare of persons residing or working in the neighborhood of the proposed use.*

   The proposed use will not be detrimental to health, safety, or general welfare because it is a continuation of an existing use permitted in the R-3-PGB zoning district.

4. *The use, as described and conditionally approved, will not be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the city.*

   The proposed use will not be detrimental or injurious to property and improvements in the neighborhood because the remodel and construction of an elevator shaft and roof deck will improve the desirability of the property.

5. *The location, size, design, and operating characteristics of the proposed use are compatible with the existing and future land uses in the vicinity.*

   The proposed project is compatible with other land uses in the vicinity, which consists primarily of one- or two-story single-family residences and duplexes on small lots.

For a Variance per PGMC Section 23.70.080(b)(4)

1. *That there are exceptional or extraordinary circumstances or conditions applying to the land, buildings, or use referred to in the application, which circumstances or conditions do not apply generally to land, buildings, and/or uses in the same zoning district.*

The subject property is small and nonconforming with regard to building coverage, site coverage, and setbacks. The Variance is required to allow a further reduction of the rear setback, and minor increases to both building and site coverage. As proposed and compared, the property would be similar to other properties in the neighborhood and the R-3-PGB zoning district.

2. *That the granting of the variance is necessary for the preservation and enjoyment of substantial property rights of the petitioner*.

   Without said variance the property would be adversely affected by the strict implementation of the zoning regulations, where other properties in the R-3-PGB zoning would not be affected in the same manner. Granting the variance would allow use of the property at a level similar to the level of use of other properties in the vicinity.

3. *That the granting of such variance will not, under the circumstances of the particular case, materially affect adversely the health or safety of persons residing or working in the neighborhood of the property of the applicant and will not, under the circumstances of the particular case, be materially detrimental to the public welfare or injurious to property or improvements in the neighborhood.*

   The proposed variance will accommodate the elevator shaft to provide access to the second story of the duplex and to the roof deck. Most of the elevator shaft would be placed over existing impervious surface site coverage. Granting said variance, under the circumstances of this particular case, will not be materially detrimental to the public welfare or injurious to property or improvements in the neighborhood.

In approving the permit, the following conditions of approval are imposed and deemed reasonable and necessary to ensure that the approval will comply with the findings cited above.

CONDITIONS OF APPROVAL

1. **Permit Expiration.** This permit shall expire and be null and void if a building permit has not been applied for within two (2) years from and after the date of approval. Application for extension of this approval must be made prior to the expiration date.

2. **Construction Compliance.** All construction shall occur in general compliance with the proposal as set forth in the application, subject to any special conditions of approval herein. Any deviation from approvals must be reviewed and approved by staff and may require subsequent discretionary approval.

3. **Terms and Conditions.** These terms and conditions shall run with the land and bind to all future owners and possessors of the subject property, unless amended. Amendments to this permit may be achieved only if an application is made and approved, pursuant to the Zoning Code.

4. **Public Works, Fire and Building.** Review and approval by the Public Works and Fire Departments, and Building Division, are required prior to issuance of a building permit. Work taking place in the public right-of-way shall require an encroachment permit prior to issuance of the building permit.

5. **Conformance to Plans.** Development of the site shall conform to the approved plans for "Remodel and Addition for Bruno" dated August 8, 2023, on file with the Community

Development Department and to the Building Code, with the exception of any subsequently approved changes.

6. **Lighting.** All exterior lighting must conform to LUP Policy DES-6.

7. **Building Plans.** All conditions of approval for the Planning permit(s) shall be printed on a full-size plan sheet and included with the construction plan set submitted to the Building Division.

8. **Archaeology and Inadvertent Discovery.** When human remains or artifacts are exposed, the Health and Safety Code § 7050.5 requires that no further excavation or disturbance occurs in the area and that the county coroner is called so that the coroner can verify that the remains are not subject to medical jurisprudence. Within 24 hours of notification, the coroner calls the Native American Heritage Commission if the remains are known or thought to be Native American. The Native American Heritage Commission selects the Most Likely Descendant (MLD) from a rotating list of MLDs. The MLD has 24 hours to respond. All work will halt with a 50-yard radius until an osteologist can examine the remains, and a treatment plan for any said remains has been provided according to the MLD.

9. **Cultural and/or Archaeological Artifacts.** If such artifacts are unexpectedly discovered during ground disturbing activities, work shall be halted until the item(s) can be evaluated by a qualified professional archaeologist. If the find is determined to be significant, appropriate mitigation will be formulated, with the approval of the lead agency, and implemented prior to recommencement of work.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE:

1. The Council determines that each of the Facts and Findings set forth above is true and correct, and by this reference incorporates those Facts and Findings as an integral part of this Resolution.

2. The Council denies the appeal and affirms the decision of the Planning Commission to approve AP-UP-VAR 22-0284.

3. The Council finds the project categorically exempt per CEQA Guidelines, Section 15301, Class 1, Existing Facilities, and also finds that the exceptions to the exemptions in Section 15300.2 of the CEQA Guidelines do not apply.

4. The Council APPROVES this permit (Application No. 22-0284) to allow the remodel an existing 2,343 square foot two-story duplex, including installation of an exterior elevator and construction of a roof deck.

5. The required Findings and Conditions of Approval are hereby approved and incorporated herein by reference.

6. This Resolution shall become effective immediately following passage and adoption thereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this 1st day of November, 2023, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

_____

BILL PEAKE, Mayor

ATTEST:

_____

SANDRA KANDELL, City Clerk

APPROVED AS TO FORM:

_____

BRIAN PIERIK, City Attorney

CITY OF PACIFIC GROVE

Community Development Department – Planning Division
300 Forest Avenue, Pacific Grove, CA 93950
T: 831.648.3190 • F: 831.648.3184 • www.ci.pg.ca.us/cdd

NOTICE OF EXEMPTION FROM CEQA

Property Address/Location: 775 Ocean View Blvd, Pacific Grove, CA 93950

Project Description: AP/VAR 220284
Description: Remodel of existing duplex, and construction of elevator and roof deck.
APN: 006071007000
ZC: R-3-PGB
Lot Size: 1,491 square feet

Applicant Name:	Jeanne C. Byrne, FAIA Architects	Phone #:	8313726585
Mailing Address:	951 Lighthouse Avenue #5, Pacific Grove, CA 93950		
Email Address:	jcbarchfaia@att.net		

Public Agency Approving Project: City of Pacific Grove, Monterey County, California

Exempt Status (Check One):

- ☐ Ministerial (Sec. 21080(b)(1):15268))
- ☐ Declared Emergency (Sec. 21080(b)(3): 15269(a))
- ☐ Emergency Project (Sec. 21080(b)(4); 15269(b)(c))
- ☑ Categorical Exemption
  Type and Section Number: Class 1, §15301, Existing Facilities
- ☐ Statutory Exemption
  Type and Section Number:
- ☐ Other:

Exemption Findings:
The proposed project does not present any unusual circumstances that would result in a potentially significant environmental impact. This class of exemption is subject to exceptions from the exemption under §15300.2 of the CEQA Guidelines pertaining to location, cumulative impacts, significant effects, scenic highways, hazardous waste sites, and historical resources. In this case, none of these exceptions apply, and the proposed project qualifies for the Class 1 categorical exemption.

Contact: Joe Sidor, Planning Department, City of Pacific Grove

Contact Phone: (831) 648-3183

Signature: _____ **Date:** _____

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CITY OF PACIFIC GROVE

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ARCHITECTURAL PERMIT (AP), USE PERMIT (UP), AND VARIANCE (VAR) 22-0284 FOR A PROPERTY LOCATED AT 773/775 OCEAN VIEW BOULEVARD TO ALLOW THE REMODEL OF AN EXISITNG DUPLEX, INCLUDING INSTALLATION OF AN ELEVATOR AND CONSTRUCTION OF A ROOF DECK.

FACTS

1. The subject site is located at 773/775 Ocean View Blvd, Pacific Grove, APN 006-071-007.
2. The subject site has a designation of Medium High Density Residential (10-20 du/ac) on the City's adopted Land Use Plan Map.
3. The project site is located in the R-3-PGB zoning district.
4. The property is located within the City's Coastal Zone, Area of Special Biological Significance (ASBS), and within an archaeologically sensitive area.
5. Due to the limited scope of the proposed project, submittal of an archaeological report is not required or warranted. The proposed ground disturbance for the elevator shaft will occur in a previously-developed area. Conditions of approval have been added to address inadvertent discovery of cultural resources.
6. The subject property is not listed on the City's Historic Resources Inventory (HRI). A Phase I Historic Review prepared for the property by a qualified historian (Seavey, October 17, 2022) concluded the property is ineligible as a historical resource.
7. Pursuant to Pacific Grove Municipal Code (PGMC) Sections 23.90.050, *City CDP Determinations*, and 23.90.040, *CDP Exemptions*, Community Development Department (CDD) staff determined the project to be exempt from the requirement to obtain a Coastal Development Permit (CDP). CDD staff forwarded this determination to the Coastal Commission on December 15, 2022.
8. The subject site is approximately 1,491 square feet in size, and currently developed with a 2,343 square foot two-story duplex.
9. The proposed development would include the remodel of an existing 2,343 square foot two-story duplex, including installation of an exterior elevator and construction of a roof deck. The resulting duplex would have an 888 square foot lower unit and an 1,170 square foot upper unit with a 398 square foot two-car garage.
10. This project has been determined to be Categorically Exempt per California Environmental Quality Act (CEQA) Guidelines, Section 15301, Class 1, Existing Facilities, and the exceptions to the exemptions in Section 15300.2 of the CEQA Guidelines do not apply.

FINDINGS

For an Architectural Permit per PGMC Section 23.70.060(f)

1. *The architecture and general appearance of the completed project are compatible with the neighborhood.*

   The proposed project includes the remodel of an existing 2,343 square foot two-story duplex, including installation of an exterior elevator and construction of a roof deck. As designed, the project would be compatible with other residences in the neighborhood. The surrounding streetscape is comprised of residences with varying architectural styles, alignments, and scales. The proposed exterior materials will match the existing structure and include a tile roof and clear glass with stainless steel railing for the roof deck. The elevator shaft and enclosed stairs would be constructed on the rear elevation opposite Ocean View Boulevard. As designed, the project would not result in adverse visual impacts along Ocean View Boulevard.

2. *The completed project will neither be detrimental to the orderly and harmonious development of the city nor impair the desirability of investment or occupation in the neighborhood.*

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There is no indication or evidence that the proposed project would either negatively affect the orderly and harmonious development of the city or impair the desirability of investment in the neighborhood. The proposed development would increase the value of the property and contribute to the desirability of investment in the Beach Tract neighborhood, and would provide accessibility to the proposed roof deck.

3. *The commission has been guided by and referenced applicable provisions of the architectural review guidelines in making its determinations on single-family residences.*

   The architectural style, materials and site design are in substantial conformance with the City's Architectural Review Guidelines. Specifically, Guidelines Nos. 7 and 9 relating to the second-floor balcony, roof deck, and neighbors' views were used in analyzing the proposed project to ensure compliance.

For a Use Permit per PGMC Section 23.70.080(a)(4)

1. *The proposed use is allowed with a use permit within the applicable zoning district and complies with all applicable provisions of these regulations.*

   The proposed use is a continuation of an existing use (duplex) permitted in the R-3-PGB zoning district. Per PGMC Section 23.64.120, a Use Permit is required to allow the elevator shaft to exceed the maximum allowed height of 25 feet. The elevator shaft would rise to a height of 27 feet (i.e., 2 feet over the allowed maximum height) to provide access to the second story of the duplex and to the roof deck.

2. *The proposed use is consistent with the general plan, the local coastal program, and any applicable specific plan.*

   The proposed use is consistent with the general plan and local coastal program. No specific plans apply to the subject property.

3. *The establishment, maintenance, or operation of the use will not, under the circumstances of the particular case, be detrimental to the health, safety, or general welfare of persons residing or working in the neighborhood of the proposed use.*

   The proposed use will not be detrimental to health, safety, or general welfare because it is a continuation of an existing use permitted in the R-3-PGB zoning district.

4. *The use, as described and conditionally approved, will not be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the city.*

   The proposed use will not be detrimental or injurious to property and improvements in the neighborhood because the remodel and construction of an elevator shaft and roof deck will improve the desirability of the property.

5. *The location, size, design, and operating characteristics of the proposed use are compatible with the existing and future land uses in the vicinity.*

   The proposed project is compatible with other land uses in the vicinity, which consists primarily of one- or two-story single-family residences and duplexes on small lots.

For a Variance per PGMC Section 23.70.080(b)(4)

1. *That there are exceptional or extraordinary circumstances or conditions applying to the land, buildings, or use referred to in the application, which circumstances or conditions do not apply generally to land, buildings, and/or uses in the same zoning district.*

   The subject property is small and nonconforming with regard to building coverage, site coverage, and setbacks. The Variance is required to allow a further reduction of the rear setback, and minor increases to both building and site coverage. As proposed and compared, the property would be similar to other

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properties in the neighborhood and the R-3-PGB zoning district.

2. *That the granting of the variance is necessary for the preservation and enjoyment of substantial property rights of the petitioner.*

   Without said variance the property would be adversely affected by the strict implementation of the zoning regulations, where other properties in the R-3-PGB zoning would not be affected in the same manner. Granting the variance would allow use of the property at a level similar to the level of use of other properties in the vicinity.

3. *That the granting of such variance will not, under the circumstances of the particular case, materially affect adversely the health or safety of persons residing or working in the neighborhood of the property of the applicant and will not, under the circumstances of the particular case, be materially detrimental to the public welfare or injurious to property or improvements in the neighborhood.*

   The proposed variance will accommodate the elevator shaft to provide access to the second story of the duplex and to the roof deck. Most of the elevator shaft would be placed over existing impervious surface site coverage. Granting said variance, under the circumstances of this particular case, will not be materially detrimental to the public welfare or injurious to property or improvements in the neighborhood.

PERMIT

Architectural Permit, Use Permit, and Variance (AP/UP/VAR 22-0284) to allow the remodel of an existing 2,343 square foot two-story duplex, including installation of an exterior elevator and construction of a roof deck.

CONDITIONS OF APPROVAL

1. **Permit Expiration.** This permit shall expire and be null and void if a building permit has not been applied for within two (2) years from and after the date of approval. Application for extension of this approval must be made prior to the expiration date.
2. **Construction Compliance.** All construction must occur in general compliance with the proposal as set forth in the application, subject to any special conditions of approval herein. Any deviation from approvals must be reviewed and approved by staff and may require Architectural Review Board and/or Planning Commission approval.
3. **Terms and Conditions.** These terms and conditions shall run with the land and bind to all future owners and possessors of the subject property, unless amended. Amendments to this permit may be achieved only if an application is made and approved, pursuant to the Zoning Code.
4. **Public Works, Fire and Building.** Review and approval by the Public Works and Fire Departments, and Building Division, are required prior to issuance of a building permit. Work taking place in the public right-of-way shall require an encroachment permit prior to issuance of the building permit.
5. **Conformance to Plans.** Development of the site shall conform to the approved plans for "Remodel and Addition for Bruno" dated August 8, 2023, on file with the Community Development Department and to the Building Code, with the exception of any subsequently approved changes.
6. **Lighting.** All exterior lighting must conform to LUP Policy DES-6.
7. **Building Plans.** All conditions of approval for the Planning permit(s) shall be printed on a full-size plan sheet and included with the construction plan set submitted to the Building Division.
8. **Archaeology and Inadvertent Discovery.** When human remains or artifacts are exposed, the Health and Safety Code § 7050.5 requires that no further excavation or disturbance occurs in the area and that the county coroner is called so that the coroner can verify that the remains are not subject to medical jurisprudence. Within 24 hours of notification, the coroner calls the Native American Heritage Commission

if the remains are known or thought to be Native American. The Native American Heritage Commission selects the Most Likely Descendant (MLD) from a rotating list of MLDs. The MLD has 24 hours to respond. All work will halt with a 50-yard radius until an osteologist can examine the remains, and a treatment plan for any said remains has been provided according to the MLD.

9. **Cultural and/or Archaeological Artifacts.** If such artifacts are unexpectedly discovered during ground disturbing activities, work shall be halted until the item(s) can be evaluated by a qualified professional archaeologist. If the find is determined to be significant, appropriate mitigation will be formulated, with the approval of the lead agency, and implemented prior to recommencement of work.

NOW, THEREFORE, BE IT RESOLVED BY THE PLANNING COMMISSION OF THECITY OF PACIFIC GROVE:

1. The Commission has determined that each of the Findings set forth above is true and correct, and by this reference incorporates those Findings as an integral part of this Permit.
2. The Planning Commission approves AP/UP/VAR 22-0284 as proposed and conditioned, pursuant to a Categorical Exemption for Existing Facilities (CEQA Guidelines Section 15301, Class 1).
3. This permit shall become effective upon the expiration of the 10-day appeal period.
4. This permit shall not take effect until the owner acknowledges and agrees to all terms and conditions and agrees to conform to and comply with those terms and conditions.

Passed and adopted at a regular meeting of the Planning Commission of the City of Pacific Grove on the 14th day of September, 2023, by the following vote:

AYES:	Fredrickson, Kubica, Davison, and Lilley
NOES:	Sawyer
ABSENT:	Murphy and Nodzenski
ABSTENTIONS:	None

APPROVED:

DocuSigned by:
C0D1F6E29E23497...
Steven Lilley, Chair

The undersigned hereby acknowledge and agree to the approved terms and conditions, and agree to fully conform to, and comply with, said terms and conditions.

DocuSigned by:
Bartolo James Bruno
5AE0EC0FBC5046F...

9/21/2023

Bartolo James Bruno, Trustee of the Bartolo and Frances Bruno Living Trust dated September 12, 2019

Date

DocuSigned by:
Frances Dianne Bruno
5AE0EC0FBC5046F...

9/25/2023

Frances Dianne Bruno, Trustee of the Bartolo and Frances Bruno Living Trust dated September 12, 2019

Date

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CITY OF PACIFIC GROVE
Community Development Department – Planning Division
300 Forest Avenue, Pacific Grove, CA 93950
T: 831.648.3183 • F: 831.648.3184 • www.ci.pg.ca.us/cdd

ARCHITECTURAL PERMIT (AP), USE PERMIT (UP), AND VARIANCE (VAR) 22-0284 FOR A PROPERTY LOCATED AT 773/775 OCEAN VIEW BOULEVARD TO ALLOW THE REMODEL OF AN EXISITNG DUPLEX, INCLUDING INSTALLATION OF AN ELEVATOR AND CONSTRUCTION OF A ROOF DECK.

FACTS

1. The subject site is located at 773/775 Ocean View Blvd, Pacific Grove, APN 006-071-007.
2. The subject site has a designation of Medium High Density Residential (10-20 du/ac) on the City's adopted Land Use Plan Map.
3. The project site is located in the R-3-PGB zoning district.
4. The property is located within the City's Coastal Zone, Area of Special Biological Significance (ASBS), and within an archaeologically sensitive area.
5. Due to the limited scope of the proposed project, submittal of an archaeological report is not required or warranted. The proposed ground disturbance for the elevator shaft will occur in a previously-developed area. Conditions of approval have been added to address inadvertent discovery of cultural resources.
6. The subject property is not listed on the City's Historic Resources Inventory (HRI). A Phase I Historic Review prepared for the property by a qualified historian (Seavey, October 17, 2022) concluded the property is ineligible as a historical resource.
7. Pursuant to Pacific Grove Municipal Code (PGMC) Sections 23.90.050, *City CDP Determinations*, and 23.90.040, *CDP Exemptions*, Community Development Department (CDD) staff determined the project to be exempt from the requirement to obtain a Coastal Development Permit (CDP). CDD staff forwarded this determination to the Coastal Commission on December 15, 2022.
8. The subject site is approximately 1,491 square feet in size, and currently developed with a 2,343 square foot two-story duplex.
9. The proposed development would include the remodel of an existing 2,343 square foot two-story duplex, including installation of an elevator and construction of a roof deck. The resulting duplex would have an 888 square foot lower unit and an 1,170 square foot upper unit with a 398 square foot two-car garage.
10. This project has been determined to be Categorically Exempt per California Environmental Quality Act (CEQA) Guidelines, Section 15301, Class 1, Existing Facilities, and the exceptions to the exemptions in Section 15300.2 of the CEQA Guidelines do not apply.

FINDINGS

For an Architectural Permit per PGMC Section 23.70.060(f)

1. *The architecture and general appearance of the completed project are compatible with the neighborhood.*

   The proposed project includes the remodel of an existing 2,343 square foot two-story duplex, including installation of an elevator and construction of a roof deck. As designed, the project would be compatible with other residences in the neighborhood. The surrounding streetscape is comprised of residences with varying architectural styles, alignments, and scales. The proposed exterior materials will match the existing structure and include a tile roof and clear glass with stainless steel railing for the roof deck. The elevator shaft and enclosed stairs would be constructed on the rear elevation opposite Ocean View Boulevard. As designed, the project would not result in adverse visual impacts along Ocean View Boulevard.

2. *The completed project will neither be detrimental to the orderly and harmonious development of the city nor impair the desirability of investment or occupation in the neighborhood.*

There is no indication or evidence that the proposed project would either negatively affect the orderly and harmonious development of the city or impair the desirability of investment in the neighborhood. The proposed development would increase the value of the property and contribute to the desirability of investment in the Beach Tract neighborhood.

3. *The Board has been guided by and referenced applicable provisions of the architectural review guidelines in making its determinations on single-family residences.*

   The architectural style, materials and site design are in substantial conformance with the City's Architectural Review Guidelines. Specifically, Guidelines Nos. 7 and 9 relating to the second-floor deck/roof deck and neighbors' views were used in analyzing the proposed project to ensure compliance.

For a Use Permit per PGMC Section 23.70.080(a)(4)

1. *The proposed use is allowed with a use permit within the applicable zoning district and complies with all applicable provisions of these regulations.*

   The proposed use is a continuation of an existing use (duplex) permitted in the R-3-PGB zoning district. The Use Permit is required to allow the elevator shaft to exceed the maximum allowed height of 25 feet. The elevator shaft would rise to a height of 27.75 feet (i.e., 2.75 feet over the allowed maximum height. The Planning Commission has purview to permit projects that do not meet the regulations of this zoning district, subject to the conditions of an approved use permit.

2. *The proposed use is consistent with the general plan, the local coastal program, and any applicable specific plan.*

   The proposed use is consistent with the general plan and local coastal program. No specific plans apply to the subject property.

3. *The establishment, maintenance, or operation of the use will not, under the circumstances of the particular case, be detrimental to the health, safety, or general welfare of persons residing or working in the neighborhood of the proposed use.*

   The proposed use will not be detrimental to health, safety, or general welfare because it is a continuation of an existing use permitted in the R-3-PGB zoning district.

4. *The use, as described and conditionally approved, will not be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the city.*

   The proposed use will not be detrimental or injurious to property and improvements in the neighborhood because the remodel and construction of an elevator shaft and roof deck will improve the desirability of the property.

5. *The location, size, design, and operating characteristics of the proposed use are compatible with the existing and future land uses in the vicinity.*

   The proposed project is compatible with other land uses in the vicinity, which consists primarily of one- or two-story single-family residences and duplexes on small lots.

For a Variance per PGMC Section 23.70.080(b)(4)

1. *That there are exceptional or extraordinary circumstances or conditions applying to the land, buildings, or use referred to in the application, which circumstances or conditions do not apply generally to land, buildings, and/or uses in the same zoning district.*

   The subject property is small and nonconforming with regard to building coverage, site coverage, and setbacks. The Variance is required to allow a further reduction of the rear setback, and minor increases to both building and site coverage. As proposed and compared, the property would be similar to other properties in the neighborhood and the R-3-PGB zoning district.

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2. *That the granting of the variance is necessary for the preservation and enjoyment of substantial property rights of the petitioner.*

   Without said variance the property would be adversely affected by the strict implementation of the zoning regulations, where other properties in the R-3-PGB zoning would not be affected in the same manner. Granting the variance would allow use of the property at a level similar to the level of use of other properties in the vicinity.

3. *That the granting of such variance will not, under the circumstances of the particular case, materially affect adversely the health or safety of persons residing or working in the neighborhood of the property of the applicant and will not, under the circumstances of the particular case, be materially detrimental to the public welfare or injurious to property or improvements in the neighborhood.*

   The proposed variance will accommodate the elevator shaft to provide access to the second story of the duplex and to the roof deck. Most of the elevator shaft would be placed over existing impervious surface site coverage. Granting said variance, under the circumstances of this particular case, will not be materially detrimental to the public welfare or injurious to property or improvements in the neighborhood.

PERMIT

Architectural Permit, Use Permit, and Variance (AP/UP/VAR 22-0284) to allow the remodel of an existing 2,343 square foot two-story duplex, including installation of an elevator and construction of a roof deck.

CONDITIONS OF APPROVAL

1. **Permit Expiration.** This permit shall expire and be null and void if a building permit has not been applied for within two (2) years from and after the date of approval. Application for extension of this approval must be made prior to the expiration date.
2. **Construction Compliance.** All construction must occur in general compliance with the proposal as set forth in the application, subject to any special conditions of approval herein. Any deviation from approvals must be reviewed and approved by staff and may require Architectural Review Board and/or Planning Commission approval.
3. **Terms and Conditions.** These terms and conditions shall run with the land and bind to all future owners and possessors of the subject property, unless amended. Amendments to this permit may be achieved only if an application is made and approved, pursuant to the Zoning Code.
4. **Public Works, Fire and Building.** Review and approval by the Public Works and Fire Departments, and Building Division, are required prior to issuance of a building permit. Work taking place in the public right-of-way shall require an encroachment permit prior to issuance of the building permit.
5. **Conformance to Plans.** Development of the site shall conform to the approved plans for "Remodel and Addition for Bruno" dated October 7, 2022, on file with the Community Development Department and to the Building Code, with the exception of any subsequently approved changes.
6. **Lighting.** All exterior lighting must conform to LUP Policy DES-6.
7. **Building Plans.** All conditions of approval for the Planning permit(s) shall be printed on a full-size plan sheet and included with the construction plan set submitted to the Building Division.
8. **Archaeology and Inadvertent Discovery.** When human remains or artifacts are exposed, the Health and Safety Code § 7050.5 requires that no further excavation or disturbance occurs in the area and that the county coroner is called so that the coroner can verify that the remains are not subject to medical jurisprudence. Within 24 hours of notification, the coroner calls the Native American Heritage Commission if the remains are known or thought to be Native American. The Native American Heritage Commission selects the Most Likely Descendant (MLD) from a rotating list of MLDs. The MLD has 24 hours to

respond. All work will halt with a 50-yard radius until an osteologist can examine the remains, and a treatment plan for any said remains has been provided according to the MLD.

9. **Cultural and/or Archaeological Artifacts.** If such artifacts are unexpectedly discovered during ground disturbing activities, work shall be halted until the item(s) can be evaluated by a qualified professional archaeologist. If the find is determined to be significant, appropriate mitigation will be formulated, with the approval of the lead agency, and implemented prior to recommencement of work.

NOW, THEREFORE, BE IT RESOLVED BY THE ARCHITECTURAL REVIEW BOARD OF THE CITY OF PACIFIC GROVE:

1. The Board recommends that the Planning Commission determined that each of the Findings set forth above is true and correct, and by this reference incorporates those Findings as an integral part of this Permit.
2. The Board recommends the Planning Commission deny UP/VAR 22-0284 as proposed, pursuant to a Statutory Exemption 15270 and recommend the Planning Commission approve the AP 22-0284 as proposed and conditioned pursuant to an Existing Facilities categorical exemption (CEQA Guidelines Section 15301, Class 1).
3. This permit shall become effective upon the expiration of the 10-day appeal period.
4. This permit shall not take effect until the owner acknowledges and agrees to all terms and conditions and agrees to conform to and comply with those terms and conditions.

Passed and adopted at a special meeting of the Architectural Review Board of the City of Pacific Grove on the 16th day of May, 2023, by the following vote:

AYES: Brooks, Boyle, Borstein, Eldridge

NOES:

ABSENT: Sutphen

APPROVED:

DocuSigned by:
Sarah Boyle
B13E5EFB08894AF...

Sarah Boyle, Chair

The undersigned hereby acknowledge and agree to the approved terms and conditions, and agree to fully conform to, and comply with, said terms and conditions.

DocuSigned by:
Bartolo James Bruno
5AE0EC0FBC5046F...

Bartolo James Bruno, Trustee of the Bartolo and Frances Bruno Living Trust dated September 12, 2019

9/6/2023
Date

DocuSigned by:
Frances Dianne Bruno
5AE0EC0FBC5046F...

Frances Dianne Bruno, Trustee of the Bartolo and Frances Bruno Living Trust dated September 12, 2019

9/6/2023
Date

KENT L. SEAVEY
310 LIGHTHOUSE AVENUE
PACIFIC GROVE, CALIFORNIA 93950
(831) 375-8739

October 17, 2022

Jeanne C. Byrne, FAIA
591 Lighthouse Ave., Suite #5
Pacific Grove, CA 93950

Dear Ms. Byrne:

Thank you for the opportunity to prepare a Phase I Historic Review of the apartment building property, owned by Mr. Bart Bruno located at 773-775 Ocean View Blvd. (APN# 006-071-007) in Pacific Grove, as required by the California Environmental Quality Act (CEQA) and the City of Pacific Grove. The subject property is not historically significant.

According to Monterey County Assessor' and Pacific Grove building records, the subject property was constructed in 1948. The original owner was a Mr. J. Silva, with Tony Pine of Monterey as the builder. Significant alterations were made over time, including undated horizontal aluminum siding and sliding aluminum windows added c. 1960's (?), and their removal and repair of original stucco wall-cladding in 2003 (PGBP #3211-03). The Pacific Grove Architectural Review Board noted that the subject property was not on the historic list in their 1/25/2003 review (see photos provided).

The subject property is a two-story wood-framed apartment building, rectangular in plan, resting on a concrete foundation. The original wall-cladding may have been the cement stucco now visible. The Mission tile trim along the front (NE) of the otherwise flat roof, and rear second floor landing may be original to the building. The 2003 remodel included the removal of the undated aluminum siding and aluminum-framed sliding windows, and replacement with the current anodized windows of the same type.

The addition of architectural-shaped foam corbels under the slight overhang of the second floor on the facade, an architectural foam front door surround, and stock fan-light doors, front and back of the building. The subject property exhibits a very poor imitation of Spanish Eclectic Revival design. No images of the original facade have been found. The subject property is sited flush with sidewalk on Ocean View Blvd. facing Monterey Bay, in a mixed-use seaside neighborhood of visitor accommodating commercial properties and private homes of varying ages, sizes and styles.

Character-defining features include its boxy rectangular plan; stucco-clad exterior wall-claddings; flat roof covered in tar & gravel, and a mixture of modern metal-clad window types (see photos, provided).

The California Environmental Quality Act (CEQA), PRC Sec.21084.1 requires all properties fifty years of age or older to be reviewed for potential historic significance. Criteria for that significance is addressed in PRC Sec. 5024.1 (a). It asks, did any event important to the region, state or nation occur on the property. Did anyone important to the region, state or nation occupy the property during the productive period of their lives. Does the building represent an important architectural type, period or method of construction, or is it a good example of the work of a noted architect or master builder. The criteria also asks. if the property is likely to yield information significant to the understanding of the areas history.

Eligibility for historic listing of buildings, structures, objects, sites and districts, i.e., rests on the twin factors of historic significance and integrity to be considered for listing in the National Register of Historic Places, the California Register of Historical Resources, and the Pacific Grove Historic Resource Inventory. Loss of integrity, if sufficiently great, will overwhelm the historic significance a resource may possess and render it ineligible for historic listing. Likewise, a resource can have complete integrity, but if it lacks significance, it must also be considered ineligible.

Integrity is measured by the application of seven aspects, defined by the National Register Criteria for Evaluation. They include: Location, the place where the historic property was constructed, or an historic event occurred;

Design, the combination of elements that create the form, plan, space, structure, and style of a building; Setting, the physical environment of the historic property; Materials, the physical elements that were combined during a particular period of time and in a particular pattern or configuration to form a historic property; Workmanship, the physical evidence of the crafts of a particular culture or people during any given period in history; Feeling & Association are subjective elements that assess a resources ability to evoke a sense of time and place.

The subject property is not included in the California Office of Historic Preservation-maintained "Historic Data File for Monterey County" (updated in September, 2021). It is not listed in the California Register, or the National Register of Historic Places, nor is it listed in any Pacific Grove Historic Resources Inventory.

Regarding the necessary seven aspects of integrity, the subject property appears to retain its location and setting, However, it was significantly altered in two identified exterior remodeling's, the latest in 2003. The subject property does not demonstrate any artistic merit, clearly lacks the influence of a significant architect or builder, nor is it an excellent example of it's type or style. In its present neighborhood context, which contains a variety of architectural periods and styles, the property does not evoke a strong sense of time and place, or of feeling and association with its 1948 period of construction.

No event of significance to the nation, state or region, nor any significant individuals during the productive period of their lives have been identified with the existing property. The building appears to have always been employed as a residential rental unit. As noted above, even if a resource has significance, if it lacks integrity, it must be considered ineligible for historic listing.

Lacking physical integrity, as constructed in 1948, and any historic significance, the subject property does not meet the necessary criterion for listing in the National or California Registers of Historical Resources. Nor does it meet the criterion established by the City of Pacific Grove to qualify for inclusion in the Pacific Grove Historic Resources Inventory, and therefore cannot be considered a historic resource as defined by CEQA.

Respectfully Submitted,

Kent L. Seavey

773-775 Ocean View Blvd.-Pacific Grove



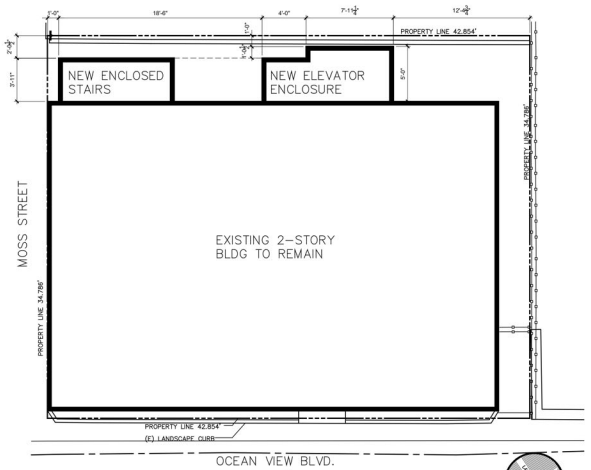
Photo #1. Looking South at the NE facing facade, note shaped architectural foam detailing & stock door, Kent Seavey, October , 2022.



Photo #2. Looking NW at the East side & SW rear elevations, note material changes from pre 2003 appearance, Kent Seavey, October, 2022.

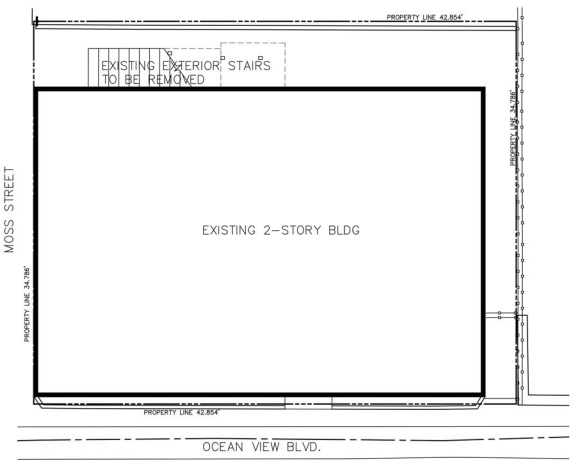


Photo #3. Looking NW at the East side & SW rear elevations, note previous 2003 exterior siding & window treatment, Unknown , May, 2003..



PROPOSED SITE PLAN

SCALE: 3/16"=1'-0"



EXISTING SITE PLAN

SCALE: 3/16"=1'-0"

PROJECT DATA SHEET

Project Address: 773 - 775 Ocean View Blvd. **Submittal Date:** 09/30/2022

Applicant(s): Jeanne C. Byrne, FAIA Architects **Permit Type(s) & No(s):**

	Required/ Permitted	Existing Condition	Proposed Condition	Notes
Zone District	R-3-PGB			
Building Site Area	1,525 sq.ft.			
Density (multi-family projects only)				
Building Coverage	763	1,154	1,286	
Site Coverage	915	1,372	1,382	
Gross Floor Area	-	2,343	2,456	
Square Footage not counted towards Gross Floor Area		-	-	
Impervious Surface Area Created and/or Replaced			132	
Exterior Lateral Wall Length to be demolished in feet & % of total*	_____	_____	18ft/ 12%	
Exterior Lateral Wall Length to be built	_____	_____	60'-0"	
Building Height	25'-0"	20'-6"	27'-0"	@ elevator shaft / 22'-2" at roof deck
Number of stories	2	2	2	
Front Setback	12'	0	0	
East Side Setback (specify side)	4'-3"	0	0	
West Side Setback (specify side)	4'-3"	2'-10"	2'-10"	
Rear Setback	8'-0"	6'-0"	1'-0"	
Garage Door Setback	20'	0	0	
Covered Parking Spaces		1	2	
Uncovered Parking Spaces		0	0	
Parking Space Size (Interior measurement)	9' x 20'	9'x20'	18' x 20'	
Number of Driveways	1	-	-	
Driveway Width(s)		-	-	
Back-up Distance		-	-	
Eave Projection (Into Setback)	3' maximum	2"	2"	
Distances Between Eaves & Property Lines	3' minimum	0	0	at OVB & Moss
Open Porch/Deck Projections		-	-	
Architectural Feature Projections		-	-	
Number & Category of Accessory Buildings		0	0	
Accessory Building Setbacks		N/A	N/A	
Distance between Buildings		N/A	N/A	
Accessory Building Heights		N/A	N/A	
Fence Heights		6'	6'	

*If project proposes demolition to an IIRI structure, also indicate % of proposed demolition of the surface of all exterior walls facing a public street or streets, if applicable.

[Rev. 01/14/14]

SHEET INDEX:

A1.1 PROJECT DATA / SITE PLAN
A2.1 FLOOR PLANS
A3.1 EXTERIOR ELEVATIONS
A3.2 EXTERIOR ELEVATIONS

CODE DATA:

CODES: 2019 CBC, CRC, CEC, CFC, CMC, CPC ENERGY & GREEN CODES

OCCUPANCY: R-3 / U DUPLEX RESIDENCE ATTACHED GARAGE

CONST. TYPE: V-B
SPRINKLERS: YES
STORIES: 2

FIRE SPRINKLER NOTE:

PROVIDE NFPA-13D APPROVED AUTOMATIC FIRE SPRINKLER SYSTEM THROUGHOUT STRUCTURE AS REQUIRED BY THE FIRE DEPARTMENT. DESIGN AND LAYOUT TO BE SUBMITTED BY FIRE SPRINKLER CONTRACTOR TO THE FIRE MARSHAL FOR REVIEW AND APPROVAL PRIOR TO INSTALLATION. FIRE SPRINKLER CONTRACTOR TO TEST WATER PRESSURE FOR REQUIRED FLOW PRIOR TO SPRINKLER DESIGN.

WATER METER NOTE:

CONTRACTOR / PLUMBER TO TEST WATER PRESSURE AT SUPPLY FROM STREET. PROVIDE UPGRADED WATER LINES FOR SEPARATE DOMESTIC AND SPRINKLER USE FROM METER, WITH LOCK-OUT ON DOMESTIC SIDE, AS REQUIRED. VERIFY REQUIREMENTS WITH CAL-AM, MPWMD, AND SPRINKLER CONT.

PRE-FAB TRUSS NOTE:

PRE-FABRICATED ROOF TRUSS DESIGN AND CALCULATIONS ARE A DEFERRED SUBMITTAL. TRUSS DESIGN AND CALCS ARE TO BE SUBMITTED TO THE BUILDING DEPARTMENT FOR REVIEW AND APPROVAL PRIOR TO MANUFACTURING OR INSTALLING TRUSSES.

SHEAR WALL NAILING NOTE:

SHEAR WALLS WITH NAILING REQUIREMENTS TIGHTER THAN 4" O.C. REQUIRE A THIRD PARTY INSPECTION AND APPROVAL. INSPECTION REPORT SHALL BE PROVIDED TO THE BUILDING OFFICIAL.

ROOF NOTE:

NEW ROOF ON ENTIRE STRUCTURE.
NEW ROOF TO BE CLAY TILES SIMILAR TO EXISTING OVER APPROVED UNDERLAYMENT FOR GIVEN ROOF SLOPE.
ROOF TO HAVE "CLASS A" RATING.

GAS LINE NOTE:

IT IS THE CONTRACTOR'S / PLUMBER'S RESPONSIBILITY TO PROVIDE A SINGLE-LINE GAS DIAGRAM TO THE BUILDING OFFICIAL AT TIME OF FRAMING INSPECTION.

SEWER VALVE NOTE:

IT IS THE CONTRACTOR'S / PLUMBER'S RESPONSIBILITY TO PROVIDE AND INSTALL A SEWER BACK WATER VALVE AND SEWER RELIEF VENT IN APPROVED LOCATION.

PROJECT DATA:

OWNER: BART BRUNO

PROJECT ADDRESS: 773-775 OCEAN VIEW BLVD. PACIFIC GROVE, CA 93950

A.P.N.: 006-071-007

MAILING ADDRESS: P.O. BOX 545 PEBBLE BEACH, CA 93953

TELEPHONE: -------

ZONING INFORMATION:

LOT SIZE: 1,525 SQ. FT.
ZONING: R-3-PGB
SETBACKS: FRONT YARD: 12'-0" SIDE YARD: 4'-3" REAR YARD: 8'-0"

HEIGHT LIMIT: 25'
BLDG. COV.: 50% = 763 SQ. FT.
SITE COV.: 60% = 915 SQ. FT.

HISTORIC INVENTORY: NO
ARCHAEOLOGICAL ZONE: YES
COASTAL ZONE: YES
ASBS WATERSHED: YES
BUTTERFLY ZONE: NO

EXISTING RESIDENCE

(E) 1ST FLOOR LIVING SPACE:	1,0297 SQ.FT.
(E) GARAGE:	125 SQ.FT.
(E) 2ND FLOOR LIVING SPACE:	1,189 SQ.FT.
(E) TOTAL FLOOR AREA (FAR):	2,343 SQ.FT.
(E) BUILDING LOT COVERAGE:	1,154 SQ.FT. = 75.6%
(E) TOTAL PAVING COV.:	218 SQ.FT.
(E) TOTAL SITE COV.:	1,372 SQ.FT. = 90.0%

PROPOSED PROJECT

(E) 1ST FLOOR TO REMAIN:	756 SQ.FT.
(N) GARAGE CONFIGURATION:	398 SQ.FT.
(N) 1ST FLOOR ADDITION:	132 SQ.FT.
(E) 2ND FLOOR TO REMAIN:	1,115 SQ.FT.
(N) 2ND FLOOR ADDITION:	55 SQ.FT.
(N) TOTAL FLOOR AREA (FAR):	2,456 SQ.FT.
(N) BUILDING LOT COVERAGE:	1,286 SQ.FT. = 83.7%
(N) ROOF DECK AREA:	482 SQ.FT.
(N) ROOF LEVEL ELEVATOR SHAFT:	36 SQ.FT.
(N) TOTAL PAVING COV.:	96 SQ.FT.
(N) TOTAL SITE COV.:	1,382 SQ.FT. = 90.0%

PROJECT DESCRIPTION:

EXISTING 2-STORY DUPLEX TO BE REMODELED.
NEW ENCLOSED STAIRS (TO REPLACE EXISTING OPEN STAIRS) AND NEW ELEVATOR AT REAR TO ACCESS 2ND FLOOR UNIT AND NEW ROOF DECK.

JEANNE C. BYRNE, FAIA
ARCHITECTS
291 LIGHTHOUSE AVE., SUITE #5
PACIFIC GROVE, CA 93950
(831)372-5585 FAX (831)372-8159

ISSUED FOR: DATE:
ABR 09/30/22
PLANNING COMM. 08/08/25

PROJECT DATA
SITE PLAN

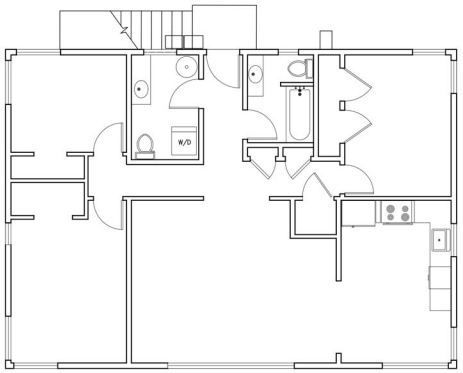
REMODEL AND ADDITION FOR:
BRUNO
773-775 OCEAN VIEW BLVD.
PACIFIC GROVE, CA 93950
A.P.N. 006-071-007

DATE: A/ NOTED
SCALE: A/ NOTED
DRAWN BY: PA
JOB NUMBER:

A1.1

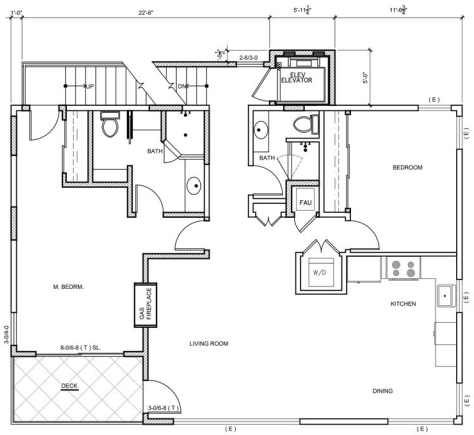
SHEET

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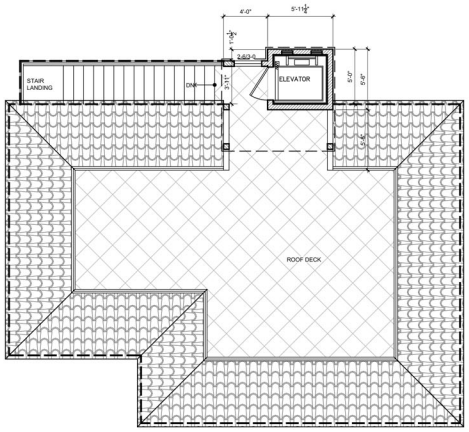
EXISTING SECOND FLOOR PLAN

SCALE: 3/16"=1'-0"



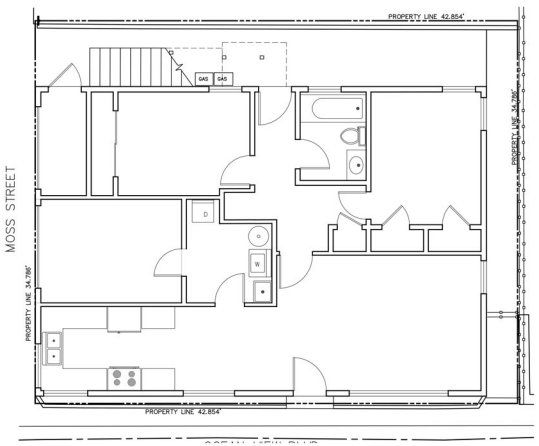
PROPOSED SECOND FLOOR PLAN

SCALE: 3/16"=1'-0"



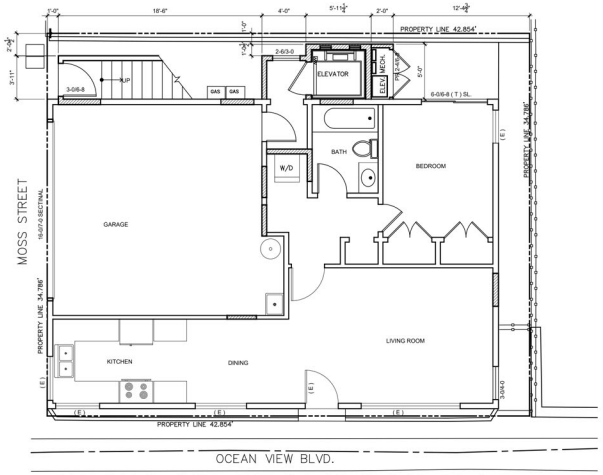
PROPOSED ROOF DECK PLAN

SCALE: 3/16"=1'-0"



EXISTING FIRST FLOOR PLAN

SCALE: 3/16"=1'-0"

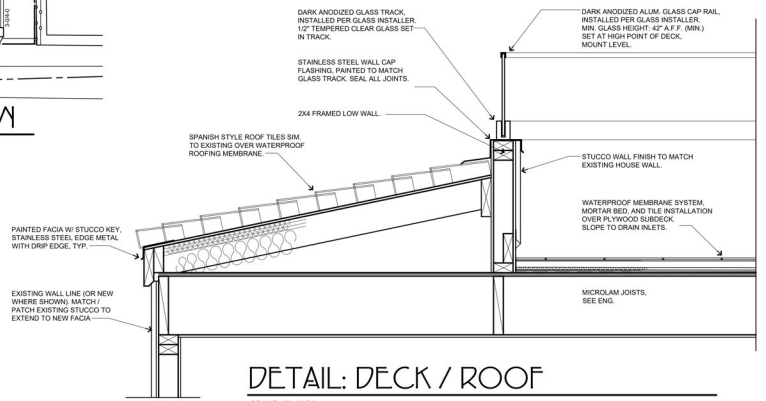


PROPOSED FIRST FLOOR PLAN

SCALE: 3/16"=1'-0"

FLOOR PLAN LEGEND:

- EXISTING WALLS TO REMAIN. PATCH TO MATCH EXISTING FINISHES AT AREAS OF WORK.
- EXISTING WALL TO BE REMOVED.
- NEW WALLS. 2X4 STUDS @ 16" O.C. WITH R-13 BATT INSUL. AT EXTERIOR WALLS TO MATCH EXISTING. 1/2" GYP. BD. AT INTERIORS, TYP., U.O.N. 2X6 STUDS AT PLUMBING WALLS AS REQUIRED. SEE PLAN.
- EXISTING WINDOWS TO REMAIN (E). NEW ALUMINUM DBL. PANE WINDOWS TO BE SIM. TO EXISTING, PER PLANS & ELEV. STUCCO MOLD AND TRIM TO MATCH (E). (T) = TEMPERED GLASS ,TYP. SEE PLAN/ELEV. FOR HEADER HT. TYPICAL HEADER @ 6'-8" U.O.N.
- EXISTING DOORS TO REMAIN (E). NEW ALUMINUM DBL. PANE DOORS TO BE SIM. TO EXISTING, PER PLANS AND ELEV. (HINGED OR SLIDER) (T) = TEMPERED GLASS



DETAIL: DECK / ROOF

SCALE: 1"=1'-0"

JEANNE C. BYRNE, FAIA
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ISSUED FOR:	DATE:
ARB	09/30/22
PLANNING COMM.	08/08/25

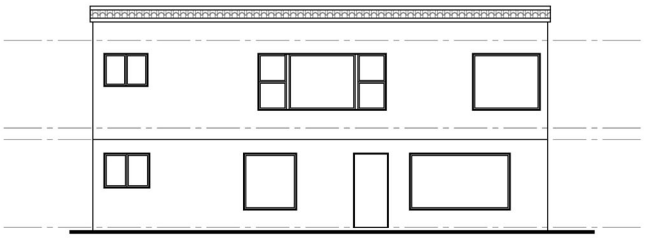
FLOOR PLANS

REMODEL AND ADDITION FOR:
BRUNO
775-775 OCEAN VIEW BLVD.
PACIFIC GROVE, CA 93950
APN: —

DATE:	
SCALE:	A/ NOTED
DRAWN BY:	A/ NOTED
JOB NUMBER:	PA

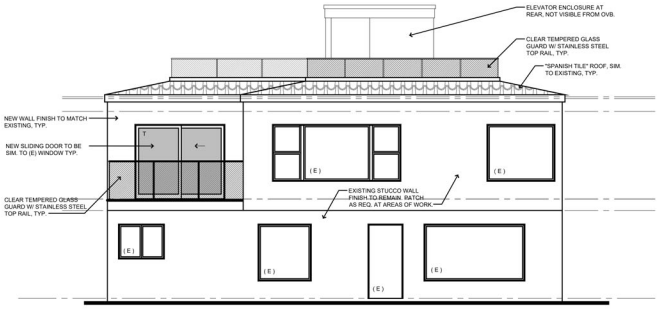
A2.1
SHEET NO. OF SHEETS

ALL IDEAS, DESIGNS, PLANS, AND ARRANGEMENTS REPRESENTED BY DRAWINGS, & WRITINGS, & MODELS ARE AND SHALL REMAIN THE PROPERTY OF JEANNE C. BYRNE, FAIA ARCHITECT. THEY WERE CREATED, EVOLVED AND DEVELOPED FOR USE ON AND IN CONNECTION WITH THE SPECIFIED PROJECT. NONE OF SUCH IDEAS, DESIGNS, PLANS, ARRANGEMENTS OR DRAWINGS SHALL BE USED BY ANY PERSON, FIRM OR CORPORATION FOR ANY PURPOSE WHATSOEVER, EXCEPT FOR THE SPECIFIED PROJECT, WITHOUT THE EXPRESS WRITTEN PERMISSION OF JEANNE C. BYRNE, FAIA ARCHITECT.



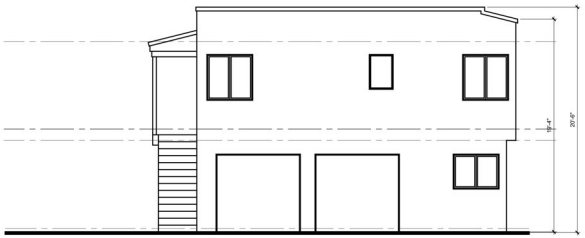
EXISTING NORTH ELEVATION

SCALE: 3/16"=1'-0"



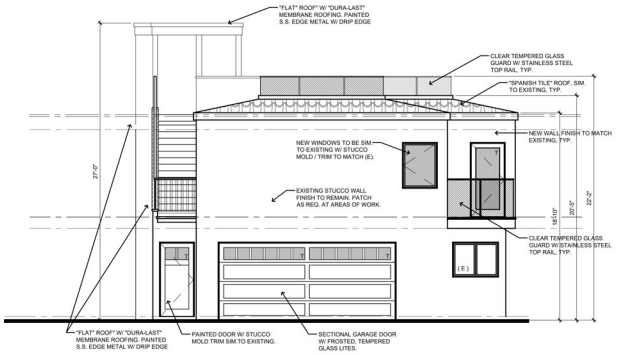
PROPOSED NORTH ELEVATION

SCALE: 3/16"=1'-0"



EXISTING EAST ELEVATION

SCALE: 3/16"=1'-0"



PROPOSED EAST ELEVATION

SCALE: 3/16"=1'-0"

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ISSUED FOR:	DATE:
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EXTERIOR ELEVATIONS

REMODEL AND ADDITION FOR:
BRUNO
775 - 779 OCEAN VIEW BLVD.
PACIFIC GROVE, CA 93950
A.P.N. —

DATE: A/ NOTED
SCALE: A/ NOTED
DRAWN BY: PA
JOB NUMBER:

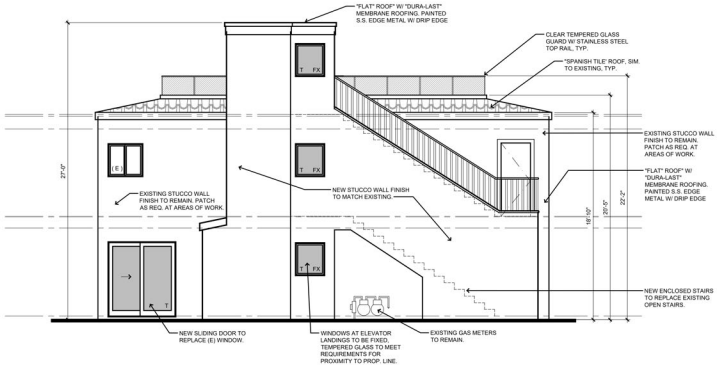
A3.1
OF SHEETS

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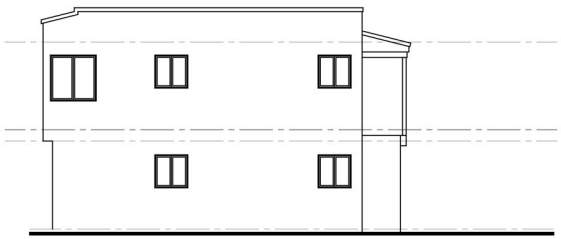
EXISTING SOUTH ELEVATION

SCALE: 3/16"=1'-0"



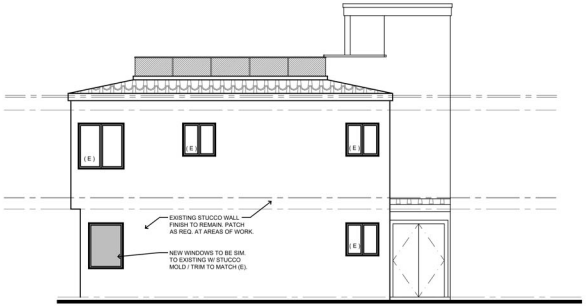
PROPOSED SOUTH ELEVATION

SCALE: 3/16"=1'-0"



EXISTING WEST ELEVATION

SCALE: 3/16"=1'-0"



PROPOSED WEST ELEVATION

SCALE: 3/16"=1'-0"

JEANNE C. BYRNE, FAIA
ARCHITECTS
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EXTERIOR ELEVATIONS

REMODEL AND ADDITION FOR:
BRUNO
775 - 779 OCEAN VIEW BLVD.
PACIFIC GROVE, CA 93950
A.P.N. ---

DATE: A/ NOTED
SCALE: A/ NOTED
DRAWN BY: PA/
JOB NUMBER:

A3.2
SHEET OF

ALL DRAWINGS, PLANS, SPECIFICATIONS AND COMPUTER FILES ARE INSTRUMENTS OF SERVICE AND SHALL REMAIN THE PROPERTY OF JEANNE C. BYRNE, FAIA ARCHITECTS. THEY ARE NOT TO BE USED IN WHOLE OR IN PART FOR ANY OTHER PROJECT WITHOUT THE WRITTEN AUTHORIZATION OF JEANNE C. BYRNE, FAIA ARCHITECTS. ALL COMMON LAW, STATUTORY AND OTHER RESERVED RIGHTS, INCLUDING COPYRIGHT, ARE HEREBY EXPRESSLY RESERVED.

Attachments RE: 773/775 OVB

Jeanne Byrne <jcbarchfaia@att.net>

Wed 10/25/2023 1:47 PM

To:Joe Sidor <jsidor@cityofpacificgrove.org>

4 attachments (608 KB)

October 25 Ltr to Council.pdf; Bruno_Elev. with adj bldg.pdf; SCREEN CAPTURE FROM GOOGLE STREET VIEW AT MERMAIND AVE.pdf; Bruno Oceanview with elev of adjacent bldg.JPG;

[**NOTICE:** This message originated outside of the City of Pacific Grove email system -- **DO NOT CLICK** on **links** or open **attachments** unless you are sure the content is safe.]

Joe,
We received the attached letter from Bart Bruno, the owner of 773/775 OVB. He asked us to forward it to the council. Please forward to the council members and include it in the project packet.

Also attached is a bird's-eye-view of the subject property and the adjacent property with elevation heights marked by the surveyor.

The attached elevation shows the adjacent building in relation to the subject property, using the elevations provided by the surveyor, to show the height relation between the two buildings.

The last attachment includes screen shots from google street views showing the height relation between the two buildings.

Please let me know if you have any questions.
Thank you,
Paul

Paul Simpson, AIA
Jeanne C. Byrne, FAIA Architects
591 Lighthouse Ave. Suite #5
Pacific Grove, CA 93950
Office: 831-372-6585
jcbarchfaia@att.net

October 25, 2023

To Pacific Grove City Council

Hello, I am Bart Bruno. I am the applicant for the modification to 773-775 Ocean View Blvd

First of all I would like to thank you for your time and efforts to help the city deal with all its issues. I know, in part, the amount of work it can take. Subsequent to my retirement, over the years, I have participated in an Architectural Review Board, Land Use Advisory Board, a Property Owners Association and chaired a Roads and Traffic Committee, among others. And, again, I thank you for your efforts.

We lived in Pacific Grove for over twenty years, mostly within a few blocks of this area and during that time acquired this property with the intent of occupying it in our later years. It has been used as a rental income property during that time. We have become of that age and realized that our need for our large home was vanishing and so have planned a comfortable unit up-stairs and a separate unit below, possibly for a caretaker. We also realized that the time to go through the permit and construction process can be long and, thus, have begun the process.

As I said, I have spent many years in review and approval of projects within residential areas that involved changes, modifications, variances and a multitude of issues between neighbors. In almost all cases, compromise and clarification of those issues are truly important to bring changes asked for. I have adopted that approach with my project.

Eliminating an undocumented bedroom.

Modifying the two garage doors into one allowing access to a previously unusable garage from the narrow alley it opens to

Reducing the size and height of the elevator to address the concerns of the neighbors.

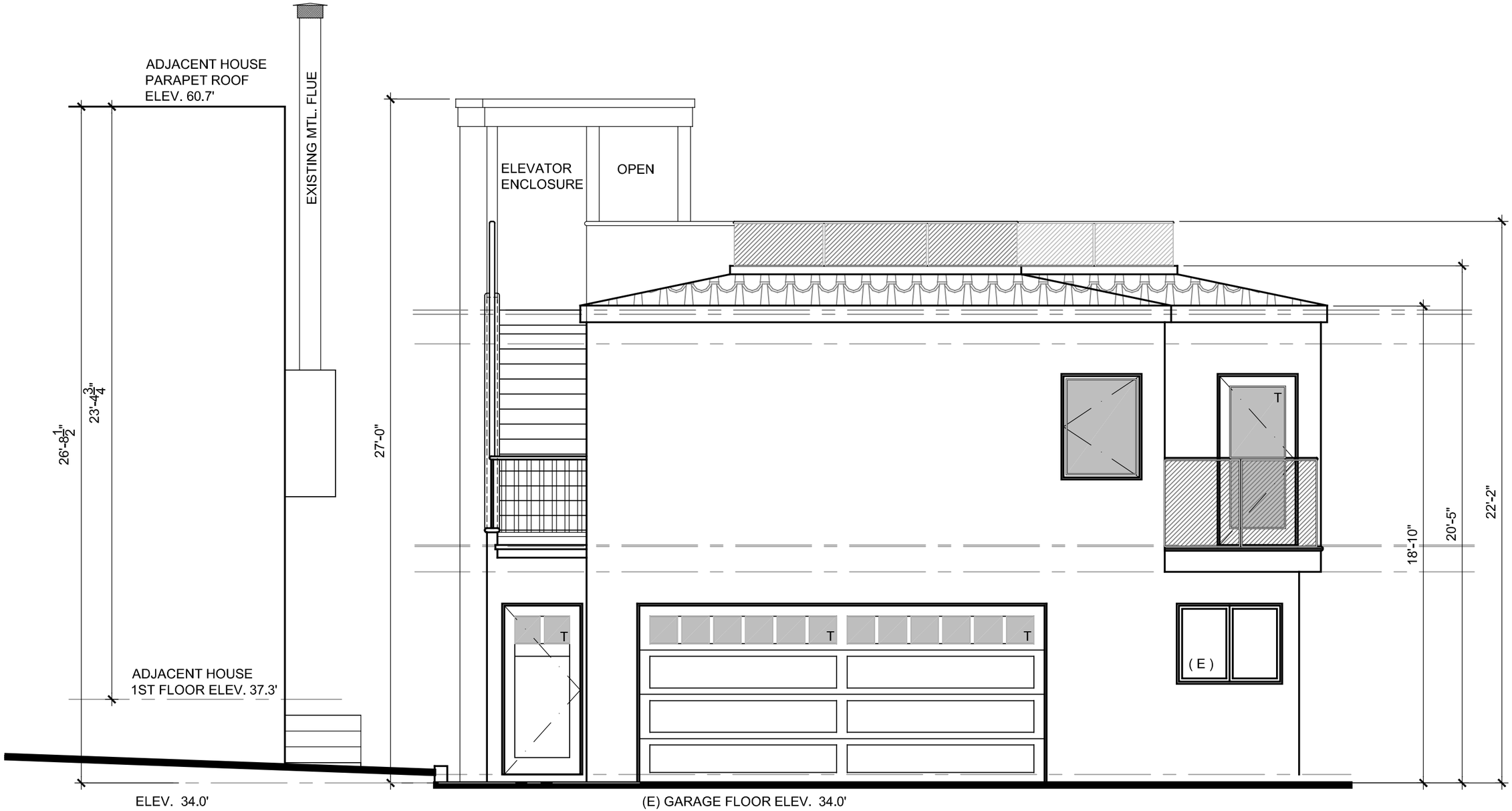
Placement of the elevator in the least noticeable location.

There is one change in our description of the planned work. In our previous submittals, we deemed the need for an elevator system as “if needed to deal with physical issues”. We would now remove the “if needed” part. We now know it is needed.

I am hopeful that you will agree with the decision of your planning commission and approve this process and that my neighbors will accept your decision.

Thank you

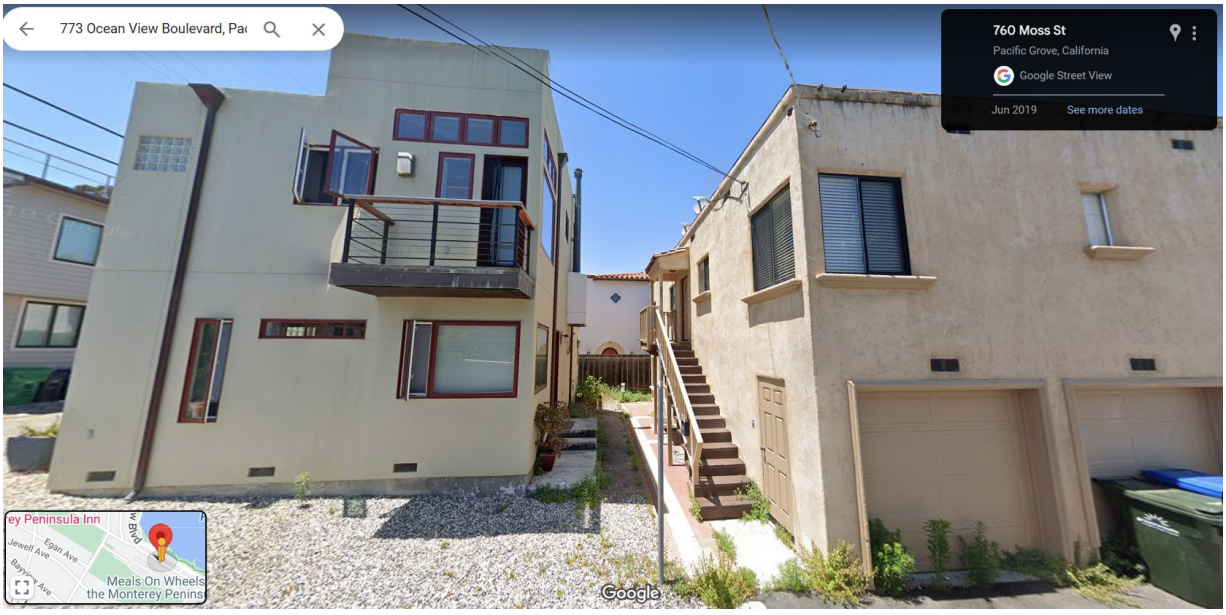
Bart Bruno


ADJACENT HOUSE
PARAPET ROOF
ELEV. 60.7'
EXISTING MTL. FLUE
ELEVATOR
ENCLOSURE
OPEN
26'-8 1/2"
23'-4 3/4"
27'-0"
T
T
T
T
(E)
18'-10"
20'-5"
22'-2"
ADJACENT HOUSE
1ST FLOOR ELEV. 37.3'
ELEV. 34.0'
(E) GARAGE FLOOR ELEV. 34.0'


GARAGE SLAB = 34.0'
TOP OF ROOF = 53.9'
DIFF = 19.9'
LOWER FIN. FL. = 37.3'
TOP OF PARAPET=60.7'
DIFF = 23.4'
38 ft



SCREEN CAPTURE FROM GOOGLE STREET VIEW AT MERMAIND AVE. & MOSS STREET



SCREEN CAPTURE FROM GOOGLE STREET VIEW AT MOSS STREET

November 1st Appeal Architectural Permit, Use Permit and Variance No. 22-0284, 773-775 Ocean View Blvd. Pacific Grove (APN 006-071-007)

Marion Trentman-Morelli <mtrentman@me.com>

Sat 10/28/2023 9:04 AM

To:City Council Members <citycouncil@cityofpacificgrove.org>;Pierik, Brian A. <bpierik@bwslaw.com>

1 attachments (17 KB)

City council letter appeal .docx;

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Please see attached letter to the Mayor and City Council Members addressing this subject.

Thank you, Marion & Robert Morelli, 700 Briggs Avenue #6, Pacific Grove, CA 93950

October 28, 2023

Dear Mayor and Pacific Grove City Council Members,

My name is Shelly Tinsley and my husband is Darrin Tinsley and we retired to Monarch Pines in April 2022. When we were given our keys to our new home, we stood looking out the front window and whales were breaching close to shore and my husband yells out “Whale Belly!!!” A day we will always remember.

We LOVE living here. Definitely in Monarch Pines but absolutely in Pacific Grove. We feel very blessed to have found our “happily ever after” home.

Our reason for contacting you is regarding the Variance Use Permit, the property at 773-775 Ocean View Ave. is requesting for a roof top deck and an exterior elevator.

We have had the opportunity to view the orange netting and story poles for the past several months from our front room. If this variance is granted it will dramatically affect our Bay/Mountain View and not just ours but over a dozen other neighbors as well. Now we see boats, birds, mountains, skyscapes and sometimes even whales. With these changes our view will be blocked by a deck that will hardly ever have any use. This change will block our views NOT because the owners of 773-775 Ocean View want or need to create additional living space nor to create a view for themselves, because they already have a spectacular view via their front row position, but because they want to create an additional viewing space for themselves with easy access that will block the views from my home and many of my neighbors.

Allowing the deck/elevator will also greatly change the look of the coastline from the Rec Trail and from the Bay. The building will be taller than the rest and will look out of place.

Also this variance would not be in compliance with the City’s General Plan policies SCE-2 and SCE-3. Public views would be impacted and this development does not protect, preserve, or enhance the scenic and visual qualities of the area.

We encourage you to visit and walk around the property. The entire lot is already used by the existing structure. There is minimum landscaping or beautification to the property. An exterior elevator will be an eye sore as well as it appears to make it difficult for fire/rescue teams to access nearby properties as well.

As everyone is aware the coast is also a path used for migrating and local birds. Any disruption to their airspace should be considered.

For these reasons and more we ask you to accept the decision of the Architectural Review Board and deny the request for a rooftop deck and exterior elevator at 773-775 Ocean View

Thank You for your Time and Attention,

Darrin & Shelly Tinsley 700 Briggs #8, Pacific Grove

773/775 OCEAN VIEW BLVD APN 006-071-007
Architectural Permit (AP), Use Permit (UP) and Variance (VAR) No.22-0284

Dear City Council Members,

We appreciate your willingness to participate in governing as elected members of the City Council for Pacific Grove.

WE REQUEST THAT THE CITY COUNCIL DENY THE PROPOSED VARIANCE. WE ALL PURCHASED OUR HOMES WITH AN UNDERSTANDING OF THE HEIGHT LIMIT OF 25'. THE VARIANCE VIOLATES THE ADOPTED HEIGHT REQUIREMENT. The proposed variances for height for an exterior elevator shaft negatively impact our property. A variance request is justified only if special conditions exist on the lot that create hardship making it too difficult to comply with the code's normal requirements. The special conditions or hardship typically must arise from physical configuration of the lot or its structures.

23.12.030 PGMC
No building or structure shall be erected, reconstructed, or structurally altered in any manner nor shall any building or land be used for any purpose than as permitted by and in conformance with this title and all ordinances, laws and maps referred to herein.

A MAJOR REMODEL OF 773/775 SHOULD BE USED TO CORRECT PREVIOUS VIOLATIONS RATHER THAN SEEKING A REQUEST FOR ADDITIONAL RULE CHANGES TO ACCOMMODATE THE PROPOSED MODIFICATIONS POSSIBILY ESTABLISHING PRECEDENT FOR FUTURE PROJECTS

VIOLATION OF CODES AS PRESENTED:

INCREASED HEIGHT OF STRUCTURE WILL AFFECT MANY NEIGHBORS WHILE THE CURRENT PROPERTY WILL CONTINUE TO HAVE AN UNOBSTRUCTED OCEAN VIEW

**HEIGHT OF EXTERIOR ELEVATOR SHAFT
**EFFECTS SEVERAL PROPERTIES SOUTH OF THE ADDRESS

The concept of substantial justice raises the issue of fairness for the community and neighbors. This concept echoes the requirement that hardship must be peculiar to the property—not shared by the community. Hardships that result from personal circumstances may not be the basis for granting a variance. The nature of the property and the land use ordinances, not the nature of the applicant and their circumstances must be used.

Making decisions about variances is a difficult job. How much hardship is enough hardship? Is justice being served? Does the variance preserve the spirit of the ordinance? The applicant must present competent material and substantial evidence that meet all the standards. The City Council must weigh the evidence, apply the required statutory standards, and decide if a variance is warranted.

What will be the planning vision for Pacific Grove?
WILL THE USE OF VARIANCES BE USED AS PRECEDENT AND JUSTIFICATION FOR FUTURE DEVELOPMENT?

Richard and Judy Cole
700 Briggs Avenue Spc 9, Pacific Grove
ocodaj@gmail.com

Re: Agenda Item No. 12 C; Appeal of Planning Commission decision for 773/775 Ocean View Blvd

Judy Cole <ocodaj@gmail.com>

Mon 10/30/2023 9:09 PM

To:Moe Marian <m2moe@yahoo.com>
Cc:Almquist Julie Fehring <jlfalmquist@gmail.com>;Morelli Marion H <mmhowes3@comcast.net>;Tinsley Darrin <darrin925.dt@gmail.com>;Tinsley Shelly <newzandstuff@yahoo.com>;Pierik, Brian A. <bpierik@bwslaw.com>;City Council Members <citycouncil@cityofpacificgrove.org>

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Received, thank you. I am impressed with your diligence in reviewing all the documents for the appeal. Our team will be grateful for your expertise, Marian. Appreciate your leadership. Judy

On Mon, Oct 30, 2023 at 8:43 PM Moe Marian <marian2moe@gmail.com> wrote:

> Please find attached a letter regarding Agenda Item 12 C, for the November 1, 2023 Council meeting I am attaching both a pdf and a pages version. Please let me know if you have trouble opening the document.

October 30, 2023

Honorable Mayor and Members of the City Council
City of Pacific Grove

Re: Appeal of Variance, Use Permit and Architectural Permit for 773/775 Ocean View Blvd.; Agenda Item No. 12 C on November 1, 2023 Agenda

Dear City Council Members and Mayor:

I am writing to request that you support our appeal of the Planning Commission's decision on this matter, and deny the Use Permit, Variance and Architectural Permit for 773/775 Ocean View Blvd. for the reasons summarized below:

The city's code, PGMC Sec. 23.64.120 provides an absolute prohibition on the size of the exterior elevator. The code addressing height limits provides in part: "Chimneys, cupolas, flagpoles, monuments, water tanks, clock towers and similar structures and mechanical appurtenances may be permitted in excess of height limits, provided a use permit is first obtained in each case. **NO PORTION OF A CHIMNEY WHICH EXTENDS ABOVE THE HEIGHT LIMIT IN ANY R DISTRICT SHALL HAVE AN AREA OVER 20 SQUARE FEET AT ANY CROSS-SECTION**, NOR A HEIGHT MORE THAN TWO FEET ABOVE THE APPLICABLE LIMIT."

It is questionable whether it is a reasonable interpretation to consider that a very large external elevator shaft is "similar to" a chimney or a flagpole, but there is no room for interpretation on the two absolute prohibitions on height and circumference. The applicant has modified his application to comply with the height prohibition of 2 feet above the 25 foot height

limitation. **But the circumference of the elevator shaft exceeds 49 square feet—more than twice the allowable square footage.** There is no allowance for an exception or a variance from this absolute limitation. Moreover, the applicant has added an alternative access, an external stairway to the deck. An external elevator is not necessary.

The staff report does not cite any other projects where an external elevator was approved under this provision; nor does it cite any other structures that exceed the strict prohibition on greater than 20 square feet in circumference.

The project violates the City's General Plan policies protecting public views along the coast, SCE-1 and SCE-2.

SCE-1: Public views along the coast should be protected and enhanced. The staff report inaccurately states that the public views along the coastline would not be impacted by the 27 ft. height. and the 10 ft. by 5 foot wide obstruction of the exterior elevator. To the contrary, **there are a number of locations along public walkways along the north and south sides of the golf course, locations on the public golf course, and on Del Monte Blvd. where the existing views of the Monterey Bay coastline and shoreline near Sand City and Marina, as well as public views of the ocean, would be blocked by the protrusion.** We will provide photos showing this at the hearing; a site visit and walk near the site would also give council members a more accurate factual picture.

SCE-2: Preserving and enhancing the scenic qualities of the coastal zone is a priority in all city actions and decisions.

In addition, the views of users of the coast walkway along Ocean View Blvd. would be affected by the imposing structure. The story poles are not a very representative demonstration of the plans, as the poles are higher than the orange (almost transparent) netting attached, so neither the netting nor the

poles represent the solid blockage and mass that is planned. We will illustrate this with photos at the council meeting, but a site visit would also be helpful to understand this issue.

As the City Council well knows, General Plan consistency is required for a quasi-judicial decision, and the City's outdated General Plan makes a finding of consistency a challenging but critical issue in this case.

The applicant is not being treated differently from other properties in the area in terms of height and width limitations. Although the staff report implies otherwise, none of the properties cited have been granted a use permit or height variance to exceed the 25 foot height limit. I reviewed the property files for each of the five Ocean View Blvd. addresses listed in the staff report, and although they were granted minor variances for setbacks, not one of them had a variance to exceed the height limitation.

Similarly, the circumstances of two of the nearby taller properties do not justify violating existing height and width limitations:

1) The barn-like structure at 775 Mermaid Lane was built in 1951, on an illegal undersized lot that had not been legally subdivided. It was subject to litigation and a settlement, so is not a precedent in this case. There is no height variance on file, and it may have been built before the 25-foot height limitation was adopted. It also has a history of inadequate public notices for other administrative permits, but no variance to exceed the height limits was documented.

2) The structure with a deck and tall stairwell entrance at 777 Mermaid Lane was built in violation of the 25-foot height limitation. In 1980, the city cited the owner for a height limitation violation. The owner claimed that the contractor had mistakenly laid a foundation four feet above grade, instead of the planned and approved 4 feet below grade foundation, thus resulting in the unauthorized height violation. Thereafter the city

mistakenly granted building permits, and under threat of litigation, the city issued an Administrative Design Change. There is a dispute over whether the 300 ft. notices for the Administrative Design Change were properly issued. Neighbors within the 300 ft. radius who did not receive notice objected to the project, but were apparently told it was not a timely objection.

It does not seem that these properties are good examples of a precedent that the city should follow.

The variance of a setback of just 1 foot on this property poses undue fire and emergency access issues. Access to the stairwell and proposed elevator would need to be from Moss Lane, in a portion of the property where 5 of the 12 inches would be blocked by a telephone pole, effectively making the emergency access 7 inches wide on this property.

If the rear property line neighbor were approved for the same 1 foot setback, there would not be sufficient room for emergency personnel to reach the back of either home around the blockage of the telephone pole.

The facts do not support a finding for a variance.

As noted in our grounds for appeal, and our prior testimony at the Planning Commission,* the project does not qualify for a variance. There is nothing about the physical circumstances that prevents the owners from using their property in a reasonable fashion, which is an essential prerequisite to the constitutional reason that a variance is legally necessary. The lot maintains its use as a multi-family dwelling, and the property is not prevented from continued reasonable use, as the owners currently rent out 2 units. **Maximizing the use or value of a property, or adding square footage, are NOT valid reasons for a variance.**

De Facto rezoning. Moreover, the staff report seems to suggest that the council undertake a wholesale disregard of the existing zoning. The stated

rationale on page 159 is that without the variance, "**the property would be adversely affected by the strict implementation of the zoning regulations, where other properties in the R-3-PGB zoning would not be affected in the same manner**." Question why shouldn't all the properties with the same zoning be treated in the same manner by implementing the existing zoning? If they are not, then the zoning is essentially meaningless, and the city council will have changed the zoning "de facto," parcel by parcel, without going through a public process of rezoning the entire area.

We urge you to support the Architectural Review Board's recommendation to deny the Use Permit and Variance, and to require the project to use an interior elevator access only to the second floor. The oversized exterior elevator shaft would be 49 square feet in circumference, in clear violation of the absolute prohibition of no more than 20 square feet in circumference. Upholding the city's zoning ordinances, and establishing transparency in the variance process, are essential to what we hope and expect from our local elected officials.

Thank you for your careful consideration.

Marian Moe

700 Briggs Ave., #2, Pacific Grove

* Please note that our Grounds for Appeal requested that our testimony at the Planning Commission, and the video of both the Planning Commission hearing and the ARB hearing, be part of the record. When the staff report represents that we did not provide factual support for our contentions, apparently the prior testimony and evidence in the record were not considered. A fair hearing would include at least a summary of our extensive factual evidence submitted at the Planning Commission hearing.

Agenda Item No. 12 C -- Appeal of Use Permit and Variance for 773/775 Ocean View Blvd.

Moe Marian <marian2moe@gmail.com>

Mon 10/30/2023 10:35 AM

To:City Council Members <citycouncil@cityofpacificgrove.org>;Pierik, Brian A. <bpierik@bwslaw.com>;Rubens, Gregory J. <grubens@bwslaw.com>

[NOTICE: This message originated outside of the City of Pacific Grove email system -- DO NOT CLICK on links or open attachments unless you are sure the content is safe.]

Dear City Council members—

I am one of the people who is participating in the appeal of the Planning Commission decision overturning the ARB's recommendation against the variance and use permit for this project, and will be making a presentation at the City Council meeting on November 1, 2023. I would like to invite each of you to visit my home and others directly affected by the project.

I have reviewed the staff report, and believe a site visit would provide significant information that is not clearly represented in the staff report. Among other things, the fact that no other properties have been granted a similar variance or use permit to exceed the 25 foot height limit, is something I believe the council should be aware of.

My neighbors and I would appreciate your taking the time to fully understand the facts about this project. I invite you to visit our homes, and the nearby public walkways, that will be all be affected by this project. My home is at 700 Briggs Ave., Unit 2, and you can reach me at this e-mail: m2moe@yahoo.com.

Marian Moe
700 Briggs Ave., #2
Pacific Grove

Re: Agenda Item No. 12 C; Appeal of Planning Commission decision for 773/775 Ocean View Blvd

Marion Trentman Morelli <mmhowes3@comcast.net>

Mon 10/30/2023 10:00 PM

To:Judy Cole <ocodaj@gmail.com>
Cc:Moe Marian <m2moe@yahoo.com>;Almquist Julie Fehring <jlfalmquist@gmail.com>;Tinsley Darrin <darrin925.dt@gmail.com>;Tinsley Shelly <newzandstuff@yahoo.com>;Pierik, Brian A. <bpierik@bwslaw.com>;City Council Members <citycouncil@cityofpacificgrove.org>

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A perfect & persuasive letter, Marian.

Sent from my iPhone

> On Oct 30, 2023, at 9:09 PM, Judy Cole <ocodaj@gmail.com> wrote:
>
> Received, thank you. I am impressed with your diligence in reviewing all the documents for the appeal. Our team will be grateful for your expertise, Marian. Appreciate your leadership. Judy
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> On Mon, Oct 30, 2023 at 8:43 PM Moe Marian <marian2moe@gmail.com> wrote:
>> Please find attached a letter regarding Agenda Item 12 C, for the November 1, 2023 Council meeting I am attaching both a pdf and a pages version. Please let me know if you have trouble opening the document.

Agenda No. 12 D

CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO:	Honorable Mayor and Members of the City Council
FROM:	Tori Hannah, Administrative Services Director/City Manager Pro Tempore
MEETING DATE:	November 01, 2023
SUBJECT:	Market and Economic Evaluation Report for the Pacific Grove Golf Links
CEQA:	Does not constitute a "Project" per California Environmental Quality Act Guidelines Section 15378

RECOMMENDATION

1. Receive the Market and Economic Evaluation Report for the Pacific Grove Golf Links from Pro Forma Advisors, LLC
2. Alternatively, discuss and take other action related to this item

DISCUSSION

On February 15, 2023, Council Subcommittee Members, Mayor Bill Peake and Council Member Coletti brought forward an item to retain a consultant to perform an analysis on the Pacific Grove Golf Links. This was in relation to potential real property negotiations with the Golf Course lessee, CourseCo., and sustainability discussions regarding the Local Water Project. Additional details can be found in the February 15, 2023 Agenda Report.

As a result of the recommendation, the City Manager received direction to enter into an agreement with Pro Forma Advisors, LLC to prepare a Market and Economic Evaluation Report. The requested scope of work included the following components:

- Prepare a description of the Pacific Grove Golf Links (PGGL) facilities and a historical operating review.
- Provide an overview of the golf market, including national and regional demographics and trends.
- Complete a comparative performance review of regional golf courses, including rounds of play, average revenues per round, revenues, operational costs, and maintenance.
- Describe and compare various operating models employed by municipal golf courses in California, including PGGL.
- Review the economics of alternative operating models related to PGGL.

Gene Kerkorian from Pro Forma Advisors, LLC conducted a site visit; and met with City staff, CourseCo. representatives, and the Golf Course restaurant lessee to gather information for the report. The resulting Market and Economic Evaluation is attached for reference. Mr. Krekorian will be presenting an overview of the report at the Council Meeting.

OPTIONS

- Receive the report
- Alternatively, discuss and take other actions related to this item

FINANCIAL IMPACT:
There is no financial impact with receiving this report.

FOCUSED PRIORITY AREA: Not Applicable.

Attachments

Market and Economic Evaluation Pacific Grove Golf Links

Pro Forma
Advisors LLC

Market & Economic Evaluation
Pacific Grove Golf Links
Pacific Grove, California

Prepared for: **City of Pacific Grove**
Prepared by: **Pro Forma Advisors, LLC**

September 2023
PFAID: 11-630

Version: 1.1

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General Limiting Conditions

Certain information included in this report contains forward-looking estimates, projections and/or statements. Pro Forma Advisors LLC has based these projections, estimates and/or statements on expected future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans.

Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," “project,” or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

No warranty or representation is made by Pro Forma Advisors that any of the projected values or results contained in this study will actually be achieved.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, Pro Forma Advisors accepts no liability in relation to the estimates provided herein.

In the production of this report, Pro Forma Advisors has served solely in the capacity of consultant and Pro Forma Advisors has not rendered any “expert” opinions and does not hold itself out as an “expert” (as the term “+” is defined in Section 11 of the Securities Act of 1933).

This report is not to be used in conjunction with any public or private offering of securities, and may not be relied upon without the express written consent of Pro Forma Advisors.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions, and considerations.

I. Introduction and Background

Background

The City of Pacific Grove's municipal golf course, Pacific Grove Golf Links (PGGL), has served the community of Pacific Grove and Monterey Peninsula since 1932. PGGL provides the Pacific Grove community, residents and visitors alike, with a high quality, relatively affordable recreation experience on a well-designed and maintained golf course facility. The golf course is an 18-hole regulation length layout offering two distinct nine hole routings. The front nine, developed in 1932, winds through the inland forested areas of Pacific Grove, while the back nine, developed in 1960, sits on a spectacular ocean front site reminiscent of wind-swept dunes similar to those of traditional Scottish golf links.

PGGL was managed, operated, and maintained by the City through an "enterprise" fund until October 2014, when the City elected to lease operation of the municipal golf course to a private sector professional management company (CourseCo Inc.). The golf course food and beverage operation is leased to a separate independent private sector restaurant operator. The golf course lease extends through 2029, with one remaining 5-year option, and the food and beverage lease extends through October 2025, with two 5-year options to extend the lease term.

As a public access facility, the golf course offers a high quality recreation experience for community residents and visitors to the Monterey Peninsula. About one-half of the golf course play is generated by area residents, and one-half attributed to visitors, of which approximately one-half are day visitors mostly residing in the Bay Area, and one-half to overnight visitors to the area. PGGL is competitively priced, and operates at a relatively high utilization level.

Basic Assignment Objectives

Key objectives of the assignment include:

- Prepare a description of PGGL facilities and historical operating review.
- Provide an overview of the golf market, including national and regional demographics and trends.
- Complete a comparative performance review of PGGL relative to selected competitive California golf courses, including rounds of play, average revenue per round, revenues, and operational costs.
- Describe and compare various operating models employed by municipal golf courses in California.
- Review the economics of alternative operating models related to PGGL.
- Estimate the current value of PGGL both encumbered and unencumbered by the existing lease agreement.

Overall Work Process

The overall work process for this assignment has occurred over about a three-month time frame, extending from April through June 2023. The work tasks completed during this study process included the following:

- Discussions and interviews with City of Pacific Grove staff charged with overseeing the lease agreement, representatives of the current golf course lessee (CourseCo) and The Grill at Point Pinos (Le Creme Hospitality), and management staff at regional public access golf courses.
- A review of historical operating and financial statements for PGGL.
- Inspection of the golf course and support facilities.
- Analysis of current and anticipated future golf course market conditions.
- A review of future capital improvement requirements at the golf facility.
- Identification and analysis of the various operating models employed by municipal golf courses.
- Projections of near- and mid-term operating performance of PGGL.
- Comparative review of strengths, weaknesses, and economics of prospective operating models for PGGL.
- Evaluation of the economics related to the various golf course operating models.
- An assessment of the current golf course asset value.

The City of Pacific Grove contracted with Pro Forma Advisors LLC to compile and analyze data and information contained in this report. Gene Krekorian, a Principal with Pro Forma Advisors, served as the project manager, and conducted the analysis. Mr. Krekorian is well qualified for this effort having undertaken numerous similar assignments for other municipal golf courses throughout California. City of Pacific Grove staff, and representatives of CourseCo, as well as assisted Pro Forma Advisors in compiling data and other information employed in the analysis.

II. Summary of Findings

The following section presents a summary of principal findings related to a market and economic review of the City of Pacific Grove's Pacific Grove Golf Links (PGGL). The analysis examined the market environment in which PGGL operates, the course's market positioning, historical and current performance, future operating options available to the City, and the overall value of the City's asset. Substantiation and documentation of these summary findings are contained in the subsequent sections of the report.

Background

Pacific Grove Golf Links (PGGL) has served as the City's municipal golf course since 1932, when the first nine hole routing through the inland pine forest area opened. The second nine, developed on the coastal dunes, opened in 1960. PGGL is an 18-hole regulation length public access course, operated as an enterprise fund within the City's overall financial structure.

PGGL was operated and maintained by the City through 2014, at which time the City elected to lease the golf course to a private golf course management company (CourseCo) for a 10-year term, with two 5-year options to extend the agreement.

During the period of self-operation, PGGL typically operated at close to breakeven, until 2011 and 2012 when the course recorded losses of $200,000 to $400,000 annually, mostly due to rising operating expenses. With the conversion to a facility lease, the City has insulated itself from operating losses with annual fixed rent offsetting the City's obligation for water costs exceeding the annual threshold established in the lease agreement. Over the past several years, improvement in golf course performance has generated overage rent which has exceeded City expenses by $200,000 to $300,000 per year. Gross revenue has increased due to a combination of improved operator performance and the beneficial impact of COVID-19 on overall golf participation. It is important to note that the improvement in golf course performance in recent years has not been achieved through substantial reduction in resident access to the course or affordable golf provided to resident golfers through discount programs.

While golf course performance has improved sharply in recent years, the golf course will continue to face a series of challenges going forward. Extremely high, and rising, golf course irrigation water cost is probably the single biggest issue, but the availability and cost of labor, and ongoing capital improvements of an aging facility, will need to be continuously addressed.

It should also be noted that the City has a current liability of $1.9 million related to the Golf Course Site Lease.

CourseCo Agreement

The City of Pacific Grove and CourseCo Golf Management entered into an agreement in 2014 to lease the golf course maintenance, operations, and management of the PGGL for a period of 10 years, with two 5-year options to extend the term, subject to mutual approval by the parties. One of the 5-year options has already been exercised, extending the current agreement to September 30, 2029, with a second 5-year option

remaining. The food and beverage operations at PGGL are provided under a separate concession agreement with a restaurant operator.

The existing lease agreement appears equitable, and compares favorably with most California public golf course lease agreements negotiated over the past 5 to 10 years. The following elements of the current lease agreement are noted:

Length of Term--The initial fixed term of the agreement is ten years, with two 5-year options. The term of the lease generally is a function of the required level of lessee-funded capital improvements. The greater the private investment in the course, the longer the term required to amortize the improvements, and satisfy the length of term requirements of lenders financing improvements. Many lease agreements involving $2-$3 million, or more, in front-end capital improvements have lease terms of 25 to 40 years. CourseCo's initial capital improvement contributions were less than $200,000. As such, a 10-year minimum term is reasonable and appropriate.

Term Extension Options--There are two 5-year options to extend the length of the term, subject to mutual agreement by both parties. As documented in Amendment #1 of the lease agreement, the first 5-year option was exercised in December 2016, with the City agreeing to extend the term early in the lease in exchange for the lessee bearing golf course irrigation water costs that exceeded the amount specified in the initial lease agreement. Both parties benefited by the terms of the amendment.

Base Rent--The base rent was set at $300,000 per year, with increases of $5,000 per year commencing in Year 3 of the agreement. The base rent at the time the lease was initiated appears reasonable given the historical performance of the golf course, savings accruing to the operator related to private labor rates, typical management oversight expenses, the anticipated cost of golf course irrigation water, and the gross revenue threshold used in calculating overage rent.

Upside Revenue Participation--It is important to recognize that a golf course generally is regarded as a fixed cost business--that is, operating expenses do not vary significantly with changes in operating revenue. Most existing golf course lease agreements have a rent structure which calls for the greater of a minimum rent amount versus a percentage of gross revenues. This provision generally favors the lessee to the extent that most of the incremental revenue generated which exceeds budgeted performance is retained by the lessee. By comparison, the PGGL/CourseCo lease agreement provides for the lessor to share significantly in the upside revenue, with 65 percent of revenues exceeding the budgeted threshold accruing to the City. This has allowed the City to share greatly in the outstanding performance of the golf course over the past two years. Most golf facility lease agreements do not have a sharing agreement of this nature such that the operator typically would receive 70 to 80 percent of the upside revenue generated, and the owner (public agency) only 20 to 30 percent.

Irrigation Water Cost Cap--An important provision of the golf course lease agreement addresses golf course irrigation water. The lessee's obligation for reclaimed water currently is capped at $443,300 per year, with the City responsible for costs above this threshold. Over the 2017-2022 period, the water rate was subject to a 2.0 percent average annual increase. However, over the past year, the cost of the reclaimed water has

escalated sharply such that the City's obligation in the near term will likely be in the range of $300,000-$400,000 annually for water above this threshold.

The terms of the agreement reflect the water costs in place at the time the agreement was negotiated. Because of the significant uncertainty regarding future increases in irrigation water rates, the agreement required the lessor to bear most of the risk related to unforeseen increases in costs over which the lessee had limited control . Such protections related to water costs are not unusual in California municipal golf course lease agreements.

Capital Improvements Replacement Reserve--The lease provides for each party to contribute to a reserve fund for future ongoing capital improvements equal to 1.5 percent of "golf" gross revenue. A total contribution equal to 3.0 percent of "golf" gross revenue is generally in-line with the experience at similar courses. Given the likely continuing need for capital improvements, and the length of the contract term, sharing the reserve contribution equally appears to be equitable.

Golf Market Overview

The national and Monterey Peninsula regional golf markets steadily improved between the mid-1980s and 2000. Golf rounds played increased at an average annual rate of 2.0-3.0 percent. This unprecedented growth in golf play during this period was due to a number of factors including:

- An increase in the number of golfers;
- The increasing importance of golf-oriented real estate;
- Expansion of the golf tourism industry;
- One of the longest economic expansions in the nation's history.

The increase in golf demand and the popularity of golf-related housing development during the 1990s stimulated extraordinary expansion of the national golf course inventory, primarily between 1995 and 2002.

Beginning in about 2001, the first signs of industry problems surfaced, and persisted through 2019. Most individual golf courses experienced a steep decline in utilization and revenue generation, with net operating income declining sharply. New golf course construction virtually ceased while the number of courses closing significantly increased. The impact of market softness was widespread during this period and affected all segments of the market and all geographic areas. Importantly, the industry problems went well beyond cyclical trends, as there appeared to be fundamental shifts in recreational preferences and other underlying factors affecting long-term demand for golf. The golf participation rate, after rising steadily through 2003, fell precipitously from 12.4 percent in 2004 to a 8.0 percent in 2019. The combination of lower rounds and a lower average effective rate substantially adversely impacted revenue at virtually all golf courses, regardless of market positioning.

Then, in early 2020, the emergence of COVID-19 dramatically changed the golf industry. The impact of COVID-19 on market area golf course play levels has been extraordinary. With a major shift in the number of employees working at home rather than in an office, and with golf offering an attractive form of safe outdoor

recreation, golf participation has increased markedly which, in turn, has translated into a large increase in play levels and revenues at both public access and private golf courses.

Golf rounds played in the State of California, as reported by industry analyst Golf Datatech, increased 20-25 percent at public access courses between 2019 and 2022.

Not unlike virtually every golf market in the country, the Monterey Peninsula public golf market has improved significantly over the past three years primarily due to the beneficial impact of COVID-19 on golf participation rates. The COVID-19 impact dissipated slightly in 2022, but play on most courses remains well above pre-pandemic levels. Golf play in 2023 is expected to decline somewhat as well due to an unusually high number of rain days. While it is likely there will be some further dissipation of the COVID-19 impact, golf play at most courses is expected to remain above 2019 levels. At the same time, it is highly unlikely that there will be many, if any, golf course development opportunities in the region due to lack of available land suitable for golf course development and the very high cost of development. Thus, it is anticipated that market area demand will remain stable or improve somewhat, such that the long-term outlook remains reasonably favorable.

Historical PGGL Performance

In the 2010-2013 period, when the City was self-operating PGGL, the course produced 50,000 to 55,000 rounds annually at a relatively low average greens fee below $30.00 per round. As much as one-half the play was generated by club members and residents at well below posted rates.

Annual play and gross revenue since the golf course was converted from City self-operation to a facility lease agreement with its current operator (CourseCo) is summarized as follows:

Table II-1: Summary of PGGL Historical Play and Gross Revenue

		Gross Revenue ($000)			Revenue per Round		
Year	Rounds	Golf*	Other	Total	Golf*	Other	Total
2018	47,332	$2,324.6	$527.9	$2,852.4	$49.11	$11.15	$60.26
2019	48,240	2,414.4	557.3	2,971.7	50.05	11.55	61.60
2020	57,796	2,618.3	338.6	2,956.8	45.30	5.86	51.16
2021	65,593	3,204.6	604.1	3,808.7	48.85	9.21	58.07
2022	62,371	3,464.4	770.7	4,235.1	55.55	12.36	67.90

* Includes greens fees, member dues, discount cards, and golf carts.

While annual play levels under private operation are somewhat higher than during the latter years of City self-operation, the average golf revenue per round is substantially higher. This improvement is attributed primarily to the sharp reduction in discounted/member rounds in favor of full rate play. Again, the impressive improvement in golf course performance has been accomplished while still offering Monterey Peninsula

residents significant discounts ranging from 30 percent to well over 50 percent relative to the standard greens fees charged at the golf course.

The golf course lessee reports gross revenue, but is not required to divulge it operating expenses and net earnings.

Comparative Metrics

Annual gross revenue by department for selected municipal golf courses extending from Ventura County on the south to the San Francisco South Bay on the north for fiscal year 2021-2022 is shown in Table II-2. The revenues relate to golf functions only, and specifically exclude food and beverage operations.

Table II-2: Gross Revenue at Selected California Regional Municipal Golf Courses (FY2021-22) (thousands of dollars)

		Annual Gross Revenue					
Course	Annual Rounds[2/]	Greens Fees[1/]	Cart Fees	Range	Merch	Other	Total
PGGL	62,371	$2,781.5	$682.9	$148.0	$450.0	$172.7	$4,235.1
Salinas Fairways	45,000[3/]	1,106.2	302.9	143.8	113.9	---	1,666.8
DeLaveaga	58,800	2,026.7	499.7	475.0	450.6	305.2	3,757.2
Santa Barbara	75,100	2,372.5	697.4	327.9	330.0	227.0	3,954.9
Los Robles	82,800	2,624.0	796.2	512.5	205.2	122.0	4.259.9
Buenaventura	61,370	1,733.2	476.2	---	87.0	---	2,485.9
Olivas Links	61,990	1,935.0	483.8	253.0	125.7	---	2,914.7
Simi Hills	83,970	2,598.6	919.5	280.2	214.4	54.5	4,067.2
Shoreline	82,200	1,837.6	434.0	599.2	134.3	73.0	3,077.7
Poplar Creek	83,960	2,950.0	670.0	400.0	380.0	50.0	4,450.0

1/ Includes passholders and/or annual membership play.
2/ Includes paid and complimentary/employee rounds.
3/ Estimated play level based on greens fees and membership fees.

PGGL's performance ranks among the most successful municipal properties surveyed, including those courses in strong more urbanized market areas such as the San Francisco southern peninsula and Los Angeles County northwest suburban markets. On a revenue per round basis, PGGL outperforms all of the surveyed municipal courses in every department with the exception of the golf practice range.

Golf Course Operating Options

There are four basic golf course operating options employed by municipalities.

- Golf Facility Lease (current model)
- Management Agreement
- Self-Operation (City or other public agency)
- Hybrid: Golf Operations Concessionaire/With City or Contract Maintenance

In addition to these basic options, there are numerous permutations which would create alternative hybrid models. These alternative hybrid models combine some form of self-operation, concession agreements, and/or management/contract agreement. As noted, PGGL is operated under a golf facility lease agreement.

It is important to point out that while there are alternative operating options available to the City, there are six years remaining on the existing lease agreement between the City of Pacific Grove and CourseCo, with one option which, if exercised, would extend the agreement five additional years. As well, transition from the current facility lease format to any of the alternative operational models would entail significant front end capital funding for maintenance equipment ($1.5 million) and needed golf course capital improvements ($1.0 million).

The following table provides an overview of the responsibilities for each function in the various models.

Table II-3: Golf Function Responsibility Under Alternative Operating Models

Model	Course Maintenance	Golf Operations	Food & Beverage	Administration/ Management
Golf Facility Lease (current PGGL model)	Private	Private	Priv/Concession	Private
Management Agreement	Private	Private	Private	Private
Hybrid	City/Private	Priv/Concession	Concession	City/Private
Full Self-Operation	City	City	Concession	City

Golf Facility Lease (current PGGL model)--Under the "golf facility lease" model, the City enters into a mid- to long-term facility lease with a private golf course operator who provides course maintenance, golf operations, and overall facility management. The food and beverage operation may be included or provided by another concessionaire. Typically, the lease model has been utilized when a private entity will be investing significant capital into the facility. Most agreements call for the greater of a minimum rental payment versus a schedule of percentages applied to gross revenues from various departments. The lessee receives 100 percent of the revenue and is obligated to fund required front-end capital improvements, operating expenses, rent, and a capital improvement reserve. While the facility lease model dominated the municipal market between 1970 and 2000, management agreements gained popularity during the first part of the new century.

In recent years, however, many municipalities which had previously employed the management agreement operating format have elected to reemploy the facility lease model.

Management Agreement--Under the "management agreement" model. the municipality enters into a fee-for-service agreement with an outside management company. Under a typical management agreement, the facility owner (City) receives all revenues and is responsible for funding all capital improvements, operating expenses and capital reserves . In addition, the City pays the operator a fee for management of the facility. In effect, the professional operator serves as the City's agent in managing, operating and maintaining the golf facility. Management compensation typically consists of a base fee, plus performance incentives. Management agreements often project the highest net earnings to the City on a pro forma basis, but it is important to note that the owner (City) bears all of the operating and financial risk, as well as much greater legal liability associated with golfer/spectator personal injury or property damage. Moreover, the City is responsible for funding all of the capital needs of the golf course and support facilities.

Self-Operation--Under the self-operation model, the public agency receives all revenues and is responsible for all operating expenses, capital improvements, and capital reserves. While employed relatively frequently in the past, the "self-operation" model, whereby the facility is operated fully by the public agency with a city workforce, is observed infrequently in today's market, and movement away from this model continues given higher public employee labor costs. Pacific Grove employed this model prior to its conversion to a facility lease in 2014.

Hybrid--The "hybrid" model consists of a combination of concession agreements and service contracts. The most common form is structured utilizing a private golf operations concessionaire responsible for all golf operations, with the municipality responsible for golf course maintenance through its parks and recreation department. The food and beverage function is generally provided by a second independent concessionaire. The golf operations and food and beverage concessionaires typically pay the municipality the greater of a fixed rental amount or a percentage of gross revenue.

There are economic and non-economic advantages and disadvantages of the various types of operating structures, and the most appropriate structure generally is influenced by the the objectives of the owner (City). Most of the advantages and disadvantage of each approach are summarized in Table II-4.

In general, there are three factors which influence the preferred structure:

- Level of control desired by public entity in terms of setting fee structure, establishing policies, and implementing operating procedures.
- Ability and/or willingness to fund significant capital improvements required.
- Degree of financial risk tolerance related to market conditions and other events.

Table II-4: Strengths and Weaknesses of Golf Course Operating Options			
Facility Lease	**Management Agreement**	**Self Operation**	**Hybrid**
STRENGTHS			
• Provides reasonably strong financial return to City • Produces guaranteed minimum rent payment to City • Minimizes financial risk • Minimizes political influence with less direct involvement of City with setting fees, policies, and practices • Offers potential benefits in golf management expertise and specialized maintenance support services • Provides private capital investment in facilities • Protects City from golfer/spectator liability	• May provide strong upside potential financial return to City. • Provides high level of City control • Greater potential quality assurance • Opportunity to provide shorter term contracts • Provides opportunity to retain specialists in professional golf management • Captures benefits of private sector wage and benefit structure	• Provides highest level of City control over rates, policies, practices, and overall golf experience • Availability of City overhead support functions • Strong participation in upside financial performance • Preserves option to convert to alternative operating option	• Provides high level of City control over rates, policies, practices, and overall golf experience • Availability of City overhead support functions • Strong participation in upside financial performance • Provides opportunity to retain specialists in golf operations and food and beverage • Preserves option to convert to alternative operating option
WEAKNESSES			
• More limited operational and quality control • May involve long-term contractual commitment • May minimize financial upside • Limited number of potential candidates, particularly when substantial private investment is required • Potential conflicts over capital reinvestment responsibilities of contracting parties	• Requires more City involvement than facility lease option • Minimizes private capital investment, if any, in facilities. • Entails greatest level of City operating and financial risk • City bears substantial liability risk related to golfer and spectator injury	• May constrain ability of management to adapt and respond to dynamic market conditions • Entails high level of financial risk • Involves higher public sector wage and benefit structure • Reduces opportunity to attract private capital due to reduced lessee control • Relatively high City monitoring requirements	• Constrains ability of management to adapt and respond to dynamic market conditions • Entails high level of financial risk • May involve higher public sector wage and benefit structure for maintenance • Reduces opportunity to attract private capital due to reduced lessee control • Potential conflicts of multiple concessionaires • Relatively high City monitoring requirements

While PGGL is operated under a facility lease agreement, the structure of the agreement incorporates key features of both a lease agreement and a management agreement. CourseCo bears all of the operating and financial downside risk--an important feature of the lease option. At the same time, the City shares significantly in the upside performance of PGGL (the City receives 65 percent of gross golf revenue exceeding a threshold which is set at a level whereby the operator receives a reasonable, but not excessive, rate of return for their invested capital and operating services)--an important feature of the management agreement option.

Economics of Operating Options

Table II-5 illustrates the economics of the various models from the City's perspective if implemented in Pacific Grove. In general, the primary difference in net operating income and net cash flow under each model derives from whether golf course maintenance is provided by a City employee workforce or a private entity.

It is important to note that in the case of Pacific Grove, the golf course lessee reports gross revenue, but is not required to share its operating expenses and net earnings, which is normally the lessee's right under facility lease agreements. Consequently, in estimating the economics of the various models, representative operating expenses for PGGL are employed based on a review of the operating expense profile at a series of other California mid- to upper-mid market oriented municipal golf courses.

With regard to the facility lease model (currently employed at PGGL), the current agreement structure is compared with a contemporary "market" agreement which reflects the current performance level and other factors and conditions present at PGGL. As shown, the City's rental revenue under the current agreement is consistent with a **representative** "market" agreement, suggesting that the current agreement is equitable. This finding reflects the upside participation feature of the current agreement, whereby the City receives 65 percent of the gross "golf" revenue exceeding the established gross revenue threshold. While PGGL current agreement has significant City upside participation in performance, it is likely that upside participation would be reduced from 65 percent to 50 percent in order to reflect higher lessee funded initial capital improvements and higher operating expenses primarily related to higher water costs.

The City's annual income estimated at just over $600,000 under the management agreement model is the highest among the various models shown, which compares with the facility lease model which yields an estimated $430,000 annually. Importantly, however, the management agreement model (and self operation) carries the highest level of City operating, financial and liability risk, requires City capital improvement funding, and involves greater City oversight resources. As well, under the management model, operating expenses often tend to be less aggressively controlled than some of the alternative options, resulting in lower than projected net operating income.

Golf Course Asset Value

Pacific Grove Golf Links is a valuable City asset, offering a desirable recreation activity for residents and visitors, providing community open space, and funding most of the cost of operating the City's reclaimed water plant. From a pure market perspective, the golf course also is an important and valuable economic asset.

Table II-5: Comparative City Operating Options Economics (thousands of constant 2023 dollars)						
	Facility Lease		Management Agreement	Self-Operation	Hybrid	
	Current Contract	Market Contract			City Maintenance	Contract Maintenance
Gross Revenue	---	---	$4,380	$4,380	$2,376	$2,376
City Revenue/Rent						
Minimum	$350	$450	---	---	---	---
Overage/Concession	527	5	---	---	154	154
Total	$877	$455	---	---	$154	$154
Total	$877	$455	$4,380	$4,380	$2,530	$2,530
Less: Cost of Sales	---	---	$315	$315	---	---
Gross Profit/Rent	$877	$455	$4,065	$4,065	$2,530	$2,530
Operating Expenses						
Course Maintenance	---	---	$1,720	$1,970	$1,970	$1,720
Golf Operations	---	---	530	660	---	---
Clubhouse/Undistrib	---	---	100	150	75	75
General & Admin	---	---	595	845	---	---
Management Fee	---	---	200	---	---	---
Total	---	---	$3,145	$3,625	$2,045	$1,795
Net Income (EBITDA)	$877	$455	$920	$440	$485	$735
Less: Other Costs						
CIP Repl. Reserve	$57	---	$114	$114	$114	$114
Initial Capital Amort	---	---	87	87	87	87
Irrigation Water Cost	300	---	---	---	---	---
Citywide OH Alloc	25	25	100	75	100	75
Total	$382	$25	$301	$276	$301	$276
Net Cash Flow	**$495**	**$430**	**$619**	**$164**	**$184**	**$459**

The market value of a golf course asset is principally based on its income producing potential. With regard to PGGL, the value is significantly influenced by the cost of irrigation water, which is set at the discretion of the City. There clearly is a tradeoff between the economics of the Pacific Grove Local Water Project (PGLWP) and those of the golf course. That is, improvement in the operating economics of the water plant through higher reclaimed water rates decreases the economic performance of PGGL which, in turn, reduces the value of the golf asset. Similarly, lower water costs increase operating performance of PGGL and asset value.

The market value of a golf course is based primarily on its income earning potential. For an income producing asset operating at a stable level, the standard approach employed in valuation is to capitalize earnings before interest, taxes, depreciation and amortization (EBITDA). When an allowance for a management fee and capital improvement replacement reserve are included in the calculation of EBITDA, a capitalization rate in the 9.0 percent range provides a reasonable indication of market value.

In the case of PGGL, asset value ranges widely depending on the commodity rate charged by PGLWP. For example, at the 2022 rate of $0.0176 per gallon, and based on annual water consumption of 84 acre feet, normal year water costs are approximately $470,000. However, as of July 1, 2023, the reclaimed water commodity rate is now set at a full cost recovery level ($0.029 per gallon), PGGL's annual water cost balloons to about $820,000.

An indication of PGGL asset value in an open market environment at the low and high end of the reclaimed water commodity rate is summarized in Table II-6. As shown, the PGGL asset value ranges from about $7.8 million to $11.3 million.

Table II-6: Indication of PGGL Asset Value

	$0.017/gallon	$0.030/gallon
Gross Revenue	$4,380,000	$4,380,000
Less: Cost of Sales	315,000	315,000
Gross Operating Profit	$4,065,000	$4,065,000
Operating Expenses		
Irrigation Water	$470,000	$820,000
All Other Expenses	2,541,000	2,501,000
Total	$3,011,000	$3,321,000
Net Operating Income (EBITDA)	$1,016,000	$706,000
Direct Capitalization Rate	9.0%	9.0%
Capitalized Asset Value	$11,290,000	$7,845,000

The values of the PGGL asset expressed above assume that current annual greens fees revenue is at a market level. While it appears that such revenue is maximized in the context of the resident programs currently in place at PGGL, operated as an unrestricted public access daily fee course might produce somewhat higher greens fees revenue which, in turn, would generate higher net operating income and a higher asset value.

III. Description of Facilities and Historical Operating Review

The following section contains a description of Pacific Grove Golf Links (PGGL) and a review of historical operating performance.

Facilities

PGGL has an interesting and rich history, extending over 90 years. The 18-hole regulation length, par 70, golf course is comprised of two distinct nine-hole routings, each developed during separate time frames. The front nine was designed in 1932 by H. Chandler Egan, a renowned American amateur golfer and well respected golf course architect, opening shortly thereafter. This first phase, developed on the inland forested areas of Pacific Grove, is a par-35 layout measuring 2,927 yards from the back tees. The back nine was developed on oceanfront land surrounding the Point Pinos Lighthouse leased by the City from the U.S. Coast Guard. This second phase opened in 1960, was designed by Jack Neville, who was the principal golf architect for the famous Pebble Beach Golf Links. The back nine is a par 35, 2,800 yard regulation layout which cuts through windswept dunes reminiscent of a traditional Scottish Links golf course.

The 18-hole golf course envelope is relatively small at approximately 86 acres, of which only about 40 acres is irrigated turf. This irrigated turf area is extremely small, with most 18-hole regulation length golf courses designed with 80 to 100 irrigated turf acres. There are 19 bunkers on the golf course. An aerial photo of the golf course is presented in Figure III-1.

The amenities of the course include two practice putting greens, a golf cart storage facility located underneath the Grill at Point Pinos restaurant, pro shop/office, restrooms, an unlighted warm-up driving range which can accommodate about 10 golfers. The clubhouse complex is comprised of a freestanding pro shop totaling approximately 2,500 square feet, and the two-level restaurant/cart storage building with a total of about 12,000 square feet.

The golf course maintenance yard is located on the north side of hole #5, with an enclosed building area of approximately 5,000 square feet.

Existing Golf Course Operating Agreement

The golf course was managed, operated, and maintained by the City of Pacific Grove Parks and Recreation Department through 2014, at which time the City elected to solicit proposals for outsourcing the golf course operation to a professional golf course management company. CourseCo, Inc., a California based golf course management company, was selected to manage, operate and maintain PGGL. Following a brief period starting on April 1, 2014 when the golf course was operated under an interim management contract, a lease agreement between the City of Pacific Grove and CourseCo was finalized. The lease agreement commenced on October 1, 2014 for a 10-year term, expiring on September 30, 2024. The agreement included two five-year options to extend the term, subject to mutual agreement of both parties.

An initial capital investment of $100,000 by CourseCo was required, with the lessee also responsible for the cost to complete the "dune restoration project" up to a maximum contribution of $75,000. The lease agreement calls for base rent of $300,000 per year, which increases $5,000 in the third year of operation, and annually thereafter. In addition to base rent, the City receives participation percentage rent equal to 65 percent of annual gross "golf" revenue from all sources (excluding food and beverage, merchandise, lessons, and other non-golf related revenues) which exceeds a gross golf revenue baseline. The "golf" gross revenue baseline was established at $2.35 million for 2015, with annual consumer price index (CPI) adjustments applied. The agreement also requires the lessee to contribute 1.0 percent of total gross "golf" revenue to a capital improvement Program (CIP) fund in years 1 and 2, increasing to 1.5 percent beginning in year 3. The City is required to match the tenant's CIP funding obligation.

An important term in the original lease specified that, during the first three years of the agreement, the tenant is responsible for irrigation water costs up to $600,000 per year for up to 27.2 million gallons (83 acre feet) per year, with the City funding amounts over the $600,000 limit for up to the 27.2 million gallon threshold. The lessee is responsible for any water costs related to consumption which exceeds the annual consumption threshold. After the third year of the agreement, the tenant's maximum obligation is reduced to $443,300 per year, with the City responsible for costs exceeding this maximum amount. If consumption is reduced below 27.2 million annual gallons, the savings in cost is split evenly between the two parties.

In December 2016, a 5-year extension to the lease term was negotiated (effectively representing the first 5-year option), with the lease now expiring on September 30, 2029. The basic terms of the agreement are maintained for the extended term, with the exception of irrigation water cost obligations. The tenant's annual water cost cap was maintained at $443,300 for consumption up to 27.2 million annual gallons, subject to 2.0 percent annual adjustments, with the City responsible for costs above the cap. The tenant is responsible for irrigation water costs associated with utilization over 27.2 million annual gallons, if any. Further, the tenant is obligated to remit a minimum of $375,000 annually toward golf course irrigation water expenses.

Restaurant Lease

The PGGL restaurant, known as The Grill at Point Pinos, is operated under a separate lease, independent of the golf course lease. The basic terms of the lease agreement are summarized below:

Restaurant: The Grill at Point Pinos

Lessor: City of Pacific Grove

Lessee: Le Creme Hospitality, Inc.

Lease Start: November 1, 2020

Term: 5 years (expires October 31, 2025

Renewal Options: two 5-Year extensions, at lessee's discretion



Figure III-1: Pacific Grove Golf Links Aerial Photograph

Rent:

Minimum: None

Percentage:

11/1/20	4% of gross sales
11/1/21	5% of gross sales
11/1/22	6% of gross sales
11/1/23+.	7% of gross sales

Repair and replacement of restaurant fixtures and equipment--split evenly between lessor and lessee.

Lessor is responsible for building exterior maintenance and repair.

Rent and other contract terms remain unchanged during option term extension periods.

Management and Operation

PGGL is managed, maintained, and operated by CourseCo Golf Management. The Grill at Point Pinos is operated by Le Creme Hospitality, Inc., an independent restaurant lessee.

Golf operations' staff are responsible for pro shop operations, merchandising, the starting function and golf cart services. The golf course maintenance staff, consisting of four full- and four part-time staff (7.0 full time equivalent), maintains the golf course and warm-up practice range. As previously noted, the golf course area totals about 86 acres, with only 40 irrigated acres.

Golf Course Irrigation Water

The source of golf course irrigation water is treated effluent produced at the City's Pacific Grove Local Water Project recycling facility located adjacent to the golf course's number 15 tee complex. Opening in 2018, the plant's production capacity currently is about 125 acre feet (40.8 million gallons) per year. Annual water consumption and PGGL costs of the irrigation water over the past five years is summarized in Table III-1.

Table III-1: PGGL Historical Golf Course Irrigation Water Cost

Fiscal Year	Consumption (millions of gallons)	Average Rate per Gallon	Annual Cost ($000)	CourseCo Cost Cap ($000)	City Cost ($000)
2018	23.85	$0.01630	$388.8	$461.2	---
2019	24.65	0.01660	409.2	470.4	---
2020	23.59	0.01700	401.0	479.8	---
2021	28.66	0.01730	495.8	489.4	$6.4
2022	27.50	0.01764	485.1	499.2	---

As indicated, through 2022 all or most of the reclaimed golf course irrigation water cost was covered by the lessee. The City was responsible for a small amount in FY2021. Water consumption was relatively consistent, averaging about 25.6 million gallons (80 acre feet) per year. The reclaimed water is delivered directly into the golf course irrigation system such that there is no electrical pumping expense. The cost of the water at $0.0179 per gallon ($5,850 per acre foot) in 2022-2023 is relatively high compared with the cost of similar water utilized at other California golf courses, and as of July 1, 2023, the rate was increased sharply to $.03 per gallon ($9,780 per acre foot).

A PGLWP "Business Plan" was prepared by Pacific Grove City staff in July 2021. The plan cited the then current cost California American Water Company, a private water purveyor on the Monterey Peninsula, charges for delivery of water used for irrigation uses at approximately $.029 per gallon, when all surcharges, fees, and taxes are included. This rate compares with the 2021 PGLWP rate for reclaimed water of $0.0173 per gallon.

A "peer review" of the "business plan" was conducted by DTA management consultants in January 2022. DTA concluded that proposed rate increases of 35% in FY2022, 21% in FY2023 and 3% per year for the subsequent five years are necessary to achieve positive fund balances, while accumulating a fund balance of just under $500,000 by FY2028, to be used to fund future capital improvements. The steep increases in FY2022, FY2023 and FY2024 will increase the rate levels from 0.0179 per gallon in FY2023 to $0.03 per gallon by FY2026. The review stated that a rate level of around $0.03 per gallon, with modest annual increases thereafter, would enable the City to not only achieve a break-even operation but allow fund balances to accumulate so that by FY2028 these balances would carry forward to help fund future capital improvement projects.

Implementation of these recommended rates would increase the annual cost of PGGL irrigation water to $820,000 by FY2024 compared with current average cost of about $470,000. Based on the existing golf course lease agreement between the City of Pacific Grove and CourseCo, most of the increase in cost would be borne by the City.

Golf Course Play Levels

Play at PGGL derives from general public daily fee play, annual memberships, discount card holders, golf tournaments, and junior/school programs.

Annual revenue rounds at PGGL over the 2018 through 2022 period are summarized in Table III-2. As shown, play levels have increased sharply over the past five years, with rounds played in 2022 up nearly 32 percent over this period. Clearly, much of the gain in course utilization is attributed to the positive impact of COVID-19, where golf represented an accessible safe outdoor recreation activity available to an expanded home work force. Play at PGGL increased 36 percent over the 2019-2021 period, when most public access California golf courses experienced play volume increases of about 20-25 percent, suggesting PGGL outperformed the market over this period. Golf rounds in 2022 were down about 4.9 percent at PGGL, consistent with the experience of most other California public golf facilities, as there was some dissipation of the COVID-19 surge.

Table III-2: PGGL Historical Annual Play Level by Source (rounds)					
Round Type	**2018**	**2019**	**2020**	**2021**	**2022**
General Public (retail)	25,067	26,855	29,794	34,164	31,898
Annual Member	6,712	6,469	9,779	12,216	12,264
Discount Card Holder	10,935	10,492	13,910	12,692	11,690
Tournament	3,580	3,366	2,224	4,492	4,456
Junior/School	1,038	1,058	2,089	2,029	2,063
Total	47,332	48,240	57,796	65,593	62,371

Based on play levels through May, annual play at PGGL in 2023 is projected at about 58,000 rounds. This volume reflects the extraordinary number of rain days in the early part of the year. With normal year precipitation, golf play at PGGL in 2023 would likely be in the range of 61,000 to 62,000 rounds.

Annual play at PGGL is comprised of general public daily fee play, accounting for approximately 50 percent of the total rounds, annual members at 20 percent, and discount card holders at about 20 percent of total play. The remaining 10 percent is comprised of some loc tournament play and special programs offered to juniors and area schools.

It is estimated that about one-half of total play at PGGL is attributed to Monterey Peninsula resident golfers, and one-half to non-residents. Of the non-resident play, about one-half of the play is generated by day visitors, the majority of which reside in the San Francisco/Oakland/San Jose Bay Area. The other one-half of non-resident play derives from overnight visitors to the Monterey Peninsula. Many of these visitors play multiple courses during their stay.

Not surprisingly, the vast majority of Monterey Peninsula resident play is generated by golfers participating in the annual membership and discount card programs offered by PGGL. In part, this reflects the relatively low cost to participate in these programs.

The distribution of 2022 play, by month, is presented in Table III-3. Monthly play levels are reasonably consistent throughout the year, reflecting the favorable year round climate on the Monterey Peninsula. Resident monthly play is particularly uniform throughout the year, while visitor play tends to be somewhat more concentrated during the summer months. As well, monthly play is somewhat higher in the summer months of June-August which is attributable to the longer daylight hours during this period.

Golf tournament play represents about 7 percent of total play. This is a substantially higher percentage of total play than observed at most public access municipal courses, where tournaments generally account for about 4 percent of total play levels.

Table III-3: PGGL Monthly Rounds Distribution by Source of Play--2022						
Month	**Public Access**	**Annual Member**	**Discount Card Holder**	**Tournament**	**Junior/ School**	**Total**
January	1,932	1,189	1,175	151	88	4,535
February	2,702	1,082	976	235	103	5,098
March	2,512	1,123	983	343	127	5,088
April	2,725	1,156	992	278	241	5,392
May	2,739	1,112	1,015	382	178	5,426
June	3,053	1,052	1,036	379	217	5,737
July	3,462	1,093	1,105	460	327	6,447
August	3,303	1,084	1,096	294	241	6,018
September	3,185	978	968	537	156	5,824
October	2,711	869	863	883	109	5,435
November	2,108	8,52	828	391	174	4,353
December	1,467	674	653	123	101	3,018
Total	31,899	12,264	11,690	4,456	2,062	62,371
Percent Distribution	51.1%	19.7%	18.7%	7.1%	3.3%	100.0%

Golf Fees

Golf fees for PGGL over the 2018-2023 period are shown in Table III-4. In addition to retail "rack" rates charged for general public play, PGGL offers annual pass and discount card programs, available to both Pacific Grove residents and non-residents. The Monarch Card, which provides for greens fees discounts of about $20, costs $55 per year for residents and $150 per year for non-residents. There are approximately 1,000 members participating in this program. The Lighthouse Card program is an annual membership which allows unlimited play seven days per week. The annual fee for Pacific Grove residents is $1,350, with non-residents charged $1,500. The cost of power carts is in addition to the fees charged. There are approximately 150 annual cardholders.

Power golf carts are $21 per rider. Cart utilization is relatively low at 40-45 percent of players, reflecting the limited topography, as well as course length and short distance between greens and tees on most holes.

PGGL Revenue

Annual gross revenue for PGGL, by major component, is shown in Table III-5 for the 2018-2022 period. Total gross revenue from all sources has increased sharply over the past five years, in part due to the positive impact of COVID-19 in overall golf participation. Gross revenue at PGGL has increased from $2.8 to $4.2 million over this period, or nearly 50 percent, while the play level has increased by 32 percent over this same time frame. Golf fees, consisting of greens fees, annual and discount card fees, and cart rental account for the majority of total fees. Typically, golf revenue accounts for about 85 percent of total annual PGGL gross revenue. Other revenue is comprised of practice range revenue, pro shop merchandise sales, instruction fees, club rentals, and other miscellaneous sources. Again, food and beverage revenue accrues to the independent operator of The Grill at Point Pinos.

Table III-4: PGGL Historical Greens Fees						
	2018	2019	2020	2021	2022	2023
Monday-Thursday						
Public (retail)	$50	$51	$53	$56	$59	$62
Twilight	30	31	33	36	39	42
9;-Holes	30	31	33	36	39	42
Monarch Discount Card	29	30	31	32	34	36
Lighthouse Annual	19	20	21	22	---	---
Junior	20	20	20	20	20	20
Friday-Sunday						
Public (retail)	$55	$56	$58	$70	$75	$78
Twilight	32	33	35	40	45	49
9;-Holes	32	33	35	42	49	55
Monarch Discount Card	34	35	36	37	39	41
Lighthouse Annual	24	25	26	27	---	---
Junior	20	20	20	20	25	25
Cart Fee/Rider						
18-holes	$18	$18	$18	$19	$20	$22
9-Holes	12	12	12	13	13	14

Table III-5: PGGL Annual Gross Revenue ($000)					
Department	**2018**	**2019**	**2020**	**2021**	**2022**
Golf Fees					
Greens Fees	$1,655.9	$1,742.9	$1,917.6	$2,293.0	$2,499.9
Cart Rental Fees	503.3	489.0	494.1	654.2	682.9
Annual Dues	} 165.4	} 182.5	144.9	193.0	214.8
Discount Card Program			61.7	64.4	66.8
Subtotal Golf Fees	$2,324.6	$2,414.4	$2,618.3	$3,204.6	$3,464.4
Range	71.7	78.2	74.9	111.8	148.0
Merchandise	271.2	280.6	200.9	387.6	450.0
Instruction	58.4	58.5	48.1	52.4	67.5
Other Revenue	126.6	140.0	14.7	52.3	105.2
Total	$2,852.4	$2,971.7	$2,956.8	$3,808.7	$4,235.1

The average revenue per round over the 2018 to 2022 period is summarized in Table III-6. As indicated, the average golf revenue per round has increased from $48.69 in 2018 to $57.92 in 2022, nearly 20 percent. Thus, the 57 percent increase in gross golf revenue at PGGL over the past five years reflects both an increase in play (32 percent) and an increase in the average revenue per round (20 percent).

Table III-6: PGGL Average Revenue per Round

Department	2018	2019	2020	2021	2022
Golf/Cart Fees	$49.11	$50.05	$45.30	$48.86	$55.54
Practice Range	1.51	1.62	1.30	1.70	2.37
Merchandise	5.73	5.82	3.48	5.91	7.21
Other	3.91	4.11	1.09	1.60	2.77
Total	$60.26	$61.60	$51.16	$58.07	$67.90

The warmup practice range revenue for 2022 is relatively modest at $148,000 ($2.37 per round), with nearly all of the usage attributed to same-day golfers. The range is small, and not designed to service non-playing golfers using the range for golf practice.

Merchandise revenue has increased sharply as well over the past five years, while other miscellaneous revenues have generally remained unchanged. These revenue categories are much less important than golf not only because they represent a small percentage of total PGGL gross revenue, but also due to their corresponding high cost of sales/expense margins.

PGGL Rent

Annual rent paid by CourseCo to the City of Pacific Grove consists of base rent plus overage rent. As previously noted, the operator is obligated to pay base rent at $300,000 per year (with a $5,000 annual increase), plus “overage” rent calculated based on 65 percent of annual gross revenue which exceeds an annually CPI adjusted $2.35 million “golf” revenue threshold. As shown in Table III-7, substantial overage rent was generated in 2021 and 2022 due to the strong revenue performance of the golf complex. Based on year-to-date performance, substantial overage rent in the range of $350,000 is expected in 2023 as well.

In 2022, rent totaled about $775,000, equal to 18 percent of total revenue (21 percent of golf/cart revenue). Annual projected rent (base and overage rent) for 2023 will represent a similar percentage of golf/caret revenue. The projected 2023 overage rent reflects the unusual number of rain days affecting annual play levels, although this decline in utilization is substantially offset by the increase in the 2023 greens fees structure.

Table III-7: PGGL Annual Rent			
Year	**Base Rent**	**Overage Rent**	**Total**
2015 (9 months)	$235,000	---	$235,000
2016	300,000	---	300,000
2017	300,000	---	300,000
2018	273,250	---	273,250
2019	338,900	---	338,900
2020	239,400[1/]	---	239,400
2021	344,400	---	344,400
2022	323,500	256,500	580,000
2023	338,900	399,700	728,500
[1/] Base rent adjusted due to course closure during initial COVID-19 response.			

The Grill at Point Pinos

The Grill at Point Pinos is operated independently from the golf course by Le Creme Hospitality. The Grill serves both PGGL golfers and non-golfer patrons. The restaurant operating hours typically extend from 7:00 a.m. to 7:00 p.m. daily. The operator indicated that about one-half of their customers are same-day golfers, and one-half non-golfing area residents. However, in terms of gross revenue, same-day golfers represent well under one-half of the total revenue as golfer per capita expenditures are substantially below non-golfer restaurant patrons.

It is estimated that the average food and beverage revenue generated by golfers through the quick service and in-restaurant post-golf round activity is $5.00 to $6.00 per round. This average per round golfer revenue is consistent with similarly positioned golf courses.

PGGL Operating Expenses

Under the terms of the lease agreement between the City of Pacific Grove and CourseCo Golf Management, the PGGL operator is not required to report their operating expenses, other than irrigation water costs. This provision is standard for golf course lease agreements between public agencies and private operators.

IV. Capital Improvements

The following section presents a summary of the capital improvements program for Pacific Grove Golf Links. Many components and features of a golf course have a limited life expectancy, and thus a golf course requires a capital improvement replacement program in order to remain competitive in the marketplace. In particular, components requiring improvements or replacement include cart paths, tees, bunkers, greens, clubhouse FF&E, parking lot surfaces, and, perhaps the most important and costly, the golf course irrigation system. As well, golf course maintenance equipment requires continuous replacement.

PGGL Capital Improvement Program

The lease agreement between the City of Pacific Grove and its lessee (CourseCo) establishes a Capital Improvement Reserve Fund as the primary mechanism for funding golf course capital improvements. The fund is intended to be used for capital items or the repair/replacement of capital items in accordance with a Capital Improvement Plan prepared by CourseCo and approved by the City. The fund specifically is not intended for acquisition of golf course maintenance equipment.

Upon commencement of the lease agreement on July 1, 2014, the lessee was obligated to contribute a relatively nominal amount of $100,000 to the fund, and assume responsibility for the cost to complete the "dune restoration project" up to a maximum contribution of $75,000.

Between July 1, 2014 and March 30, 2016, the lessee was required to contribute 1.0 percent of total gross revenue generated by the golf course to the Capital Improvement Fund, with the City also contributing 1.0 percent. Commencing April 1, 2016, the contribution was increased to 1.5 percent for both parties, or a total annual contribution of 3.0 percent of total gross revenue.

Over the past five years, annual contributions to the Capital Improvement Fund have ranged from $100,000 to $125,000. The industry standard for annual contributions to the capital improvement replacement reserve fund typically are in the range of 3.0% to 3.5%. Again, as noted above, in order to remedy years of deferred maintenance, a one-time commitment of about $1.0 million in capital improvements is needed in the near term. Excluding the clubhouse, the replacement cost new of all of the various depreciable components at PGGL is estimated in the range of $5-$6 million.

Capital improvements completed over the past five years are shown in Table IV-1. Over this period, capital improvements totaling about $285,000 were completed at the golf course, or an average of about $55,000 per year. Over the next five years, another $520,000 are scheduled for the course, as shown in Table IV-2. Improvements in 2020 were curtailed due to the onset of COVID-19, which substantially disrupted play and revenue for the year.

Table IV-1: Pacific Grove Golf Links Capital Improvements Completed--2018-2022					
Project	**2018**	**2019**	**2020**	**2021**	**2022**
Tree Maintenance	$6,480	$29,118	$19,925	$9,600	$17,000
Net Replacement	---	---	---	---	9,700
Tee Box Renovation (#4)	---	---	---	---	19,933
Clubhouse Landscape	---	---	---	---	10,800
Drainage Renovation (#6)	---	---	---	54,532	---
Cart Path Addition (#2)	---	---	---	28,064	---
Asilomar Fence Renovation	---	14,401	---	---	---
Range Netting	21,400	---	---	---	---
Cart Path Addition (#9)	25,435	---	---	---	---
Irrigation Control Equipment	16,782	---	---	---	---
Total	$70,097	$43,519	$19,925	$92,196	$57,433

Table IV-2: Pacific Grove Golf Links Scheduled Capital Improvements--2023-2027					
Project	**2023**	**2024**	**2025**	**2026**	**2027**
Tree Maintenance	$30,000	$30,000	$30,000	$30,000	$30,000
Crespi Pond Dredge	25,000	---	---	---	---
Driving Range Path Resurface	20,000	---	---	---	---
Maintenance Equipment Lift	29,547	---	---	---	---
Greens Heads Replacement	15,200	---	---	---	---
Tee Renovation (#18)	---	20,000	---	---	---
Cart Path Addition (#3)	---	25,000	---	---	---
Tee & Bunker Renovation (#16)	---	30,000	---	---	---
Cart Path Addition (#6)	---	---	70,000	---	---
DG Walk-Up Path--Tee Boxes	---	---	---	20,000	---
Driving Range Tee Line Repl.	---	---	---	---	15,000
Bunker/Tee Renovations	---	---	---	50,000	50,000
Total	$119,747	$105,000	$100,000	$100,000	$95,000

Future Capital Improvement Requirements

While the improvements completed over recent years, and those planned in coming years, result in a positive impact on playing conditions and the overall golfer experience, in several areas, PGGL's current condition reflects some degree of deferred maintenance. Generally, if a golf course has been well maintained and benefited from sufficient and timely capital improvement expenditures, an annual capital improvement reserve allowance on the order of $125,000-$150,000 per year is sufficient to maintain a quality golf product. However, if golf course capital improvements have been deferred over an extended period of time and/or appropriate reserves have not been set aside, this annual commitment will be insufficient.

PGGL is considered to be in a relatively favorable situation with respect to many near- and mid-term capital improvement requirements. The pro shop, restaurant and cart storage facilities are less than 15 years old and in very good condition. Moreover, the major capital improvement facing most golf courses, other than the clubhouse related capital expenditures, is the golf course irrigation system. Typically, the cost to fully replace a system in the current market environment is in the range of $2.0 to $2.5 million, although PGGL has a more limited system with only about 40 acres of irrigated turf. The current operator indicated that there have not been any extraordinary issues related to the irrigation system, and there does not appear to be any major repairs or replacement of the system in the foreseeable term.

Based on discussions with current management, along with inspection of the course, it appears that to address deferred maintenance would likely require about $1.0 million in near term capital improvements. The principal improvements relate to bunker renovation, major tree trimming, tee renovations, cart path network repair/expansion, protective netting, and driving range improvements. Following this significant infusion of capital, continued funding of a reserve equal to about 3.0 percent of gross revenue ($125,000 per year) should be sufficient to sustain a quality product.

Maintenance Equipment

The golf operator owns and maintains a full complement of golf course maintenance equipment. This equipment was purchased from the City when the conversion from self-operation to a lease agreement operating structure occurred. Most equipment components have a useful life expectancy of 5 to 10 years, and a full complement of equipment costs in the range of $1.5 million.

Replacement of maintenance equipment is not regarded as capital improvements, and the PGGL capital improvement program specifically is not intended to fund replacement of such equipment. Most operators either lease their fleet of maintenance equipment, or establish a replacement reserve for periodic equipment replacement. At this time, most operators lease the majority of their maintenance equipment for a term of five years, with an affordable buy-out for most of the components at the conclusion of the lease term. A typical annual allowance for lease payments and/or reserves for maintenance equipment replacement is in the range of $120,000 per year.

V: Golf Market Overview

The following section presents an overview of the demographic makeup of the Pacific Grove market area and an analysis of national, regional and local golf market conditions.

Market Area Demographics

The primary market area for a golf course is influenced by a number of factors including course quality, rate structure, transportation network and access, location and characteristics of competitive facilities, resident demographic attributes, and other such factors. The primary market area for PGGL, from which 70 to 80 percent of total play is expected to derive, is defined as the region extending from Carmel Valley on the south to Castroville on the north, and inland to Salinas on the east. This region is generally within about a 30- to 40-minute drive time (20 miles) of the PGGL complex. Most of the balance of support derives from residents from the San Francisco/Oakland/San Jose metropolitan market area and overnight visitors to the Monterey Peninsula.

Comparative demographics of the Pacific Grove resident market area are presented in Table V-1, which is segmented into 20-, 40- and 60-minute drive time bands (see Figure V-1). As noted, the 20-minute drive time population is reported at about 80,000 currently, with another 165,000 population residing in the 20-40 minute drive time band. Expanding the drive time out to 60-minutes adds about 365,000 additional residents. These market area segments have experienced very modest growth over the past 12 years, and there is effectively no growth forecast over the next five years.

Residents within the 20-minute drive time area are substantially older and somewhat more affluent than the statewide benchmark, while residents in the 20-40 and 40-60 minute bands are slightly younger and less affluent than statewide residents.

The senior population in the market area is particularly important with regard to golf demand, as the participation rate and frequency of play for the 60-79 year old age group is much higher than other age groups. As shown in Table V-2, Monterey County's current 60-79 age cohort, as a percentage of the total population, is slightly smaller than the statewide average (17.3% versus 18.8%), although this age cohort in the more immediate Pacific Grove area (20-minute drive time from PGGL) is much larger than for the County as a whole. Over the next 10 years, this age cohort in Monterey County is forecast to increase its share of total population compared, while all other age cohorts will experience a decline. The Monterey County senior cohort rate of increase, however, is much lower than for the State as a whole and neighboring counties.

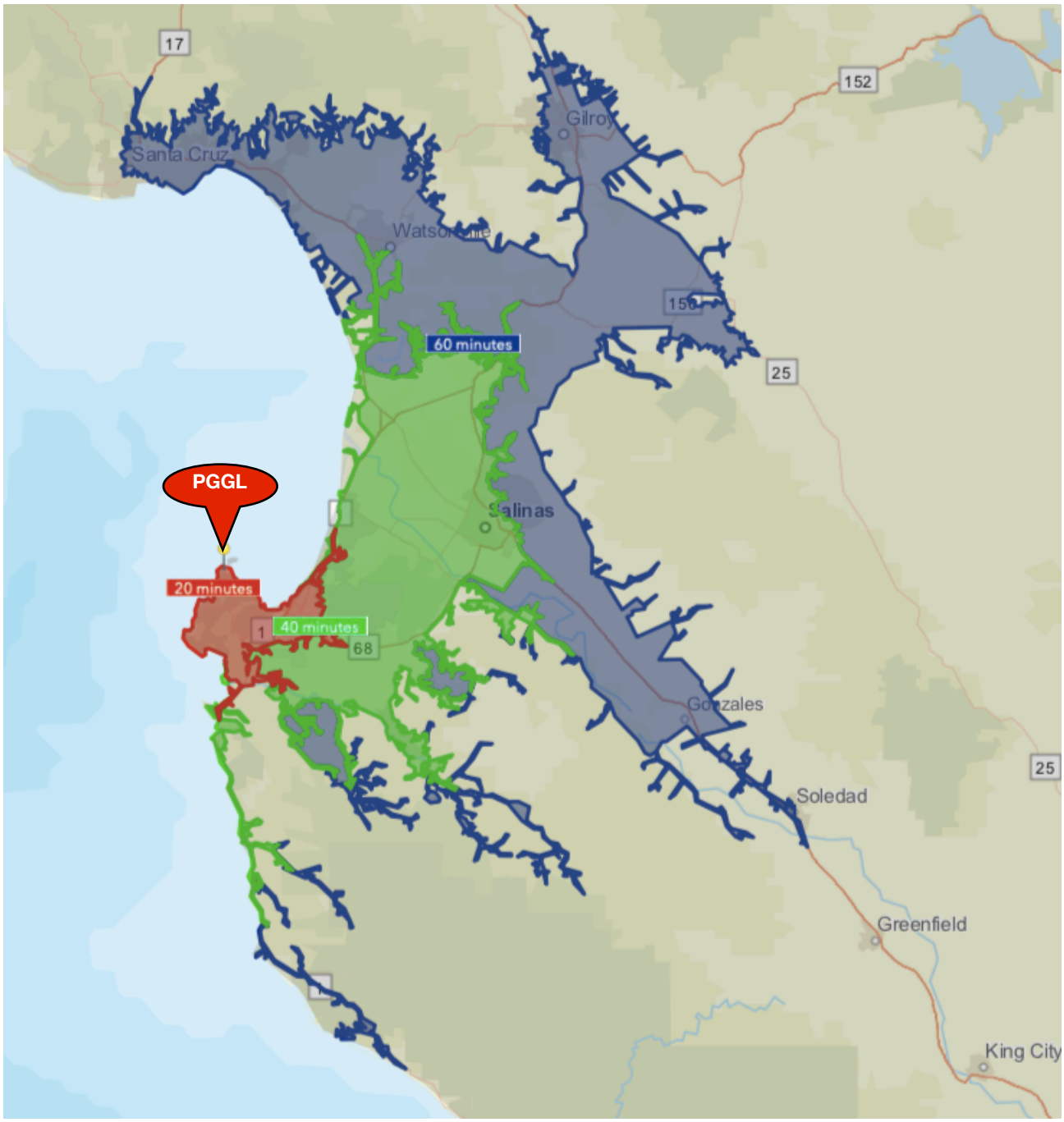


Figure V-1: PGGL Market Areas Defined by Drive Time

Table V-1: Pacific Grove Golf Links Market Area Demographics				
	0-20 Minute Drive Time	20-40 Minute Drive Time	40-60 Minute Drive Time	State of California
Population				
2010	79,158	148,023	346,538	37,253,900
2022	80,004	165,111	367,686	39,770,200
2027 (projected	79,736	166,806	366,237	39,648,300
Average Annual Growth				
2010-2022	0.09%	0.91%	0.49%	0.55%
2022-2027	(0.07%)	0.20%	(0.08%)	(0.06%)
Population Characteristics (2022)				
Median Age	42.1	34.1	34.2	36.7
Population 65+	23.0%	14.8%	13.2%	15.5%
Average HH Size	2.34	3.04	3.25	2.86
Median HH Income	$98,889	$82,884	$88,299	$88,930
% HH Exceeding $100,000	49.5%	39.6%	44.5%	45.3%
Source: ESRI forecasts for 2022 and 2027. U.S. Census Bureau 2010 and 2020 decennial Census data converted by ESRI into 2020 geography.				

Table V-2: Projected Monterey County Senior Population Growth						
	Monterey County Population			State of California		
	Age 60-79 Cohort	Other Cohorts	Total	Age 60-79 Cohort	Other Cohorts	Total
Population						
2022 Estimate	77,486	369,814	447,300	7,556,200	32,589,800	40,146,000
2032 Projection	85,256	382,114	467,370	8,739,400	33,492,200	42,231,600
10-Year Increase						
Number	7,770	12,300	20,070	1,183,200	902,400	2,085,600
Percent	10.0%	3.3%	4.5%	15.7%	2.8%	5.2%
Source: California Department of Finance, "County Population Projections by Age and Sex, 2020-2060", and Pro Forma Advisors.						

The Monterey Peninsula has relatively mild climate, as indicated in Table V-3, which compares favorably with most other areas of Central California. Moderate year-round temperatures, and rainfall of about 18 inches annually, provide for year-round golf.

Table V-3: Summary of Climate Statistics--Pacific Grove			
Month	Average Daily Temperature (F)		Average Rainfall (inches)
	High	Low	
January	60	45	3.5
February	61	47	3.8
March	61	48	2.8
April	62	49	1.2
May	63	52	0.4
June	65	53	0.1
July	65	55	---
August	68	56	---
September	68	55	0.2
October	67	53	0.8
November	63	49	2.0
December	60	45	3.2
Total	---	---	18.0

National Golf Market Trends

Nationwide, golf play increased steadily between the mid-1980s and 2000. As shown in Table V-4, for the 1990-2000 period, the total number of annual rounds played nationally increased at an average rate of just over 2.5 percent per year. Golf balls sold, perhaps the best indicator of play, increased at a similar rate (2.3 percent per year). This unprecedented growth in golf play during this period was due to a number of factors including:

- An increase in the number of golfers;
- The increasing importance of golf-oriented real estate;
- Expansion of the golf tourism industry;
- One of the longest economic expansions in the nation's history.

The increase in golf demand and the popularity of golf-related housing development during the 1990s stimulated extraordinary expansion of the national golf course inventory, primarily between 1995 and 2002, as summarized in Table V-5. Over the 1990-2010 period, the inventory of golf courses in the United States increased by 34 percent, while the U.S. population registered only a 24 percent gain, and golf demand (play) increased only 12 percent over this same period.

Right after the new century started, the first signs of industry problems surfaced, and persisted through 2019. While total golfers and rounds played during this period were down industrywide, most individual golf courses experienced steeper declines in utilization, along with revenue contraction and falling net operating income, as the market totals were spread over an increased supply of facilities. Further, golf course transaction prices declined precipitously, bankruptcies and foreclosures became routine, and new golf course construction virtually ceased while the number of courses closing significantly exceeded new openings. The impact of market softness was widespread during this period and affected all segments of the market and all geographic areas. Importantly, the industry problems went well beyond cyclical trends, as there appeared to be fundamental shifts in recreational preferences and other underlying factors affecting long-term demand for golf.

The National Golf Foundation (NGF) reported that since 2000, annual golf play in the United States declined from 518 million in 2000 to 441 million rounds in 2019, or about 15 percent. Other independent sources indicate a more severe contraction, which is borne out by golf ball sales and other market indicators. The golf participation rate, after rising steadily through 2003, fell precipitously from 12.4 percent in 2004 to a 8.0 percent in 2019. (It should be noted that the golfer participation rate is based on the number of golfers relative to the population over the age of 6 years old). The golf market also was significantly impacted by the 2008 national economic recession. Revenue contraction in many instances was more pronounced than the decline in rounds due to intense price competition which, in many cases, resulted in declining effective golf rates. The combination of lower rounds and a lower average effective rate substantially adversely impacted revenue at virtually all golf courses, regardless of market positioning.

Table V-4: Indicators of U.S. Golf Demand (1990-2022)				
Year	Rounds (millions)	# of Golfers[1] (millions)	Participation Rate	Golf Ball Sales[2/] (millions of dozens)
1990	400	27.8	13.5	42.0
1995	420	25.0	11.6	46.0
2000	518	28.8	11.7	52.2
2005	489	29.3	11.2	43.6
2006	493	29.4	11.2	44.0
2007	490	29.5	11.1	43.5
2008	481	28.6	10.7	42.2
2009	477	27.1	10	40.1
2010	475	26.1	9.6	--[4/]
2011	463	25.7	9.2	--[4/]
2012	490	25.3	9.0	--[4/]
2013	465	24.7	8.9	--[4/]
2014	457	24.7	8.5	--[4/]
2015	465	24.1	8.2	--[4/]
2016	468	23.8	8.0	--[4/]
2017	456	23.8	7.9	--[4/]
2018	434	24.2	8.0	--[4/]
2019	441	24.3	8.0	--[4/]
2020	502	24.8	8.2	--[4/]
2021	530	25.1	8.3	--[4/]
2022	510	25.6	8.3	--[4/]
Average Annual Growth				
1990-1995	1.0%	(2.1)%	---	1.8%
1995-2000	4.3%	2.9%	---	2.6%
2000-2005	(1.1%)	0.3%	---	(3.5%)
2005-2010	(0.6%)	(2.3%)	---	(2.1%)[3/]
2010-2015	(0.4%)	(1.6%)	---	---[4/]
2015-2019	(1.3%)	(0.2%)	---	---[4/]
2019-2022	5.0%	1.8%	---	---[4/]

1/ Represents golfers over 6 years of age. 2/ Estimated by PFA based on "soft goods" sales recorded by Data Tech and golf ball manufacture sales. 3/ For period 2005-2009. 4/ Data for 2010-2020 not available in comparable format.
Source: National Golf Foundation; Golf Data Tech; and Pro Forma Advisors LLC.

Table V-5: Number of Golf Courses[1] - U.S.				
Year	**Annual Courses Added**	**Annual Courses Closed**	**Total Golf Courses[2]**	**Average Annual Percent Change**
1990	---	---	11,105	---
2002	315	15	14,725	2.96%
2006	120	60	14,968	0.8%
2007	115	95	14,988	0.13%
2008	70	105	14,953	(0.23%)
2009	50	100	14,903	(0.33%)
2010	45	110	14,838	(0.44%)
2011	35	140	14,733	(0.71%)
2012	14	155	14,592	(0.96%)
2013	14	157	14,449	(0.98%)
2014	11	174	14,289	(1.13%)
2015	17	177	14,129	(1.12%)
2016	15	211	13,933	(1.39%)
2017	15	206	13,743	(1.36%)
2018	12	198	13,557	(1.35%)
2019	10	202	13,355	(1.49%)
2020	8	193	13,170	(1.40%)
2021	10	130	13,050	(0.99%)
2022	20	105	12,965	(0.99%)

[1/] 18-hole equivalents.

[2/] Includes courses added, less courses closed., 2006-2022

Source: National Golf Foundation; and Pro Forma Advisors

Beginning in 2020 with the onset of COVID-19, golf participation and rounds have increased sharply. Rounds played surged 20 percent over the 2020-2021 period, with strong growth in golf course revenue and net operating income. Nationally, rounds in 2022 declined about 5 percent from 2021 as there has been some dissipation of the COVID-19 impact, and play in 2023 is down somewhat as well, although this is in part due to unusual bad weather impacts.

Since 2002, the construction of new courses in the country has declined sharply, and the rate at which courses have closed has accelerated. Between 2006 and 2022, for example, the number of courses closed substantially exceeded new course openings. New courses have been added to the inventory since 2006 at an annual rate of 40-50 courses per year, while course closings have averaged about 145 per year over this period. Over 1,700 golf courses have closed over the past 10 years. The rate at which golf courses are closing has decelerated in recent years with the onset of COVID-19. In 2021, 130 golf courses closed nationwide, with 105 course closures in 2022.

The outlook for the golf industry is somewhat unclear at this time. Most golf analysts believe that there will be continued erosion of the COVID-19 impact on golf participation and play levels. Nonetheless, it is anticipated that there will be some sustained positive impact as there has been a substantial increase in the number of new golfers introduced to the sport over the past three years.

The one trend which has been observed is the emergence of significant movement toward recreational activities associated with golf entertainment and family-oriented golf activities. The success of TopGolf facilities and TopTracer Technology is particularly noteworthy. As well, golf-oriented miniature golf, such as the Tiger Woods' PopStroke product have been extremely well received in the market.

Monterey Peninsula Golf Market

Pacific Grove Golf Links (PGGL) is located within the City of Pacific Grove on the Monterey Peninsula. The Monterey Peninsula anchors the northern portion of California's central coast region, and is comprised of the cities of Monterey, Carmel, and Pacific Grove, as well as the resort community of Pebble Beach. The Monterey Peninsula golf market is well established and world renowned, and is home to five of Golf Digest's top 100 golf courses in the country. The market is broadly defined as the area extending from Carmel Valley on the south to Castroville on the north, and from the Pacific Coast on the west inland about 10 miles to Salinas on the east.

The inventory of public access and private golf courses is shown in Table V-6. As noted, while there was some expansion between 1995 and 2010 in both the public and private inventory, the increase in the public golf supply (conversion of Blackhorse and Bayonet 36-hole complex from military to high end daily fee in 2006/2008) was only 13%, and there has been contraction since 2015 related to the closing of the 36-hole Rancho Canada golf complex in the Carmel Valley in 2016/2017. This compares with an expansion of the public supply in the Bay Area golf market of 40% between 1990 and 2015, and the closure of only three courses in the San Francisco Bay Area southern peninsula.

Table V-6: Monterey Peninsula Inventory of Regulation Length Golf Courses			
	Number of Courses (18-Hole Equivalent)		
Year End	Public Access	Private	Total
1990	15.0	5.0	20.0
1995	15.0	5.0	20.0
2000	15.0	8.0	23.0
2005	15.0	8.0	23.0
2010	17.0	8.0	25.0
2015	17.0	8.0	25.0
2020	15.0	8.0	23.0
2023	15.0	8.0	23.0

The location of Monterey Peninsula market area public access golf courses is depicted in Figure V-2, and selected characteristics of these course are presented in Table V-7. Table V-8 provides a summary of golf fees and current play levels at the market area public access courses. The golf fees shown are "rack" rates, which in some cases are subject to discounting and golf play specials at the discretion of the operator. Further, some courses employ a "dynamic" pricing structure which varies according to prevailing demand relative to the available inventory of tee times.

It also should be noted that play levels refer to calendar year 2022, or fiscal year 2021-2022. In many instances the play levels shown are estimates based on historical play, adjusted based on current market conditions, as well as information derived from interviews with operators of the facilities. For these facilities, actual play levels are regarded as proprietary information which is not disclosed.

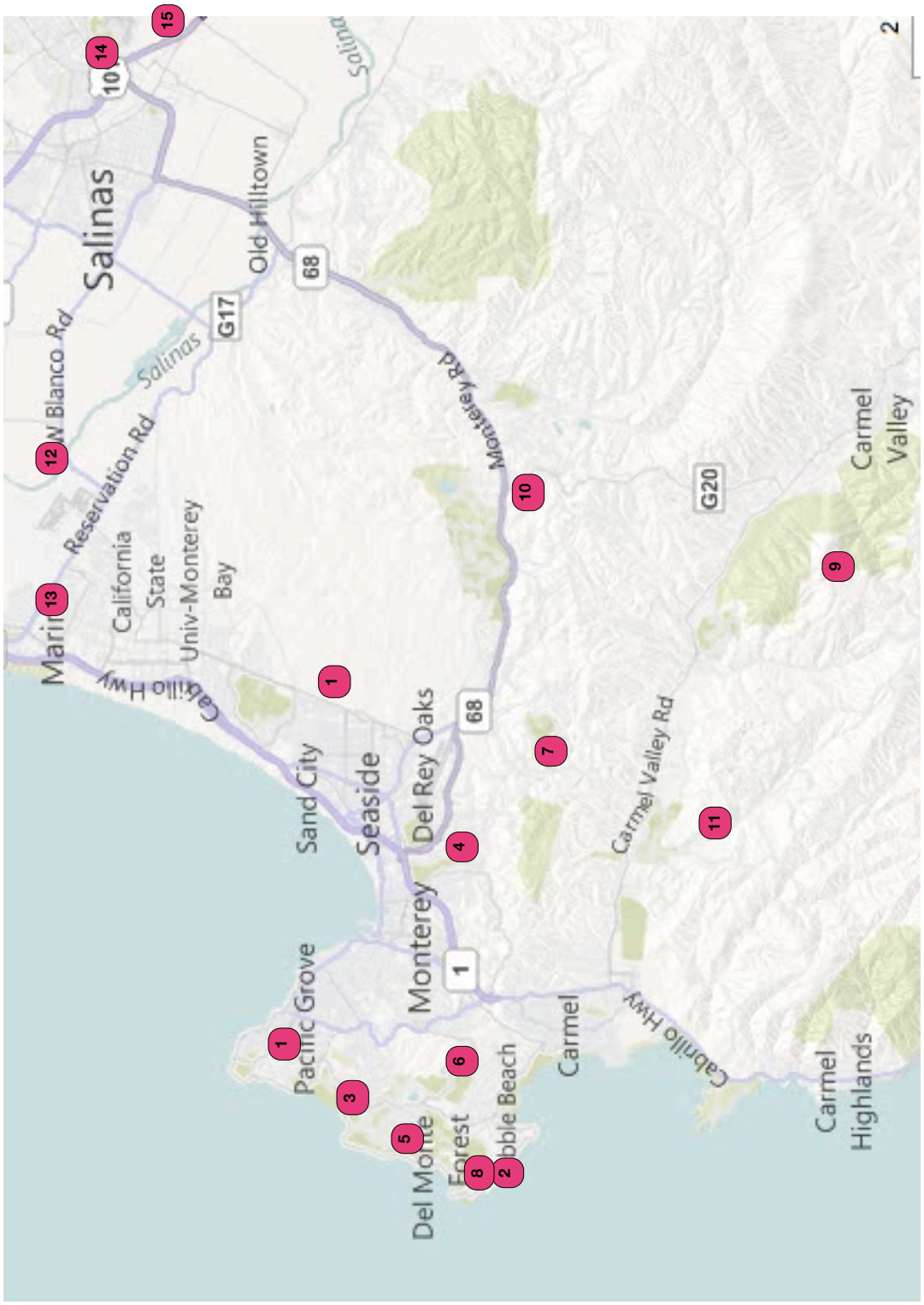


Figure V-2: Location of Market Area Public Access Golf Courses

Table V-7: Selected Characteristics of Monterey Peninsula Public Access Golf Courses				
Course	PGGL	Pebble Beach	Spanish Bay	Del Monte
Location	Pacific Grove	Pebble Beach	Pebble Beach	Monterey
Course Type	Reg-Muni	Reg-Resort	Reg-Resort	Reg-Resort
Architect	Egan/Neville	Jack Neville	RT Jones II	Chas Maud
Owner	City of Pac Grove	Pebble Beach Co	Pebble Beach Co	Pebble Beach Co
Operator	City of Pac Grove	Pebble Beach Co	Pebble Beach	Pebble Beach
Year Opened	1932	1919	1988	1897
Number of Holes	18	18	18	18
Par	70	72	72	72
Course Length (back)	5732	7040	6821	6357
Rating (back)	67.7	75.5	74.2	71.5
Slope (back)	119	145	142	127
Greens Fees				
Standard (18 holes)				
Weekday	$62	$625	$335	$125
Weekend	78	625	335	125
Mid-Day				
Weekday	$42	---	---	---
Weekend	49	---	---	---
Twilight				
Weekday	---	---	---	---
Weekend	---	---	---	---
Senior (18 holes)				
Weekday	---	---	---	---
Weekend	---	---	---	---
Cart Fees (18/9 holes)	$21	$55	$55	$25
Mandatory	no	no	no	no
Percent Using Carts	50%	90%	90%	90%
Facilities				
Clubhouse Size (sq. ft.)*	6,000	15,000	1,200	4,000
Banquet Seating Capacity	yes	---	---	---
Snack Bar	yes	yes	yes	yes
Driving Range	yes	yes	no	no
Number of Tees	10	20	--	---
Annual Number of Rounds	62,400	45,000	45,000	45,000
% Twiilight/9-Hole Play	15%	15%	10%	5%

Table V-7 (continued): Selected Characteristics of Monterey Peninsula Public Access Golf Courses				
Course	Monterey Pines	Poppy Hills	Spyglass	Laguna Seca
Location	Monterey	Pebble Beach	Pebble Beach	Carmel
Course Type	Reg-Daily Fee	Reg-Daily Fee	Reg-Daily Fee	Reg-Daily Fee
Architect	Graves/Messier	RTJones I	RT Jones I	RTJones I & II
Owner	Navy	NCGA	Pebble Beach Co	Rancho Canada
Operator	Navy Golf Prog	NCGA	Pebble Beach Co	Rancho Canada
Year Opened	1963	1986	1966	1970
Number of Holes	18	18	18	18
Par	69	72	72	71
Course Length (back)	5556	6857	6953	6174
Rating (back)	66.9	74.3	75.5	70.6
Slope (back)	114	144	147	132
Greens Fees				
Standard (18 holes)				
Weekday	$53	$55/200	$465	$55
Weekend	53	72/200	465	75
Mid-Day				
Weekday	43	---	---	---
Weekend	43	---	---	---
Twilight				
Weekday	35	$35/60	--.	$35
Weekend	35	40/65	---	45
Senior (18 holes)				
Weekday	---	---	---	$41
Weekend	---	---	---	---
Cart Fees (18/9 holes)	$23	$18/12	$55	$20/12
Mandatory	no	no	no	no
Percent Using Carts	40%	65%	95%	50%
Facilities				
Clubhouse Size (sq. ft.)*	8,000	20,000	8,000	10,000
Banquet Seating Capacity	yes	yes	yes	yes
Snack Bar	yes	yes	yes	yes
Driving Range	yes	yes	yes	yes
Number of Tees	15	18	16	15
Annual Number of Rounds	50,000	45,000	45,000	35,000
% Twilight/9-Hole Play	15%	15%	5%	5%

Table V-7-Concl: Selected Characteristics of Monterey Peninsula Public Access Golf Courses				
Course	Carmel Valley Ranch	Quail Lodge	Black Horse/Bayonet	Pajaro Valley
Location	Carmel Valley	Carmel	Seaside	Royal Oaks
Course Type	semi-private/resort	semi-private/resort	Reg-Daily Fee	semi-private
Architect	Pete Dye	RM Graves	Gene Bates	MacFar/Graves
Owner	Pritzker	Quail Lodge	Diamond/Pitt	---
Operator		Quail Lodge	Troon Golf	---
Year Opened	1981	1963	2008	1922
Number of Holes	18	18	36	18
Par	70	71	72	72
Course Length (back)	6234	6449	7024	6664
Rating (back)	70.5	71.4	74.8	69.5
Slope (back)	134	129	136	118
Greens Fees				
Standard (18 holes)				
Weekday	---	$295	$100	$60
Weekend	---	295	140	65
Mid-Day				
Weekday	150	$145	$60	---
Weekend	150	145	95	---
Twilight				
Weekday	$98	---	$40 (incl cart)	$38
Weekend	98	---	40 (incl cart)	43
Senior (18 holes)				
Weekday	---		$60	$50
Weekend	---		60	---
Cart Fees (18/9 holes)	included	Included	Included	$20/15
Mandatory	no	no	no	no
Percent Using Carts	95%	60%	95%	60%
Facilities				
Clubhouse Size (sq.ft.)*	10,000	7,000	9,500	6,500
Banquet Seating Capacity	yes	250	100	
Snack Bar	double ended	yes	yes	yes
Driving Range	yes	yes	Double End	yes
Number of Tees	20	15	60	20
Annual Number of Rounds	45,000	45,000	75,000	40,000
% Tweilight/9-Hole Play	10%	10%	15%	15%

Table V-8: Monterey Peninsula Golf Courses--Summary of Rounds and Rack Rates					
	Regular 18-Hole		Loyalty Club/Resident		
	Weekday	Weekend	Weekday	Weekend	Rounds
PGGL	$62	$78	$42	$58	62,400
Forest Courses					
Pebble Beach	$625	$625	---	---	45,000
Spanish Bay	335	335	---	---	45,000
Del Monte	125	125	---	---	45,000
Spyglass	465	465	---	---	45,000
Monterey Pines	53	53	17-31 (military)	17-31 (military)	50,000
Poppy Hills	200	200	55	72	45,000
Carmel Valley/Other Course					
Carmel Valley Ranch	$150*	$150*	---	---	45,000
Laguna Seca	55	75	---	---	35,000
Quail Lodge	295	145	---	---	45,000
Salinas Area					
Bayonet/Blackhorse	$100	$140	$60	$95	75,000
Pajaro Valley	60	65	---	---	40,000
Salinas Fairways	43	56	---	---	50,000

* Includes cart.

The impact of COVID-19 on market area golf course play levels has been extraordinary in most markets. With a major shift in the number of employees working at home rather than an office, and with golf offering an attractive form of outdoor recreation, golf participation has increased markedly which, in turn, has translated into a large increase in play levels at both public access and private golf courses. The Monterey Peninsula public access courses, in general, have benefited, although the improvement in utilization has not been as significant as in most other markets.

Golf rounds played in the United States and State of California, as reported by industry analyst Golf Datatech, document the COVID-19 impact:

Year	Change in Annual Golf Rounds	
	California	United States
2019	(4.7%)	1.5%
2020	5.6%	13.9%
2021	13.6%	5.5%
2022	(4.2%)	(3.7%)
2023*	(12.1%)	3.1%
* Through April.		

As shown, California golf rounds played increased nearly 20 percent over the 2019-2021 period, before declining 4.2 percent in 2022. The large increase for 2023 (January-April period) is primarily attributable to a very unusual number of rain days for this period. The national rounds played numbers show a similar pattern of increase over 2019-2021, with 2022 rounds down 3.7 percent.

Based on the review of characteristics, and discussions with regional golf course managers, observations regarding the Monterey Peninsula golf market are presented below:

- There are 15 regulation length 18-hole public-access golf courses serving the Monterey Peninsula, of which 6 are regarded as resort courses--that is, a lodging component is linked to the golf course.
- The three Pebble Beach Resort courses (Pebble Beach, Spyglass Hill, Links at Spanish Bay) and Carmel Valley Ranch have very high greens fees ($335-$625) and offer limited public access.
- Although subjective, most knowledgable golf professionals regard Pebble Beach Golf Links, because of its rich history and legacy, as among the premier golf courses in the country, followed by Spyglass Hill, and Spanish Bay. The Bayonet/Blackhorse golf courses, along with Poppy Hills, Carmel Mountain Ranch and Quail Lodge, fall into the next tier. Pacific Grove Golf Links is slightly below this second tier in terms of golf course design quality and condition, but benefits from its spectacular sand dunes/coastal frontage.

- PGGL competes most directly with Monterey Pines Golf Club in Monterey, Poppy Hills in Pebble Beach, and Laguna Seca in Monterey. At the same time, PGGL often is played by resort/visiting golfers who elect to play multiple courses during their visit to the Monterey Peninsula.
- Monterey Pines is a U.S. Navy owned par-70 course which is available to both military current personnel and veterans, as well as the general public. The golf course was fully renovated in 2009/2010. The course accommodates about 50,000 rounds annually, one-half attributed to the general public and on-half to military personnel (current or veterans). Greens fees are $53 daily for the public, with military rates ranging from $17 to $31 depending on rank. Golf carts are $23 per player, with utilization low at 40 percent.
- Poppy Hills greens fees are $200 daily for the general public, but NCGA members play at greens fees of $55 weekdays and $72 weekends, plus $18 per player cart fees, with carts optional. The vast majority of the play, estimated at 85 percent, at Poppy Hills is NCGA member play, with only about 15 percent general public daily fee play. Poppy Hills accommodates about 45,000 annual rounds.
- Laguna Seca is an 18-hole regulation length course located in the Monterey hills, on the north side of Highway 68, about 5 miles inland from the Monterey coastline. The golf course has a fair amount of topography (difficult to walk), relatively short, and in good condition. Although similarly priced to PGGL, the course generates only 35,000 rounds annually.
- Several clubs offer loyalty programs with substantially reduced greens fees including Bayonet/Blackhorse, Poppy Hills (NCGA members), and Laguna Seca Golf Club.
- Annual play on most courses on the Monterey Peninsula declined 20-30% over the 2001-2019 period, depending on the market positioning and rate strategy. Then, the impact from COVID-19 triggered about a 10-15 percent surge in play levels over the 2020-2021 period, with play levels retrenching 3-5 percent in 2022.
- There are plans to redevelop the 18-hole Pajaro Valley Golf Course with a completely new land use plan which calls for 27 holes of golf and 230 residential units. This proposed plan will be subject to a very rigorous approval process such that the likelihood and timing of this project are uncertain at this time.
- There has been increased competition for higher quality daily fee golf course like PGGL, Poppy Hills and Bayonet/Blackhorse stemming from the increased availability of golf at a few of the private clubs in the market. For example, Quail Lodge and Carmel Valley Ranch now offer daily fee play, although the fee structure is relatively high.

Golf Industry Challenges

Despite the recent COVID-19 related surge in the demand for golf, golf property owners/operators in California will face a number of challenges affecting golf course operating economics in the coming years. In particular, the sharp increase in the cost of irrigation water and the impact of recent increases in the California minimum

wage, along with golf course maintenance worker shortages, will adversely impact operating costs and profitability.

Irrigation Water Costs

Regulation length 18-hole golf courses generally have 90-110 acres of cultivated turf area. Typical irrigation consumption for Central California golf courses averages in the range of 250-300 acre feet, or more, per year. PGGL water consumption is much lower at about 84 acre feet per year due primarily to the small number of irrigated acres and the course's coastal location. While the source and cost of irrigation water varies from course to course, nearly all golf courses have experienced extraordinary increases in their water costs over recent years.

Rates for irrigation water generally have doubled for many water agencies in California over the past 10 years. Continued increases in water rates which substantially exceed the general cost of living are expected going forward due to limited resources and the need to repair/replace aging infrastructure. Water costs for many courses are in the range of $300,000-$500,000 annually, often representing 15-20 percent of total operating expenses.

Pacific Grove Golf Links irrigation water costs are very high as well, despite its much lower consumption, due primarily to the very high water commodity rates at PGGL.

California Minimum Wage

Labor related expenses typically represent approximately 50-60 percent of total golf course operating expenses. Most golf course employees (maintenance, pro shop and food and beverage) earn at or somewhat above the minimum wage. Increases in the minimum wage in California over the past six years were as follows:

Table V-9: California Minimum Wage

Year	Minimum Hourly Wage
2016	$10.00
2017	10.50
2018	11.00
2019	12.00
2020	13.00
2021	14.00
2022	15.00

Over the 2016-2022 period, the California minimum wage increased 50 percent, equal to an average annual rate of about 7 percent. The increase in the California minimum wage has impacted golf course economics for most golf courses.

Labor Availability

Even at the elevated minimum wage levels, labor availability has been extremely limited, particularly maintenance staff. Over the past few years, most operators have been forced to rely on some level of casual maintenance labor, which is more costly than permanent labor. It is expected that this could lead to further marked increases in maintenance labor cost.

Golf Market Outlook

Not unlike virtually every golf market in the country, the Monterey Peninsula public golf market has improved significantly over the past three years primarily due to the beneficial impact of COVID-19 on golf participation rates. The COVID-19 impact dissipated slightly in 2022, but play on most courses remains well above pre-pandemic levels. Golf play in 2023 is expected to decline somewhat as well due to an unusually high number of rain days. While it is likely there will be some further dissipation of the COVID-19 impact, golf play at most courses is expected to remain above 2019 levels. At the same time, it is highly unlikely that there will be many, if any, golf course development opportunities in the region due to lack of available land suitable for golf course development and the very high cost of development. Thus, as the population continues to grow and mature, it is anticipated that market area demand will remain stable or improve somewhat, such that the long-term outlook remains reasonably favorable.

The consensus among recognized golf authorities is that golf demand, in real terms, will increase modestly at about a 1.0-1.5 percent average annual growth rate over the next 10- to 20-year term. Most of this growth will result from the aging population trends previously discussed, where the propensity to, and frequency of, play increase compared to younger age cohorts.

VI: Comparative Operating Revenues and Expenses

Pacific Grove Golf Links (PGGL) performance is compared with a series of market area courses, as well as selected California municipal courses extending from Ventura on the south to the San Francisco South Bay on the north.

PGGL Market Share

A golf course's market share is determined by a number of factors including golf course design quality and conditioning, pricing structure and play policies, market orientation, overall market conditions, sales and marketing efforts, and property management. Pacific Grove's market share, defined as PGGL rounds divided by total rounds played at public access golf courses in the Monterey County market area, is estimated over the 2005-2022 time frame in Table VI-1.

Table VI-1: PGGL Historical Market Share

Year	PGGL Rounds	Market Rounds*	PGGL Market Share
2005	77,500	730,000	10.6%
2010	56,000	627,000	8.9
2015	54,400	622,000	8.8
2020	57,800	605,000	9.6
2022	62,400	648,000	9.6

* Total rounds played at the 15 public access golf courses serving the Monterey County region.

PGGL's market share declined sharply over the 2005-2015 period when the golf facility was under City management (golf operations and course maintenance). CourseCo, the current course manager, assumed golf course operation and maintenance in 2014/2015, when the course market share was at its low point (8.8 percent market share). By 2020, PGGL's market share had increased modestly to 9.6 percent, and has been maintained at this level over the past two years. Importantly, PGGL's improved market share was achieved while the greens fee structure at the course escalated sharply.

Operating Revenues

Annual gross revenue by department for selected municipal golf courses extending from Ventura County on the south to the San Francisco South Bay on the north for fiscal year 2021-2022 is shown in Table VI-2. The revenues relate to golf functions only, and specifically exclude food and beverage operations. The average revenue per round is calculated in Table VI-3.

Table VI-2: Gross Revenue at Selected California Regional Municipal Golf Courses (FY2021-22) (thousands of dollars)							
		Annual Gross Revenue					
Course	Annual Rounds[2/]	Greens Fees[1/]	Cart Fees	Range	Merch	Other	Total
PGGL	62,371	$2,781.5	$682.9	$148.0	$450.0	$172.7	$4,235.1
Salinas Fairways	45,000[3/]	1,106.2	302.9	143.8	113.9	---	1,666.8
DeLaveaga	58,800	2,026.7	499.7	475.0	450.6	305.2	3,757.2
Santa Barbara	75,100	2,372.5	697.4	327.9	330.0	227.0	3,954.9
Los Robles	82,800	2,624.0	796.2	512.5	205.2	122.0	4.259.9
Buenaventura	61,370	1,733.2	476.2	---	87.0	---	2,485.9
Olivas Links	61,990	1,935.0	483.8	253.0	125.7	---	2,914.7
Simi Hills	83,970	2,598.6	919.5	280.2	214.4	54.5	4,067.2
Shoreline	82,200	1,837.6	434.0	599.2	134.3	73.0	3,077.7
Poplar Creek	83,960	2,950.0	670.0	400.0	380.0	50.0	4,450.0

1/ Includes passholders and/or annual membership play.
2/ Includes paid and complimentary/employee rounds.
3/ Estimated play level based on greens fees and membership fees.

Table VI-3: Revenue per Round at Selected California Regional Municipal Golf Courses (FY2021-2022)							
		Average Revenue Per Round					
Course	Annual Rounds	Greens Fees[1/]	Cart Fees	Range	Merch	Other	Total
PGGL	62,371	$44.60	$10.95	$2.37	$7.21	$2.77	$67.90
Salinas Fairways	45,000	24.58	6.73	3.11	2.53	---	37.04
DeLaveaga	58,800	34.47	8.50	8.08	7.66	5.19	63,90
Santa Barbara	75,100	31.59	9.29	4.37	4.39	3.02	52.66
Los Robles	82,800	31.69	9.71	6.18	2.48	1.47	51.45
Buenaventura	61,370	28.24	7.76	---	1.42	---	40.51
Olivas Links	61,990	31.21	7.80	4.08	2.03	---	47.02
Simi Hills	83,970	30.95	10.95	3.34	2.55	0.65	48.44
Shoreline	82,200	22.35	5.28	7.29	1.63	,89	37.44
Poplar Creek	83,960	35.14	7.98	4.76	4.53	0.60	53.00

Annual Play Levels--Annual play at a municipal golf course depends on a number of factors including course design and maintenance quality, market area strength, competition, greens fees, resident discounts, among other factors. PGGL play at 62,371 rounds is within the middle of the range for the municipal golf courses shown. This play volume, however, is considered relatively favorable given that PGGL commands the highest pricing structure of the golf courses shown.

Greens Fees--At $4.2 million, PGGL greens fees revenue is at the top of the range for the 10 courses shown in the comparative table. The other top courses--such as Los Robles, Simi Hills, and Poplar Creek--are located in very strong market areas. On a per round basis, the average PGGL greens fee revenue is $44.60, by far the highest among the courses shown. While not shown, PGGL's average greens fees would be in-line with the higher quality public access courses such as Poppy Hills and Laguna Seca.

Cart Fees--The PGGL cart fee is slightly higher than the comparative courses shown, and in-line with most public access courses on the Monterey Peninsula. The average cart revenue per round depends primarily on cart utilization which, in turn, depends on course policies and course design (topography, course length, green-to-tee distance). PGGL is easy to walk, yielding relatively low cart utilization, and an average per round cart fee.

Range Revenue--PGGL driving range revenue at $148,000 per year ($2.37 per round) is very low compared with most other courses surveyed. The low revenue results from PGGL's small, poorly designed warmup range which services primarily same-day golfers. As well, the golf driving range is difficult to access for same day golfers and is not lighted for night use.

Merchandise--Pro shop merchandising at golf courses is very difficult in a retail environment where there are large retail superstores and online merchants which offer very competitively price golf related products. Merchandising revenue at PGGL is 2022 totaled $450,000 ($7.21 per round), at the top of the range for the comparative sample shown.

The total PGGL revenue, excluding food and beverage sales, is at the top of the range for the comparative courses both on a total annual volume and per round basis. Again, at the top of the range are several courses in extremely strong golf markets.

Food & Beverage--As noted, The Grill at Point Pinos is independently operated from the golf course. Nonetheless, it is interesting to note that the average food and beverage revenue at the grill averages about $5 to $6 per round of golf played. This average per golfer expenditure is in-line with most municipal and mid-market golf courses. It would appear that there may be some revenue upside for the restaurant related to golfer food and beverage purchases.

Operating Expenses

Annual operating expenses by department are shown in Table VI-4 for a series of selected mid-market oriented California municipal golf courses. It should be noted that all of the golf courses shown are operated and maintained by private sector employees, with the exception of Poplar Creek and DeLaveaga which are maintained by City staff. The current concessionaire at PGGL is not required to disclose operating expenses.

Table VI-4: Comparative On-Site Operating Expenses--FY 2021-2022 ($000)				
Course	**Santa Barbara**	**Olivas Links**	**Buena**	**Los Robles**
Location	**Santa Barbara**	**Ventura**	**Ventura**	**Thousand Oaks**
Course Maintenance				
Payroll and Benefits	$606.9	$575.7	$395.6	$639.8
Services and Supplies	327.6	296.8	219.4	452.2
Utilities	403.6	132.5	120.0	750.0
Maintenance Equipment	156.4	---	---	65.0
Subtotal	$1,494.5	$1,005.0	$735.0	$1,907.0
Golf Operations				
Payroll and Benefits	$175.0	$217.6	$192.0	$225.0
Cart Leasing	80.0	85.0	75.0	85.0
Outside Services	150.0	291.6	115.7	280.0
Range	50.0	89.0	---	85.1
Services and Supplies	109.6	31.5	16.3	68.1
Subtotal	$564.6	$714.7	$399.0	$743.2
Undistributed/Clubhouse	$125.0	---	---	433.0
General and Admin				
Payroll and Benefits	$175.0	$143.6	$144.1	$197.6
Insurance	39.7	45.0	40.0	172.4
Property Taxes	---	---	---	8.2
Marketing/Promotion	25.0	69.7	58.9	350.8
Services and Supplies	300.7	276.7	264.7	362.0
Management Fee	288.9	104.8	77.0	259.8
City Overhead Allocation	56.7	---	---	---
Subtotal	$886.0	$639.8	$584.7	$1,350.8
Total	**$3,070.1**	**$2,359.5**	**$1,718.7**	$4,434.0

1 Excludes food and beverage.
Source: PFA.

Table VI-4: Comparative On-Site Operating Expenses--FY 2021-2022 ($000)				
Course	**Simi Hills**	**Poplar Creek**	**Shoreline**	**DeLaveaga**
Location	**Simi Valley**	**San Mateo**	**Mountain View**	**Santa Cruz**
Course Maintenance				
Payroll and Benefits	$740.0	$1,100.0	$463.0	$1,006.0
Services and Supplies	300.0	735.0	145.0	495.0
Utilities	856.0	110.0	545.0	725.0
Maintenance Equipment	37.0	125.0	---	25.0
Subtotal	$1,933.0	$2,070.0	$1,153.0	$2,251.0
Golf Operations				
Payroll and Benefits	$175.0	---	$191.0	---
Cart Leasing	90.0	---	97.0	---
Outside Services	125.0	---		---
Range	55.0	---	164.0	---
Services and Supplies	35.0	---	24.0	---
Subtotal	$480.0	---	$476.0	---
Undistributed/Clubhouse	$100.0	---	$113.0	---
General and Admin				
Payroll and Benefits	$200.0	---	$131.0	---
Insurance	109.0	---	---	---
Property Taxes	---	---	---	---
Marketing/Promotion	25.0	---	106.0	---
Services and Supplies	180.0	---	55.0	---
Management Fee	---	---	150.0	---
City Overhead Allocation	---	---	46.0	---
Subtotal	$514.0	$300.0	$489.0	---
Total	**$3,027.0**	**$2,370.0**	**$2,231.0**	**$2,251.0**

1 Excludes food and beverage.
Source: PFA.

VII: Golf Course Operating Options

The following section presents a description and information regarding various forms of golf course operation and management available to the City of Pacific Grove. Presently, PGGL is operated under a golf facility lease agreement whereby the operator/lessee (CourseCo) is responsible for all golf course functions. The Point Pinos Grill is operated by an independent restaurant concessionaire under a separate lease agreement. The current golf course lessee (CourseCo) receives all revenues from golf operations, and is responsible for all operating expenses, with the exception of water which is under a cost sharing agreement. The lessee is required to make annual lease payments to the City.

There are five basic golf course operating options that are available to the City of Pacific Grove:

- Golf Facility Lease (current model)
- Management Agreement
- Full Self-Operation (City or Recreation District)
- Golf Operations Concessionaire/City Maintenance
- Golf Operations Concessionaire/Contract Maintenance

The distribution of the 177 municipal golf facilities (204 golf courses) located in the State of California by type of operating model is indicated as follows (based on golf facilities, regardless of number of holes):

Table VII-1: Distribution of California Municipal Golf Facilities by Operating Format

Operating Model	Number of Facilities			Percentage Distribution
	Southern CA	Northern CA	Total	
Self-Operation	5	3	8	5%
Recreation District	2	5	7	4
Concession W/ Muni Maintenance	5	8	13	7
Concession W/Contract Maintenance	5	8	13	7
Management Agreement	19	30	49	28
Facility Lease	47	40	87	49
Total	83	94	177	100%

The above distribution presents a snap shot of the current situation. Nearly one half of the golf facilities are operated under a facility lease agreement, including Pacific Grove Golf Links. The lessee is typically a private sector golf course operating company, responsible for all golf course operating functions. The lessee generally pays the public agency the greater of a minimum rent payment or a percentage of gross revenue. Food and beverage facilities usually are operated by the lessee, although sometimes there is a separate private sector food and beverage concessionaire. The “leased facility” numbers shown above are skewed somewhat by Los

Angeles County where 13 golf facilities are the County of Los Angeles' municipal golf courses and four are the City of Long Beach golf courses, all of which are leased.

There are 49 California municipal golf courses operated under management agreements, representing 28 percent of the total. These courses are operated by private companies specializing in golf operations and maintenance. All of the revenues and expenses are borne by the public agency, with the management company receiving a fee for their management services.

There are eight municipal golf courses in the State which are self-operated, with the public agency providing all golf course maintenance and golf operation services. In virtually all instances, food and beverage facilities are operated under a concessionaire agreement. In terms of municipal self-operation, five of the eight facilities shown are owned and operated by the Los Angeles City Department of Recreation and Parks properties, two by the City of San Francisco, and one by the City of Sunnyvale.

In addition to the eight golf facilities which are self-operated, there are 13 other municipal facilities in the State which retain concessionaires for golf operations, but utilize City Parks and Recreation staff for golf course maintenance. The golf operations concessionaire is responsible for the starting function, cart rental, practice range operation, and pro shop merchandise sales. Again, food and beverage operations are operated either by the golf operations concessionaire or by a dedicated food and beverage concessionaire.

There also are a few hybrid operations involving a mix of public and/or private service providers. For example, there are some golf courses where operations are provided by a golf management company with golf course maintenance provided on a contract basis by a separate company.

The distribution shown in the exhibit does not present a clear picture of the trends established over the past 10-20 years. For example, nearly all of the 49 municipal management agreements at golf courses in California have been put in place within the past 20 years. Over this time span, there have been numerous other golf courses which have converted from City maintenance to private sector maintenance through fee-for-service maintenance contracts, facility leases or management agreements.

Responsibility for the basic maintenance, operation and management functions for each of these operating models is summarized as follows:

Table VII-2: Golf Function Responsibility Under Alternative Operating Models

Model	Course Maintenance	Golf Operations	Food & Beverage	Administration/ Management
Golf Facility Lease (current PGGL model)	Private	Private	Priv/Concession	Private
Management Agreement	Private	Private	Private	Private
Hybrid	City/Private	Priv/Concession	Concession	City/Private
Full Self-Operation	City	City	Concession	City

In addition to the basic options outlined above, there are numerous other permutations which would create alternative hybrid models. These alternative hybrid models, discussed later in this section, combine some form of self-operation, concession agreements, and/or management/contract private party agreements. All of the operating options require City oversight responsibilities including contract monitoring, budget preparation and review, management oversight, and the like. The degree of City participation varies by operating model.

Facility Lease Model

Pacific Grove Golf Links currently is operated and maintained under a standard facility lease. Under this option, the golf course is leased to a private golf course operator who provides course maintenance, golf operations, and overall facility management services. The food and beverage operation may be included under the golf course facility lease or provided under a separate lease to a dedicated food and beverage operator. In most California municipal golf facility leases, the operator's lease payments typically are equal to the greater of a minimum rental payment versus a percentage of golf, merchandise, lessons, and food and beverage departmental gross revenue. Under a typical facility lease, the lessee receives 100 percent of the revenue and is obligated to fund some level of required front-end capital improvements, all operating expenses, rent, and contribute to a reserve for ongoing capital improvements. As such, the financial risk is largely borne by the lessee. The term of the lease is negotiable, although the length generally is related to operator capital improvement levels and rental payment terms.

There are many examples of the facility lease model. All of the Los Angeles County courses, the City of Long Beach courses, City of San Jose courses, and numerous other municipal golf facilities in the State are operated under a facility lease. The leases are structured with a minimum versus a percentage of gross revenue (different percentages for the various revenue departments such as golf (greens, carts and range), merchandise, food and beverage, and lessons. More recently negotiated facility leases often are structured with more revenue sharing at greater than expected gross revenue levels. The PGGL agreement has this feature, with the City receiving a share of revenue above a specified golf gross revenue threshold.

Tables VII-3 and VII-4 contain a summary of golf course “turnkey” facility lease terms — facilities where all operations are leased to a contract operator – for selected Southern and Northern California public properties, respectively. There has extensive facility lease activity in recent years, with a number of public agencies converting from management agreements to facility leases. In addition to Pacific Grove Golf Links in Pacific Grove, Chuck Corica Golf Course in Alameda, Alhambra Golf Course in Alhambra, the City of San Jose courses (Los Lagos, San Jose Muni, and Rancho del Pueblo), Valley Oaks in Visalia, Green River in Orange County, Las Positas in Livermore, Redwood Canyon and Tilden Park in the San Francisco East Bay, and several Los Angeles County golf courses have been leased in recent years, many of these conversions from a management agreement operating format to a facility lease. In addition, there have been a number of municipal golf course lease agreements renewed or extended over the past several years, mostly ones located in Southern California.

Table VII-3: Regulation Length Public Golf Course Facility Lease Terms						
Course	**Pacific Grove**	**Salinas Fairways**	**Soule Park**	**Oceanside**	**Costa Mesa CC**	**Mountain Meadows**
Location	**Pacific Grove**	**Salinas**	**Ojai**	**Oceanside**	**Costa Mesa**	**Pomona**
Number of Holes	18	18	18	18	36	18
Lessor	City of Pacific Grove	City of Salinas	Ventura County	Oceanside	Costa Mesa	L.A. County
Lessee	CourseCo	Sierra Golf Mgmt	Highlands Golf	Bellows/ Landscapes Un.	Mesa Verde Partners	American Golf
Agreement Date	2014	2008	2007	2007	1992	2020
Lease Term (years)						
Initial	9.5	20	10	30	18	15
Option Extension	Two 5-year	1-10	1-5	1-10	2-5 + 10 yr. ext	1-5
Minimum Rent	$300,000	$100,000	$180,000	None	$630K/720K	$890,000
CPI Adjusted	No	No	No	---	No	No
Percentage Rents						
Greens	---	7.5%	11.5%/50%[1/]	20%	35%	28%
Carts	---	7.5%	11.5%/50%[1/]	20%	35%	28%
Range	---	7.5%	11.5%/50%[1/]	20%	35%	28%
Merchandise	---	7.5%	5%	20%	6%	6%
Lessons	---	7.5%	---	---	5%	10%
Food and Beverage	---	7.5%	5%	20%	11%	8%
Liquor	---	7.5%	5%	20%	11%	10%
Banquet Room Rental	---	7.5%	5%	20%	25%	25%
Revenue Sharing	Min + 65% of total golf revenue exceeding $2.35M					
Required Capital Imps	$100,000	none	None	---	$1.938M	$150,000
Repl Reserve Require	1.5% of total gross revenue	none	$1/round	---	5% of greens	--- [2/]
Cost of Water	Lessee	Lessee	Lessee	Lessee	Lessee	County

[1/] Percentage rent increases to 50% for gross greens fees exceeding $1,650,000, cart revenue of $425,000 and range revenue of $125,000.
[2/] County contributes an amount equal to 10 percent of greens fees.

Table VII-3 (continued): Regulation Length Public Golf Course Facility Lease Terms--Southern California						
Course	**La Mirada**	**Los Verdes**	**Meadowlark**	**Los Amigos**	**Diamond Bar**	**Los Lagos/San Jose Muni**
Location	**La Mirada**	**Palos Verdes**	**Huntington Beach**	**Downey**	**Pomona**	**San Jose**
Number of Holes	18	18	18	18	18	36
Lessor	L.A. County	L.A. County	Huntington Bch	L.A. County	L.A. County	City of San Jose
Lessee	American Golf	American Golf	American Golf	Los Amigos GP	American Golf	CourseCo
Agreement Date	2020	1994[2/]	1993	2012	2020	2023
Lease Term (years)						
Initial	15	15	25	20	15	15
Option Extension	1-5	---	15 (city)	5 (county)	1-5	two 5-year
Minimum Rent	$890,000	$970,000	$500,000	---[3/]	$890,000	None
CPI Adjusted	No	No	No	No	No	Yes
Percentage Rents						
Greens	28%	40%	25%	5%-43%[4/]	28%	
Carts	28%	40%	25%	5%-43%[4/]	28%	
Range	28%	30%	25%	5%-43%[4/]	28%	
Merchandise	6%	5%	4%	6%	6%	5.0%
Lessons	10%	---	---	---	10%	5%
Food and Beverage	8%	10%	10%	8%	8%	---
Liquor	10%	12%	10%	12%	10%	---
Banquet Room Rental	25%	10%	25%	25%	25%	---
Revenue Sharing						10% up to $8.0M; 20% $8.0-$12.0M. 35% over 12.0
Required Capital Imps	$150,000	$800,000	$3,500,000	$500,000	$150,000	$2,000,000
Repl Reserve Require	--- [1/]	---[1/]	---	---[1/]	--- [1/]	---
Cost of Water	County	Lessee	Lessee	Lessee	County	Lessee

[1/] County contributes an amount equal to 10 percent of greens fees.
[2/] Term extended for an additional 15 years with commitment of additional capital improvements.
[3/] None in first 5 years; then 80% of year 5 percentage rent.
[4/] Years 1-2 / 3+.

Table VII-4: Regulation Length Public Golf Course Facility Lease Terms					
Course	**Alondra Park**	**Chuck Corica**	**Crystal Springs**	**Alhambra G.C.**	**Metropolitan**
Location	**Lawndale**	**Alameda**	**Burlingame**	**Alhambra**	**Oakland**
Number of Holes	18	45	18	18	18
Lessor	L.A. County	City of Alameda	City/County of San Francisco	City of Alhambra	City of Oakland
Lessee	American Golf	Greenway Golf	Crystal Springs Golf Partners	Billy Casper Golf	Oakland Golf, LLC
Agreement Date	2020	2012	1997	2019	2001
Lease Term (years)			(revised 2004)		
Initial	15	20	20	5	25
Option Extension	1-5	One 5-year; extended to 50 yr	None	Three 5-year	Three 5-year
Minimum Rent	$890,000	$300,000	$1.25 million [11/]	$100,00 (yrs 1-5) increasing to $175K over term	$400,000 [2/]
CPI Adjusted	No	No	Yes	No	Yes
Percentage Rents					
Greens	28%	Years 1-20: 8% of total gross revenue up to $4.0M (cpi adjusted), 10% above; Years 21-40: 10% up to $4.0, 12% above	25/35/32% [12/]		0/15/17.5/20/22.5/ 25/27.5 [3/]
Carts	28%		25/35/32%		
Range	28%		25/35/32%		
Merchandise	6%		8%	---	0/4% [4/]
Lessons	10%		25/35/32% [12/]	---	0/4%
Food and Beverage	8%	7.5%	8%	n.a.	0/4%
Liquor	10%	NA	8%	n.a.	0/4%
Banquet Room Rental	25%	NA	25/35/32% [12/]	n.a.	0/4%
Revenue Sharing				40% of gross golf revenue exceeding $1.9 million (2% annual escalation)	
Required Capital Imps	$150,000	$5.7 million	$1.98 million	$183K, plus maint. equipment	$8.0 million
Repl Reserve Require	--- [1/]	3.0% of total gross revenue	6% (yrs.1-5); 2%(yr.6+) of total gross revenue	$30,000 per year	0% (1-2), 2% (3-4); 4% (5+) of total gross
Cost of Water	County	Lessee	Lessee	Lessee ($200,000 cap)	Lessee

[1/] County contributes an amount equal to 10 percent of greens fees.
[2/] Increases to $500,000 by Year 4.
[3/] Years 1-2 / 3-5 / 6-10 / 11-15 / 16-20 / 21-25 / 26+.
[4/] Years 1-5 / 6-10 / 11-15 / 16+.

In general, the facilities are leased to a golf management company with a minimum lease payment versus percentage rents. The contract specifies performance standards, required capital improvements and a range of contractual terms. It is important to note the agreement date, as the improving economics of the golf market and competitiveness in the golf management industry during the 1990-2000 period are reflected in more favorable lease terms to the lessor, with the most recent agreements somewhat adversely influenced by soft golf market conditions from 2001 through 2019 (pre-COVID-19).

The various terms of the leases are interrelated and the lease payments must be considered in the context of all the terms of the lease.

- Lease Term. The term of the facility leases shown generally ranges from 15-30 years. When front-end lessee capital improvements are required, which generally is the case, the term of the lease must be long enough to amortize these capital expenditures. The length of the term normally is a function of the level of capital improvements. Occasionally a short-term agreement (less than five years) is negotiated, but these are generally related to the continuation of an agreement with an operator where minimum capital improvements are required or where an option is exercised to extend the lease term.
- Minimum Rent. The minimum rent typically is established at about 75 to 80 percent of the expected "percentage rent" amount. The minimum often is adjusted annually to reflect about 80 percent of the average of percentage rents paid during the prior three to four years operation, but never less than the preceding minimum rent level.
- Percentage Rents. Percentage rents vary by golf department, although often a composite rate is applied to greens fees, cart revenue, and driving range revenue. Merchandise, food and beverage, and other minor departments generally have lower individual percentage rents primarily due to the relatively small operating profit margins on these goods and services. The percentage rents are a function of the length of term, required capital improvements, utility sharing agreements, and the replacement reserve requirements. The rent percentage may increase over the term of the lease. The higher the capital expenditure requirement, replacement reserve, and costs associated with utilities and other course operations, the lower the percentage rent structure. Also, the market strength and potential profitability of the course strongly influence percentage rents.
- Fees and Operating Policies. Under most municipal facility leases, the lessor (City) retains substantial control over setting fees and establishing operating policies. As well, specific guidelines such as maintenance standards are in-place or negotiated as an integral part of the lease terms. While changes in fees and policies normally require City approval, in practice, the lessee has greater influence in modifying fees and terms which financially benefit the lessee. Moreover, regardless of the rigor of the lease agreement, a number of "gray" areas, such as level of course conditioning, generally remain which may be exploited by the lessee.
- Capital Improvements. Most facility leases call for capital improvements to be funded by the lessee. A list of improvements is specified and a time frame for their implementation is established. The capital

improvements requirement varies widely for the facilities shown, from less than $1 million to over $8 million.

- Capital Improvement Replacement Reserve. Generally, some provision for establishing a reserve for ongoing future capital improvements is stipulated. The replacement reserve is normally a percentage of greens fee revenue, with the percentage depending on anticipated future capital requirements, the age of the course, and the front-end capital expenditure requirement. Usually, the replacement reserve is in addition to percentage rents, but sometimes the reserve funds are credited against rent payments.
- Utilities. Typically, the lessee is responsible for utility costs. However, due to the high cost of water in California, there may be some cost sharing of utilities, or some protection provided the lessee in terms of ceilings or caps on utility rate increases.

For facility lease agreements, the market potentials, specific course maintenance requirements, areas of lessor/lessee responsibility, and other contract terms must all be considered in establishing an equitable lease structure. Thus, while the experience of other courses can serve as a general guideline, specific consideration should be given to the unique characteristics of a city's golf course, such as the location and market strength. Further, the overall objectives of the City will influence the structure of contract terms.

The primary advantages of the facility lease option include a guaranteed minimum rent payment to the City, potential benefits of professional golf management, limited required participation by the lessor (City), minimum financial risk to the City, and significant levels of private capital improvement funding availability. The primary disadvantages of the facility lease option include waiving some control over operating policies and procedures, commitment to longer term agreements and, depending on the structure of the agreement compensation, limited participation in upside financial performance.

Management Agreement

This option relates to a fee-for-service agreement with a Director of Golf, General Manager or an outside management company. Golf and food and beverage functions may be combined or separated, but the structure is the same. All functions would be under the authority of the contract golf director, General Manager or management firm. Under a typical management agreement, the facility owner (City) receives all revenues and is responsible for funding all capital improvements, operating expenses, and reserves for ongoing capital reinvestment. In addition, the owner (City) pays the operator a fee for management of the facility. In effect, the professional operator serves as the City's agent in managing, operating, and maintaining the golf facility. Management compensation typically consists of a base fee, plus performance incentives.

While there was a period in the early part of the new century when a number of public agencies employed a management contract approach to operations and maintenance, in more recent years movement back to a facility lease structure has occurred. A summary of selected management agreement terms and conditions relating to moderate and high quality municipal golf course operations in California is contained in Table VII-5.

As previously indicated, under this structure, the City receives all revenue and is obligated to fund all maintenance, operating and administrative expenses, including a management fee. The management fee is in addition to all on-site salaries and expenses. The basic terms and conditions of the agreements are discussed below.

Term

Generally, management terms are five years in length, long enough to allow a firm to amortize its initial efforts to establish policies, procedures, and systems, and to ensure sufficient job security for key employees. Longer terms offer little advantage to the owner. The renewal of an agreement typically is for a period of three to five years. The terms may be influenced by conditions dictated by the financing instrument used such as tax-exempt bond IRS regulations. For example, the IRS has a number of stipulations imposed to ensure a management contract does not result in private business use of a bond-financed facility. Among other things, the IRS restricts contracts which give the service provider an ownership or leasehold interest or provide compensation for services rendered based in whole, or in part, on a share of net profits from operations of the facility. In recent years, the IRS has relaxed the restrictive provisions of public management contracts to some degree.

Compensation Structure

For moderate volume courses ($2.0-$2.5 million in annual golf/greens, carts, range) revenue, the base fee generally ranges from $100,000 to $140,000 per year. Compensation typically consists of a base, or guaranteed fee, plus an incentive fee. Incentive fees are structured such that expected performance would result in additional compensation of $20,000 to $60,000. Total compensation, assuming budgets are met or slightly exceeded, for moderate volume 18-hole public courses, generally ranges from $150,000 to $180,000 per year. For high volume courses ($3+ million in golf revenue), the base fee generally ranges from $150,000

Table VII-5: Management Agreement Terms at Selected California Public Golf Courses				
Golf Course	**Buenaventura/ Olivas Links**	**Los Robles**	**Carlsbad Crossings**	**Callippe Preserve**
Location	**Ventura**	**Thousand Oaks**	**Carlsbad**	**Pleasanton**
Course Type	Mid-market Muni	Municipal	Upscale Municipal	Upscale Municipal
Number of Holes	36	18	18	18
Owner	City of Ventura	City of Thousand Oaks	City of Carlsbad	City of Pleasanton
Manager	Kemper Sports	EAGLE Golf	JC Resorts	CourseCo
Agreement Date	2020	2006	2019	2021
Term (years)	5	10	5	5
Options	Two 5-year	Four 5-year	None	One 3+One 2 year
Options Holder	City	City	---	City
Annual Gross Revenue	$5,500,000	$5,000,000	$7,500,000	$4,700,000
Base Annual Fee	$136,000	$100,000	$135,000	$120,000
CPI Adjusted	Yes	2%/year	No	Yes
Incentive Structure	3.5% of gross “golf “revenue exceeding $5,000,000 (not to exceed fixed	12% of NOI, ex depreciation	5.5% of gross revenue exceeding $5.0 million (not to exceed fixed fee)	15% of golf gross revenue exceeding $3.0 M + 15% of f&b and merchandise exceeding $1.1 M. (max total $150K
Management Functions				
Course Maintenance	X	X	X	X
Golf Operation	X	X	X	X
Food and Beverage	X	X	X	X
Annual Compensation				
Base	$136,000	$140,000	$135,000	$128,000
Incentive	17,500	75,000	135,000	102,000
Total	$153,500	$215,000	$270,000	$230,000
% of Total Gross Rev	3.1%	4.3%	3.6%	4.9%
Reimbursements	Out-of-Pocket	Accounting	None	Accounting/Out of Pocket
Performance/Other Deposit	None	None	None	None
Non-Compete Restrictions	None	None	None	None

Table VII-5 (continued): Management Agreement Terms at Selected California Public Golf Courses				
Golf Course	**Shoreline**	**Baylands Golf**	**Boundary Oak**	**Black Gold**
Location	**Mountain View**	**Palo Alto**	**Walnut Creek**	**Yorba Linda**
Course Type	Mid-Market Municipal	Upscale Municipal	Mid-Market Municipal	Upscale Municipal
Number of Holes	18	18	18	18
Owner	City of Mountain View	City of Palo Alto	City of Walnut Creek	City of Yorba Linda
Manager	Touchstone Golf	OB Sports	CourseCo Inc	Kemper Sports Mgmt.
Agreement Date	2021	2021	2022	2020
Term (years)	5	3	10	5
Options	None	One 3-year	None	None
Options Holder	---	City	---	---
Annual Gross Revenue	$3,200,000	$4,400,000	$6,000,000	$6,200,000
Base Annual Fee	$120,000	$108,000	$175,000	$170,000
CPI Adjusted	No	Yes	Yes	No
Incentive Structure	10% of golf gross revenue in excess of $2,600,000	20% of gross revenue (ex F & B) exceeding $3,655,000	15% of golf gross revenue exceeding prior year; 720% of F & B gross exceeding prior year. Not more than 20% of total fee.	7.0% of gross revenue in excess of $4,800,000. 9% in excess of $6,000,000
Management Functions				
Course Maintenance	X	X	X	X
Golf Operation	X	X	X	X
Food and Beverage		Leased to OB	X	X
Annual Compensation				
Base	$120,000	$108,000	$175,000	$170,000
Incentive	60,000	60,000	$45,000	102,000
Total	$180,000	$168,000	$220,000	$272,000
% of Total Gross Rev	5.6%	3.8%	3.7%	4.4%
Reimbursements	None	Out-of-Pocket	None	None
Performance/Other Deposit	None	None	None	$50,000
Non-Compete Restrictions	None	None	None	No

Table VII-5 (conc): Mgmt. Agreement Terms at Selected California Public Golf Courses			
Golf Course	**Santa Barbara Mun**	**Encinitas Ranch**	**DeBell**
Location	**Santa Barbara**	**Encinitas**	**Burbank**
Course Type	Mid-Market Municipal	Mid-Market Municipal	Mid-market Muni
Number of Holes	36	18	18
Owner	City of Santa Barbara	Encinitas Ranch Golf Auth.	City of Burbank
Manager	CourseCo	J.C. Resorts	Touchstone
Agreement Date	2016	2012	2019
Term (years)	5	10	5
Options	One 5-year	None	5
Options Holder	City	---	City
Annual Gross Revenue	$3,950.000	$4,500,000	$3,000,000
Base Annual Fee	$98,000	$220,000	$96,000
CPI Adjusted	Yes	Yes	No
Incentive Structure	15% of golf gross revenue in excess of $2,800,000	.75% of gross golf revenue Accounting reimbursement direct	15% of gross oper profit exceeding $2,550,000, or prior year's GOP
Management Functions			
Course Maintenance	X	X	X
Golf Operation	X	X	X
Food and Beverage		X	X
Annual Compensation			
Base	$96,000	$238,000	$96,000
Incentive	172,000	25,000	100,000
Total	$268,000	$263,000	$196,000
% of Total Gross Rev	6.8%	5.8%	4.3%
Reimbursements	Accounting, Out-of-Pocket	Accounting - $48K/year	Yes
Performance/Other Deposit	None	None	No
Non-Compete Restrictions	None	None	None
			None

to $180,000 per year for 18-hole courses. Incentive fees are structured such that expected performance would result in additional compensation of $30,000 to $75,000. Total compensation, assuming budgets are met or slightly exceeded, for high volume 18-hole public courses, generally ranges from $150,000 to $225,000 per year.

While there are many ways of structuring incentive agreements, it is generally more effective to key them off of net operating income, or gross revenue above established threshold levels, with incentive payments equaling anywhere from 25 to 100 percent of the base fee.

The compensation noted above relates to agreements where all management staff, including day-to-day accounting, are provided onsite, and there are no reimbursements for corporate support functions, marketing, or other normal offsite management services, including routine travel. The cost of some extraordinary services (e.g., legal, specialty agronomical consulting, etc.) may be borne by the golf course owner. There are many agreements where out-of-pocket expenses such as travel are reimbursed, and a few where the accounting function is provided off-site for an additional fee.

Incentive compensation normally is triggered by performance which exceeds predetermined levels of net operating income (defined as "earnings before interest, taxes, depreciation, and amortization," or EBITDA) or gross revenue. Since expenses are reasonably predictable, incentive payments based on gross revenue exceeding specified threshold levels often are workable.

It should be noted that golf revenue (greens, carts, and range) has little associated variable cost, whereas merchandise and food and beverage have very high variable costs. Given this, each revenue category should be treated independently, and incentive clauses should more greatly reward extraordinary golf revenue compared with merchandise, food and beverage, lessons, and other miscellaneous sources.

Overall, total compensation should represent about 4 percent of total gross revenue. The 4 percent allowance is an industry standard which most professional golf management firms utilize when allocating home office services for courses they own and operate.

It is generally desirable for at least one-quarter to one-third of total compensation to be incentive-based. Again, the type of financing may influence the structure of the compensation and limit the portion which is incentive-based.

Over the past two years, with the extraordinary improvement in golf course performance resulting from the positive impact of COVID-19 on golf participation, a number of management agreements have yielded significant windfall gains for golf course management companies. Those agreements with incentive provisions related to gross revenue or net income performance generated substantial incentive fees. Many agreements have a cap on total management compensation, which prevents these high windfall gains.

Base Fee Adjustments

In many agreements, the base fee is inflation-adjusted. This is a negotiable point, and typically relates to the structure of incentive compensation, which often serves as an inflation hedge.

Management Services

Offsite management services covered under the management fee include, although are not necessarily limited to, the following functions:

- Personnel/Human Resources
- Training
- Payroll and Benefit Administration
- Management Reporting and Accounting Systems
- Internal Audits
- Budgeting Support
- Marketing Support
- Agronomical Support

Typically, all of these services are included under the management fee. If not, an accordingly lower management fee would be expected.

While the management company provides these services, they do so, in effect, as the agent for the City. The City determines the fee structure, establishes policies, and has the right to approve compensation, employment practices, and other similar items. Clearly, the management firms provide input and recommendations, but ultimately the City retains near-full control over all operating decisions.

Other Provisions

Daily accounting and management system reports are an integral part of the golf course operation. This daily function can be provided on-site by golf course administrative staff, or at the home office of the management company. When provided by on-site staff, the expense is borne by the course like any other operating expense. When provided off-site by the management company, there often is a separate charge to the City, in addition to the basic management fee.

There may be other services provided by the management company which are reimbursed by the City separately from the management fee. Examples include travel expenses by home-office management staff, outside agronomical evaluations, and the like. All of these elements of the management agreement are negotiable, and clearly, the overall compensation consists of the sum of the base fee, incentive fee, and reimbursements.

The primary advantages of the management agreement structure include the benefits related to professional golf course management, lower wage and benefit structure related to private sector employment, shorter term contractual commitments, more control over the overall golfer experience and operations, and greater participation in upside financial performance. The major disadvantages of this form of operation include greater participation required on the part of the contractor (City), financial risk, inability to attract private capital, and significant operating and financial risk. Effectively, while the public agency retains substantial upside

revenues, it bears all of the financial risk related to economic downturns and extraordinary events such as COVID-19, heavy rainfall, flood damage, and golfer liability exposure.

Self-Operation

Until 2015, Pacific Grove Golf Links was self-operated by the City of Pacific Grove. The City provided all golf operations and golf course maintenance, with the food and beverage operations provided by a private sector concessionaire.

The principal advantage of the self-operation model is control--the public agency maintains full control over pricing, service levels, maintenance quality, play policies, and virtually all other aspects of the operation. As well, under self-operation, the public agency receives all revenues generated at the facility and retains all of the net operating income.

There are numerous disadvantages associated with self-operation which have lead to the clear trend to convert to alternative forms of golf course management. Some of the most notable disadvantages are summarized below:

Higher Labor Costs--Generally, public sector employees command higher compensation than comparable private sector labor, with higher benefits accounting for a major component of the variance. Public sector labor often is 20-30 percent higher than private sector labor. In addition, the private sector generally has greater flexibility in labor scheduling than the public sector. This is particularly important in the use of part time employment for both course maintenance and golf operations.

Financial Risk--While the public agency receives all revenues, it is also responsible for all operating expenses, and thus is solely responsible for all operating losses. As golf is primarily a fixed cost operating business, a decline in operating revenue can result in sharp operating losses.

Management Expertise--The private sector offers specialization in golf course management which may or may not be available through public sector employment. Management specialization is not only important in planning, organizing and delivering quality and efficient golf programs and services, expert management is particularly important in reacting to market changes. The public sector often is less responsive to market shifts, and implementing changes to minimize financial losses.

Political Influence--Public sector operation is somewhat more vulnerable to political influence than private sector operation. That is, private sector management may insulate the City from constituent interference and influence, and allow decisions to be made which benefit the golf course in terms of operating efficiency and profitability.

Liability--Golf course operations carry some degree of personal injury liability. While the owner of the enterprise may always have some exposure to liability (primarily related to the golf course design safety), a private operator typically bears a substantial portion of such exposure. One of the responsibilities of a private operator is to conduct safety inspections relative to both the golf course layout, as well as maintenance and operating practices.

Due to these disadvantages, most public sector agencies have elected to outsource their golf courses to private sector operators in the form of facility leases or management agreements. Over the past 20-30 years, there have not been any instances where a California public agency has assumed operation and maintenance of a golf course.

Hybrid Model

Hybrid models basically refer to bifurcation of the golf operations and golf course maintenance functions. There are two basic situations observed. First, there may be golf course management company which operates golf operations either through a concession agreement, or through a management service agreement, with golf course maintenance provided by the public agency. Alternatively, golf operations can be provided by a private management company, with course maintenance provided by a private landscape management company on a contract basis.

Golf operations concessionaire agreements normally involve payment of rent to the City based on a percentage of gross revenue (percentage varies by revenue category). Sometimes the percentage rental rates are adjusted downward to reflect the concessionaire responsibility for reservation, greens fees collections, and starting, but in other cases a separate fee is paid to the concessionaire by the City for these services. In these cases, the City receives rent from the concessionaire, and also pays the concessionaire a fee for services. A summary of representative golf operations concession agreements is provided in Table VII-6).

Historically, there have been many public agencies which have elected to maintain the golf course through their parks and recreation department, while retaining concessionaires for golf and food and beverage operations. In most of these instances, the reservations, starting, marshaling, and greens fees collection function is the responsibility of the concessionaire, although in some instances (e.g. City of San Diego) the municipality fills this role, creating some level of redundancy in staffing. An examples of the hybrid model is DeLaveaga Golf Course in Santa Cruz, whereby maintenance is provided by City Parks and Recreation staff and golf operations – pro shop merchandise, cart rentals, driving range, instruction – are provided by the concessionaire. Food and beverage operations may be provided by the golf operations concessionaire, but more often are the responsibility of a separate concessionaire.

The primary advantage of the self-operation and hybrid models is the level of control retained by the City in terms of setting policies, prices and standards. A case can also be made that under these structures, the City has substantial overhead support functions at its disposal from other City departments. It also is often argued that a portion of the entrepreneurial compensation (profit for services rendered) is retained by the public agency under this model, and most of the financial upside related to better than anticipated performance accrues to the City. The validity and value of these advantages is subjective.

There are several firms which provide contract golf course maintenance on a fee-for-service basis. The contractors employ private sector employees, paying private sector prevailing wages and benefits, which generally are well below the corresponding public sector wage/benefit scale. Maintenance is provided by a private landscape provider, such as Bright View or International Golf Management (IGM), on a fixed fee basis subject to standards and practices established by the public agency.

Table VII-6: Golf Operations Concession Agreements, Selected California Courses				
Course	**DeLaveaga**	**San Clemente**	**Manteca Pak**	**Diablo Creek**
Location	**Santa Cruz**	**San Clemente**	**Manteca**	**Concord**
Lessor	City of Santa Cruz	City of San Clemente	City of Manteca	City of Concord
Lessee	Loustalot	Dave Cook	DeBenedetti Golf	J. Fernandez
Agreement Date	2016	2021	2017	1998
Lease Term (years)				
Initial	10	5	3	5
Options	Two 5-Year	None	1/ 2-year	2 / 5-year
Discretion	Cocessiionaire	---	Lessor	Lessee
Concession Services				
Reservation	X	X	X	X
Starter	X	X	X	X
Green Fee Collect	X	X	X	X
Marshals	X	X	X	X
Range	X	X	X	X
Carts	X	X	X	X
Pro Shop	X	X	X	X
Lessons	X	X	X	X
Food and Beverage	X		O	O
Minimum Rent	n.a.	n.a.	$50K	None
CPI Adjusted	---	---		
Percentage Rent				
Carts	7%	33-35%[1/]	12%/20% ($425K)	35% (0-450K)
Range	15%	25%	10%/20% ($75K)	25% (450K+)
Merchandise	7%	5%	5%	30% (0-400K)
Lessons	5%	10%	10%	25% (6-500K)
Food and Beverage		---	---	5% (0-500K)
Liquor	8%	---	---	---
Other	6%	---	---	---
Investment Requirements		None	None	None
Utilities	Lessee	Lessee	Lessor	Lessor
Incentive / Lessor Pymts	6% of greens fees	None	---	Per Round[2/]
Reinvestment/Reserve	None	None	---	$10,000/year

[1] Years 1-5 at 20%; increases 2% points annually beginning in year 6. [2] $1/round 93,000-98,000; $2/round 98,000-103,000; $3/round 103,000-108,000; $4/round (108,000+).

Many of the disadvantages associated with the self-operation model also apply to the hybrid model, particularly where services are provided by public sector employees. In addition, the hybrid model involves multiple providers of service which potentially may create conflicts and inconsistent service levels. Most golf analysts strongly believe that there are significant advantages to controlling the entire golfer experience through providing all of the functions at the golf course under one management entity.

Summary of Operating Options Strengths and Weaknesses

The strengths and weaknesses of the four basic options are outlined in Table VII-7. Each option offers advantages and disadvantages relative to economic performance, operating and financial risk, legal liability from golfer/spectator injury, the cost of payroll and employee benefits, city control, maintenance, influence on policy-making, operator responsiveness, efficiencies relating to one operating entity, required city involvement, and other factors. As stated above the Modified Hybrid model would have the same strengths and weaknesses as the full management services.

The hybrid model, while having some benefits in terms of quality control, support from other City departments, and upside financial participation, has many deficiencies. There are higher costs associated with public sector employment, financial risk, and absence of professional golf management "best practices." The most significant disadvantage, at least in the current structure, is the City's inability to operate in a business-oriented, entrepreneurial manner which allows management to adapt and respond to dynamic market conditions. As well, the absence of an on-site manager with the authority to manage and coordinate the various functions provided by multiple providers is problematic, potentially resulting in lower revenues, less efficient operations and a diminished golfer experience.

The strengths and weaknesses of a modified hybrid model would depend on the specific model. Contracting the maintenance function offers clear cost savings, but must be considered in the context of the City's policies with respect to outsourcing jobs. Retaining a fee-for-service golf operations management entity/individual offers similar advantages and disadvantage associated with the "management model"--principally offering greater City control and participation in upside revenues, while increasing operating and financial risk to the City.

The turnkey facility lease generally yields a reasonable guaranteed financial return to the City and requires the least City involvement. However, the City typically relinquishes at least some control over maintenance levels, golfer service levels, and operating policies, much of which may be due to contract "gray" areas. The major advantages of the turnkey facility lease operation are that normally substantial capital funds can be attracted from the private sector for course improvements, with the amount directly related to the length of the lease term, and the shifting of financial and operating risk away from the public sector to the private operator. As well, the municipality is generally relieved of much of the liability related to golfer/spectator injury from errants golf balls or other activities at the site.

Table VII-7: Strengths and Weaknesses of Golf Course Operating Options			
Facility Lease	**Management Agreement**	**Self Operation**	**Hybrid**
STRENGTHS			
• Provides reasonably strong financial return to City • Produces guaranteed minimum rent payment to City • Minimizes financial risk • Minimizes political influence with less direct involvement of City with setting fees, policies, and practices • Offers potential benefits in golf management expertise and specialized maintenance support services • Provides private capital investment in facilities • Protects City from golfer/spectator liability	• May provide strong upside potential financial return to City. • Provides high level of City control • Greater potential quality assurance • Opportunity to provide shorter term contracts • Provides opportunity to retain specialists in professional golf management • Captures benefits of private sector wage and benefit structure	• Provides highest level of City control over rates, policies, practices, and overall golf experience • Availability of City overhead support functions • Strong participation in upside financial performance • Preserves option to convert to alternative operating option	• Provides high level of City control over rates, policies, practices, and overall golf experience • Availability of City overhead support functions • Strong participation in upside financial performance • Provides opportunity to retain specialists in golf operations and food and beverage • Preserves option to convert to alternative operating option
WEAKNESSES			
• More limited operational and quality control • May involve long-term contractual commitment • May minimize financial upside • Limited number of potential candidates, particularly when substantial private investment is required • Potential conflicts over capital reinvestment responsibilities of contracting parties	• Requires more City involvement than facility lease option • Minimizes private capital investment, if any, in facilities. • Entails greatest level of City operating and financial risk • City bears substantial liability risk related to golfer and spectator injury	• May constrain ability of management to adapt and respond to dynamic market conditions • Entails high level of financial risk • Involves higher public sector wage and benefit structure • Reduces opportunity to attract private capital due to reduced lessee control • Relatively high City monitoring requirements	• Constrains ability of management to adapt and respond to dynamic market conditions • Entails high level of financial risk • May involve higher public sector wage and benefit structure for maintenance • Reduces opportunity to attract private capital due to reduced lessee control • Potential conflicts of multiple concessionaires • Relatively high City monitoring requirements

A fee-for-service management agreement offers many advantages such as maintaining greater authority managing the facility. Since the City would receive all revenues and expenses under this option, the financial return to the City may exceed that of a turnkey facility lease, but carries with it additional financial exposure. The City bears all of the operating and financial risk under the management option, and generally is subject to full legal liability for accidents and injury on the property. At present, service contracts are more prevalent in the private sector (management of daily fee golf courses).

A full self-operation model, which is an extension of the current City hybrid model to include additional golf operations functions (merchandise, carts, and driving range), offers some advantages over the current model. The principal advantage is the ability to coordinate the various functions to a greater degree and potentially to achieve some operating expense efficiencies in golf operations. There are potentially additional disadvantages of moving from the existing hybrid to a full self-contained model, primarily higher payroll and benefits related to public employees in the golf operations department. As stated earlier, cities who self- operate are beginning to make certain that they are staffed appropriately with experienced “golf operators” in order to react to changing market conditions, driving both rounds and revenue to the facilities while maintaining the required golfer experience.

VIII. Economics of Golf Course Operating Options

The following section illustrates the comparative economics of the various golf course operating options available to the City of Pacific Grove. It is recognized that the current lease agreement extends through 2029, with one remaining 5-year option to extend the agreement through 2034. The options evaluated include the following:

- Facility Lease (current form of operation)
- Management Agreement
- Hybrid Model, assuming golf operations concessionaire, food and beverage concessionaire, and City/ contract maintenance
- Self-Operation

The economics related to each of the operating options is estimated from the perspective of the City of Pacific Grove. An allowance for maintenance equipment costs, an annual capital improvements replacement reserve, and a Citywide Overhead Allocation, if applicable, are deducted from net operating income, yielding annual net cash flow to the City under each option.

PGGL Baseline Revenues

A baseline revenue estimate is first established in evaluating each of the golf course operating options. The revenue estimate is employed uniformly for the various options. The baseline revenue employed in the analysis is slightly below actual FY2022 revenues, based on the expectation that there will be some continued regression of the COVID-19 beneficial impact related to golf participation. Golf course baseline revenue assumes that annual play at PGGL stabilizes at 60,000 rounds, down slightly from the 62,000 rounds accommodated in 2022. Moreover, based on the analysis of market conditions and current performance of PGGL, no real improvement in revenue generation is reflected in the baseline revenue projections.

As shown in Table VIII-1, annual baseline revenue is indicated at $4.38 million, excluding the food and beverage function. Again, these revenues, expressed in constant 2023 dollars, are applied uniformly to each of the operating options evaluated.

Table VIII-1: PGGL Baseline Annual Revenue (constant 2023 dollars)		
Component	**Annual Amount***	**Revenue/Round**
Golf Revenue**	$3,660,000	$61.00
Practice Range	150,000	2.50
Subtotal Golf	$3,810,000	$63.50
Merchandise	450,000	7.50
Miscellaneous	120,000	2.00
Total	$4,380,000	$73.00

* Based on 60,000 annual rounds.

** Includes daily fee greens fees, annual memberships, discount card fees, tournament revenue, and golf carts.

PGGL Operating Expenses

Pacific Grove Golf Links operating expenses are estimated for some of the operating options. The annual expenses vary by option depending primarily on whether public or private sector employees provide the golf course service.

Table VIII-2 presents stable year annual golf course operating expenses, expressed in constant 2023 dollars, for the various options where applicable. It should be noted that the current PGGL lessee is not required to provide their operating expenses to the City, with the exception of water expenses. The projected stable year expenses for the various operating options is based on the experience of a set of comparable municipal golf courses, adjusted to reflect specific factors and conditions present at PGGL which may influence operating expenses levels. In particular, operating expenses reflect PGGL's source, usage and cost of golf course irrigation water.

Table VIII-2: PGGL Estimated Operating Expenses (thousands of constant 2023 dollars)		
	Public Provider	**Private Provider**
Course Maintenance		
Payroll and Benefits	$750.0	$550.0
Services and Supplies	300.0	250.0
Utilities	800.0	800.0
Maintenance Equipment	120.0	120.0
Subtotal	$1,970.0	$1,720.0
Golf Operations		
Payroll and Benefits	$250.0	$185.0
Cart Leasing	85.0	85.0
Outside Services	225.0	160.0
Range	50.0	50.0
Services and Supplies	50.0	50.0
Subtotal	$660.0	$530.0
Undistributed/Clubhouse	150.0	100.0
General and Admin		
Payroll and Benefits	$300.0	$185.0
Insurance	45.0	45.0
Possessory Interest Property Taxes	---	18.0
Marketing/Promotion	100.0	65.0
Services and Supplies	300.0	300.0
Management Fee	---	200.0
City Overhead Allocation	$100.0	---
Subtotal	$845.0	$813.0
Less: Capital Improvement Repl. Reserve	$114.0	$114.0
Total	**$3,739.0**	**$3,277.0**

Facility Lease

Based on the recent experience with municipal facility leases, the characteristics and anticipated performance of PGGL, and typical lessee operating economics, the economics related to a facility lease for all functions, excluding food and beverage operations, are based on the following representative lease terms.

Table VIII-3: Summary of Facility Lease Terms (constant 2023 dollars)

	Current Agreement	Market Agreement
Term (years)	10	20
Renewal Options	two 5-year	two 5-year
Initial Lessee Capital Improvements	$175,000	$1,000,000
Lessee Water Cost Cap	$500,000	$800,000
Annual Base Rent	$350,000	$450,000
Overage Rent*		
Annual Threshold (golf revenue)	$3,000,000 (CPI adjusted to 2023)	$3,800,000
Distribution		
City	65%	50%
Lessee	35%	50%
Total	100%	100%
Capital Improvement Replacement Reserve	1.5% of golf revenues (greens, memberships, carts, range)	3.0% of golf revenues (greens, memberships, carts, range)

* Percent of "golf" gross revenue exceeding baseline.

Note that, given the current conditions of the golf course, a moderate level of initial lessee-funded capital improvements is anticipated. To the extent that such improvements are more than required, the minimum and percentage overage rental rate would be accordingly adjusted downward. Similarly, if initial capital improvements are less than indicated under the baseline, the minimum and percentage overage rental rate would be adjusted upward.

Under this option, the rent paid by the lessee is equal to the sum of the minimum rent plus the percentage overage rent, if any, based on applying the overage rental rate factor to gross revenue exceeding the set threshold.

As shown in Table VIII-4, applying the “market” agreement terms to the baseline revenues produces total rent to the City of $455,000, about $420,000 less than the “current” facility lease agreement would generate. However, after deducting the City’s expense obligations, which are substantially higher under the “current” lease structure than the “market” agreement, the net rent to the City under the “market” agreement is slightly lower than the current facility lease agreement. This suggests that under the baseline revenue projections, the current facility lease agreement is reasonable and equitable.

The facility lease option typically produces somewhat less net earnings to the City than under the management model, but is accompanied by less financial risk. Under the facility lease model, the level of City control and influence on the golf course operations and maintenance is clearly less than under the management model, although the City still retains control of greens fees and can set standards for maintenance. It should be noted that over recent years, many municipalities have moved away from management agreements and towards facility leases, primarily to insulate the public agency from operating and financial risk, and to attract more private capital.

Table VIII-4: PGGL Projected City Annual Net Earnings Facility Lease (thousands of constant 2023 dollars)		
Department	**Current Agreement**	**Market Agreement**
Gross Golf Revenue		
Golf Fees	$3,660,000	$3,660,000
Practice Range	150,000	150,000
Subtotal-Golf	$3,810,000	$3,810,000
Merchandise	450,000	450,000
Instruction/Other	120,000	120,000
Total Gross Revenue	$4,380,000	$4,380,000
City Net Earnings		
Income		
Baseline Annual Rent	$350,000	$450,000
Overage Rent	527,000[1/]	5,000[2/]
Total Rent	$877,000	$455,000
Expenses		
CIP Reserve	$57,000[3/]	---
Irrigation Water Expense	300,000	---
Amortization of Initial Capital Contribution	---	---
City Contract Administration	25,000	25,000
Total Expenses	$382,000	$25,000
City Net Operating Income	$495,000	$430,000

[1/] Based on 65% of golf revenue exceeding $3.0 million baseline.
[2/] Based on 50% of golf revenue exceeding $3.8 million baseline.
[3/] Equal to 1.5% of golf gross revenue (represents City obligation for 50% of total capital improvement reserve)

Management Agreement

The economics of the management agreement operating option, whereby the City retains an outside management company to administer all golf course functions (excluding food and beverage), is presented in Table VIII-5.

Based on estimated stable year play levels, annual gross revenue from all revenue departments totals $4,380,000. Cost of sales related to merchandise are deducted, resulting in gross operating profit of $4,065,000.

Annual operating expenses by major expense classification are deducted (derived from previously presented Table VIII-2), with the elimination of possessory interest property tax, yielding net operating income of $920,000. An annual deduction of $87,000 for the amortization of $1.0 million in initial capital improvements (6% cost of capital, 25 year term) is included. Finally, deducting a $100,000 annual allowance for allocated City overhead support services yields net earnings under the management option of $619,000.

The management agreement model produces the highest net operating income among the various models, due to the financial savings associated with private employment payroll and benefit packages, along with the expertise of professional golf course management. The model also provides for a relatively high level of City control as the policies and fee structure are entirely set by the City, with input from the retained management firm. The principal weakness of this model is that the City bears most, if not all, of the financial risk and legal liability.

Table VIII-5: PGGL Management Agreement Net Earnings (thousands of constant 2023 dollars)	
Gross Revenue	
Golf Revenues (60,000 rounds @ $61.00)	$3,660,000
Practice Range	150,000
Subtotal Golf Revenue	$3,810,000
Merchandise	450,000
Miscellaneous	120,000
Total	$4,380,000
Less: Cost of Sales--70% (merchandise)	$315,000
Gross Operating Profit	$4,065,000
Operating Expenses	
Golf Course Maintenance[1/]	$1,720,000
Golf Operations	530,000
Undistributed/Clubhouse	100,000
General & Administrative (ex property tax)	595,000
Management Fee (base + incentive)	200,000
Total	$3,145,000
Net Operating Income	$920,000
Less: Contract Administration	$100,000
CIP Replacement Reserve (3% of golf revenue)	114,000
Amort of Initial $1,000,000 Capital Contribution	87,000
Net City Earnings	$619,000
[1/] Includes "total" irrigation water expenses.	

Self Operation

The economics of the self operation option, whereby the City is responsible for all golf operations, maintenance and management of the golf course, is presented in Table VIII-6. As shown, annual gross revenue, at $4,065,000, is the same as under the management agreement option. With public sector staffing, however, maintenance, operating and management expenses are substantially higher than under the management agreement option (refer to comparative operating expense detail presented earlier in Table VIII-2).

Deducting operating expenses yields City net operating income of $440,000. Then, deducting an annual capital improvement reserve of $114,000, a citywide overhead services allocation of $75,000 and amortization of the City's responsibility for amortizing an initial $1.0 million capital improvement contribution ($87,000 per year), yields net City net annual operating income of $164,000.

A key assumption in the analysis is that the revenue projections under self operation are equal to those under the private operation models. While there are many municipally operated golf courses that perform well, most industry analysts would argue that the expertise of specialty golf management companies generally produce superior revenue results. From an expense perspective, while municipal employees generally can competently provide golf services, the labor cost of public sector employees is typically significantly higher than private sector employees, predominantly due to more costly benefits.

Table VIII-6: PGGL Self-Operation Net Earnings (thousands of constant 2023 dollars)	
Gross Revenue	
Golf Revenues (60,000 rounds @ $61.00)	$3,660,000
Practice Range	150,000
Subtotal Golf Revenue	$3,810,000
Merchandise	450,000
Miscellaneous	120,000
Total	$4,380,000
Less: Cost of Sales--70% (merchandise)	$315,000
Gross Operating Profit	$4,065,000
Operating Expenses	
Golf Course Maintenance	$1,970,000
Golf Operations	660,000
Undistributed/Clubhouse	150,000
General & Administrative	845,000
Management Fee	---
Total	$3,625,000
Net Operating Income	$440,000
Less: Contract Administration	$75,000
CIP Replacement Reserve (3% of golf revenue)	114,000
Amort of Initial $1.0 million Capital Contribution	87,000
Net City Operating Income	$164,000

Hybrid Agreement

There are numerous forms of operating agreements which combine aspects of the facility lease, management agreement, and self-operation models. The two most common "hybrid" models are: (1) golf operations concessionaire with City maintenance and overall administration; and (2)--golf operations concessionaire with private contract golf course maintenance. Most golf course management companies provide golf operations services, and there are a number of private contractors which provide golf course maintenance on a fee-for-service basis.

Table VIII-7 illustrates the economics of these two hybrid options. The projected revenue accruing to the City is shown with both continued City maintenance and with private contract maintenance. Note that "golf revenue" is segmented into two subcategories--greens fees and cart fees. Total gross revenue is the same for both hybrid versions at $4.38 million. Although not shown, the concessionaire's annual gross revenue, after deducting cost of merchandise sales, is projected at about $1.0 million annually, a sufficient sum to cover golf operations, pro shop maintenance and selective golf management services.

Based on similar golf concession agreements, along with the operating profile of PGGL, the City is assumed to capture 80 percent of greens fees, 15 percent of gross revenues from carts and practice range, and 5 percent from merchandise and miscellaneous revenue sources. Based on these percentages, the City's share of greens fees and other revenues totals about $2.53 million per year under the hybrid model.

Under the "hybrid" model with City maintenance, golf course maintenance, clubhouse related expenses, general and administrative expenses, an allowance for capital improvements/equipment, and contract administration/Citywide overhead are deducted, yielding $184,500 per year in net operating income. As with some of the other models, the City would be obligated to amortize the $1.0 million front end capital investment in the facility.

Under the "hybrid" model with "contract" maintenance, the golf course maintenance expenses are much lower due to lower cost maintenance payroll and benefits. The golf course maintenance expenses under contract maintenance are approximately $250,000 per year below City maintenance expenses. Deducting operating expenses, CIP reserves, and an allowance for contract administration/Citywide overhead results in net income of $459,500.

While there are some strengths of the hybrid model such as specialization in the various operating functions (maintenance, golf operations, food and beverage) and the City retains substantial control over operating policies, fees and maintenance quality, the hybrid model has a number of key weaknesses. Most notably is the absence of benefits related to a single coordinated operating entity where efficiencies of operation can be achieved and a more seamless and consistent product can be offered.

Table VIII-7: PGGL Projected Annual Net Operating Income Hybrid Agreement With Golf Concessionaire (thousands of constant 2023 dollars)		
Department	**City Maintenance**	**Contract Maintenance[2/]**
Gross Revenue		
Greens Fees (60,000 @$49.50 per rd)	$2,970,000	$2,970,000
Golf Carts (@$11.50 per round)	690,000	690,000
Subtotal Golf	$3,660,000	$3,660,000
Practice Range	150,000	150,000
Merchandise	450,000	450,000
Miscellaneous	120,000	120,000
Total	$4,380,000	$4,380,000
City Revenue/Rent		
Greens Fees @80%	$2,376,000	$2,376,000
Cart Rentals @ 15%	103,500	103,500
Practice Range @15%	22,500	22,500
Merchandise @5%	22,500	22,500
Lessons/Other Pro Shop (@5%)	6,000	6,000
Total Revenue/Rent	$2,530,500	$2,530,500
Less: Golf Course Maintenance	$1,970,000	$1,720,000
Clubhouse Maint/Undistributed	75,000	75,000
CIP Reserve	114,000	114,000
Amort of Initial $1.0 million Capital Imps	87,000	87,000
Citywide Overhead Allocation	100,000	75,000
Subtotal	$2,346,000	$2,071,000
City Net Operating Income	$184,500	$459,500

Summary of Options Economics

A comparative summary of the various operating models is presented in Table VIII-8. In comparing the economics of the various options, it is important to recognize that revenues are uniformly the same for each of the options--that is, all of the operating alternatives are assumed to be equally efficient, which may not be the case. Moreover, there clearly are varying degrees of risk, as well as upside participation, among the various alternatives.

A comparative summary of the economics related to each of the operating options outlined above is presented below. The economics illustrate the net cash flow accruing to the City under each option. An allowance for capital improvements/equipment costs, an annual capital improvements replacement reserve, and a Citywide Overhead Allocation are deducted from net operating income, yielding net cash flow to the City for each option.

Table VIII-8: Comparative City Operating Options Economics (thousands of constant 2023 dollars)						
	Facility Lease		Management Agreement	Self-Operation	Hybrid	
	Current Contract	Market Contract			City Maintenance	Contract Maintenance
Gross Revenue	---	---	$4,380	$4,380	$2,376	$2,376
City Revenue/Rent						
Minimum	$350	$450	---	---	---	---
Overage/Concession	527	5	---	---	154	154
Total	$877	$455	---	---	$154	$154
Total	$877	$455	$4,380	$4,380	$2,530	$2,530
Less: Cost of Sales	---	---	$315	$315	---	---
Gross Profit/Rent	$877	$455	$4,065	$4,065	$2,530	$2,530
Operating Expenses						
Course Maintenance	---	---	$1,720	$1,970	$1,970	$1,720
Golf Operations	---	---	530	660	---	---
Clubhouse/Undistrib	---	---	100	150	75	75
General & Admin	---	---	595	845	---	---
Management Fee	---	---	200	---	---	---
Total	---	---	$3,145	$3,625	$2,045	$1,795
Net Income (EBITDA)	$877	$455	$920	$440	$485	$735
Less: Other Costs						
CIP Repl. Reserve	$57	---	$114	$114	$114	$114
Initial Capital Amort	---	---	87	87	87	87
Irrigation Water Cost	300	---	---	---	---	---
Citywide OH Alloc	25	25	100	75	100	75
Total	$382	$25	$301	$276	$301	$276
Net Cash Flow	**$495**	**$430**	**$619**	**$164**	**$184**	**$459**

IX. Asset Value

The following presents a brief analysis in arriving at an approximate value of the Pacific Grove Golf Link market value in an open market environment. It is important to note that this value indication is **not** intended to be a fair market value appraisal of the property, but rather to provide a general indication of asset value.

Pacific Grove Golf Links is a valuable City asset, offering a desirable recreation activity for residents and visitors, providing community open space, and funding most of the cost of operating the City's reclaimed water plant. From a pure market perspective, the golf course also is an important and valuable economic asset.

Valuation Methodology

The market value of a golf course asset is principally based on its income producing potential. That is the value of most income producing properties is determined primarily based on their net earning potential. The direct capitalization approach assumes that a property's revenues, expenses, and net income do not vary over time, other than due to the effects of inflationary increases. Simply, a property's asset value is determined by dividing the projected annual net operating income by a capitalization rate.

Net operating income is defined as earnings before interest, taxes, depreciation and amortization (EBITDA). A capitalization rate is defied as the ratio of net operating income divided by a property's current market value. This approach is a standard method employed in determining the value of an income producing real estate asset.

The income approach to value is clearly the principal methodology employed in valuing daily fee golf courses. Every golf course has its own distinct characteristics which are reflected in its income producing potential. A sales comparison approach is unreliable to the extent that every golf property is unique requiring extraordinary adjustments to create comparable values. The cost approach also is unreliable as the cost to develop a golf course generally overstates a course's value given the high cost of current construction.

The direct income capitalization rate is generally based on the observation of golf course transactions. For an income producing asset operating at a stabile level, the standard approach employed in valuation is to capitalize EBITDA. When an allowance for a management fee and capital improvement replacement reserve are included in the calculation of EBITDA, a capitalization rate in the 9.0 percent range provides a reasonable indication of market value.

With regard to PGGL, the value is significantly influenced by the cost of irrigation water, which is set at the discretion of the City. There clearly is a tradeoff between the economics of the Pacific Grove Local Water Project (PGLWP) and those of the golf course. That is, improvement in the operating economics of the water plant through higher reclaimed water rates decreases the economic performance of PGGL which, in turn, reduces the value of the golf asset. Similarly, lower water costs increase operating performance of PGGL and asset value.

In the case of PGGL, asset value ranges widely depending on the commodity rate charged by PGLWP. For example, at the 2022 rate of $0.017 per gallon, and based on annual water consumption of 84 acre feet, normal year water costs are approximately $470,000. However, if the reclaimed water commodity rate is set at a full cost recovery level ($0.030 per gallon), PGGL's annual water cost balloon to about $820,000.

PGGL Asset Value

For valuation purposes, stable year net operating income, expressed in constant 2023 dollars, at both ends of the irrigation water cost range, is presented in Table IX-1. The EBITDA estimate is based on the management operating model, and includes a provision for a professional management fee, capital improvement replacement reserve, and property taxes.

An indication of PGGL asset value in an open market environment at the low and high end of the reclaimed water commodity rate is summarized in Table IX-2. As shown, the PGGL asset value ranges from about $7.8 million to $11.3 million.

Table IX-2: Indication of PGGL Asset Value

	$0.017/gallon	$0.030/gallon
Gross Revenue	$4,380,000	$4,380,000
Less: Cost of Sales	315,000	315,000
Gross Operating Profit	$4,065,000	$4,065,000
Operating Expenses		
Irrigation Water	$470,000	$820,000
All Other Expenses	2,541,000	2,501,000
Total	$3,011,000	$3,321,000
Net Operating Income (EBITDA)	$1,016,000	$706,000
Direct Capitalization Rate	9.0%	9.0%
Capitalized Asset Value	$11,290,000	$7,845,000

Table IX-1: PGGL Net Operating Income (thousands of constant 2023 dollars)		
	Reclaimed Water Cost per Gallon	
	$0.017/gallon	$0.030/gallon
Gross Revenue		
Golf Revenues (60,000 rounds @ $61.00)	$3,660,000	$3,660,000
Practice Range	150,000	150,000
Subtotal Golf Revenue	$3,810,000	$3,810,000
Merchandise	$450,000	$450,000
Miscellaneous	120,000	120,000
Total	$4,380,000	$4,380,000
Less: Cost of Sales--70% (merchandise)	$315,000	$315,000
Gross Operating Profit	4,065,000	4,065,000
Operating Expenses		
Golf Course Maintenance		
Irrigation Water	470,000	820,000
All Other Maintenance Expenses	920,000	920,000
Subtotal Maintenance	$1,390,000	$1,740,000
Golf Operations	530,000	530,000
Undistributed/Clubhouse	100,000	100,000
General & Administrative	595,000	595,000
Property Taxes	120,000	80,000
Management Fee (base + incentive)	200,000	200,000
CIP Replacement Reserve	114,000	114,000
Total	$3,049,000	$3,359
Net Operating Income	$1,016,000	$706,000