

FY2022-2023

PROPOSED BUDGET

City of Carmel-by-the-Sea



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CITY ADMINISTRATOR
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INTRODUCTION

RECOMMENDED BUDGET MESSAGE

3 May 2022

Honorable Mayor Dave Potter, City Councilmembers, and Community Members

Staff is pleased to present the proposed operating and capital budget for the City of Carmel-by-the-Sea for Fiscal Year (FY) 22-23 which commences on 1 July. Presented herein is a Recommended Budget that has evolved and transitioned through the unprecedented period of disruption brought on by COVID-19. The resulting worldwide pandemic sparked a public health and economic crisis that left no organization or municipality untouched. Yet, after years of acute economic interruption, logistical challenges and forfeiture of resources, our village has endured. More than endure, we have collectively upheld the safety and health of our community, continued our tradition of securing a sound fiscal posture, and remained attentive to the vitality, uniqueness and fragility of our local economy.

The creation of this year's proposed plan has not been easy and was only possible through the remarkable efforts of many. The decisions executed in response to the challenges we have faced were trying, but certainly necessary, prudent and courageous. Now, two years after the first signs of COVID-19, we can confidently say, as this budget will convey, that we are recovering organizationally, economically and socially. In the end result, there is much to be grateful for and many to thank in getting us where we are today. The combination of sound legislative stewardship, judicious operational management, invaluable community support, humbling volunteerism, staff's nimbleness, and inter-governmental collaboration, has served our jurisdiction and community well.

I am pleased to report to the City Council and community that the Recommended Budget is operationally balanced, meaning total incoming revenue (sources) equal planned expenditures (uses). It also strategically proposes the use of available fund balances, accumulated from prior year savings, to specifically address important capital improvement needs that have been deferred. The proposed fiscal plan is also forward-looking as it continues the restoration of resources foregone during the pandemic. Although much work remains to be done in reestablishing the full organizational momentum we enjoyed pre-pandemic, this document demonstrates our full commitment in doing just that.

Many times the prevailing themes that accompany an annual budget can be lost in untold numeric columns, rows and charts. Before diving into the numbers, be assured that this Recommended Budget continues core City services drawing upon a strengthened financial position secured by the prior year sacrifices. As one reads this budget from front to back, we hope this overarching message, as highlighted below, is apparent.

Staffing

The primary increase in FY 22-23 operational expenditures can be attributed to the reestablishment of staff positions that remained unavoidably forgone since FY 20-21. This furthers the partial build back of authorized positions, a total of 7.73, started in FY 21-22. Hence, a total of 12.02 positions, both full and part-time, were restored in the mid-year budget adjustment in December 2021. This budget goes further in addressing deferred service areas and upkeep with restoring funding to 2.0 Administrative Coordinator positions and creating 1.0

new position in the Public Works department. Considering that nearly 50% of citywide costs support the retention and procurement of people, these cost increases are the most notable change in the departmental salary and benefit line items. They also will have the greatest impact in achieving the strategic priorities and goals that the City Council has defined.

A detailed listing of both the restored and new positions proposed in this budget can be found on the Position Summary section. These additions focus on bolstering the key areas of service that experienced abridged resources in past months specifically, police safety, capital project improvements, facility maintenance, library, community activities, public engagement and environmental stewardship. This budget also recognizes the importance of augmenting staffing for key support functions within finance and administration.

State driven changes in health insurance and pension cost, as a component of salary and benefit costs, are also built into this budget. We are pleased to report, much to the credit of the California pension reform enacted in 2013 (PEPRA), that municipalities are finally seeing a moderation of rate increases making this expenditure more predictable, an important objective of the change in state law. That said, pension rates are always at the mercy of the investment markets and must be anticipated with great care and caution. As our CalPERS annual reports reveal, changes in actuarial forecast assumptions factor significantly in the determination of annual contribution rates and, most pointedly, long term unfunded liabilities. This area of significant cost is discussed in more detail below.

Last, but not least, a conscious effort was made to replenish training budgets available to staff. Although the dollar values involved may not be relatively material, each department embraces the importance of promoting resource training as the working environment springs fully back into action.

We Remain Focused

We are proud to say that the budget is unchanged and remains focused on the key deliverables that make Carmel unique. A view of the City budget from thirty-thousand feet reveals that tax dollars are primarily allocated to the safety, health, infrastructure and community character. This is apparent in the breakdown of expenditures by department that tells us what the community receives for the dollars it spends. The vast majority of expenditures are found in police safety, fire and ambulance services, public works maintenance, neighborhood planning and library/community services. Furthermore, the City invests significantly in maintenance and beautification initiatives by funding the capital improvement projects discussed below and detailed within. We trust that you will agree that this Recommended Budget allocates tax dollars to the service areas of highest priority.

Capital Improvements & Maintenance

Although the annual comprehensive financial report (ACFR) tends to be overshadowed by the budget process, it is nonetheless a critically important document that presents both operating results and fiscal status. Among other things, the ACFR tells us that the City carries \$65 million in fixed assets comprised primarily of building & improvements, infrastructure, and equipment. For private and public entities alike, these assets have real value and require resources annually for upkeep, repair and safety compliance. They represent not only the buildings that house City service centers but also essential infrastructure including roadways, sidewalks, signage, drainage systems and park sites. They are the things that make a city a livable space. Using twenty-five years as the mid-point for the expected life of these assets,

one arrives at an annual maintenance or replacement funding of \$2.6 million, an amount that is historically much higher than the City has been able to fund. Because infrastructure is as equally expensive as it is important, it remains a fiscal hurdle for many cities.

In FY 20-21, the City made the difficult decision to defer investments in capital projects. The undefined economic impacts of COVID-19 led to this necessary action knowing that spending postponements would bring future increased costs and interrupt progress made. This Recommended Budget, and the accompanying five-year Capital Improvement Plan (CIP), confirms this reality that is the single highest challenge in crafting a fiscal plan. In tackling this staff quickly realized that the push-pull inertia between capital improvement needs and revenue levels is at play. We have quantified that a FY 22-23 capital expenditure level of \$2.93 million would enable funding within the bounds of new year revenue only, clearly a sound fiscal policy standard. We also recognized that the pandemic has necessarily curtailed project completion intensifying the need to address citywide maintenance and improvements. It is exactly this need to “catch up” for CIP deferrals that results in the proposed expenditure of \$5.03 million in capital identified herein. It is important to note that the proposed use of available fund balances from prior year savings, totaling \$2,095,342, is wholly due to this increased level of capital project expenditure. Put another way, absent the accelerated level of capital spending, this Recommended Budget is operationally balanced without the need to draw on fund balance savings. Should City Council desire to lower the use of fund balance, this can be done directly by lowering the level of capital project expenditures under the proposed \$5.03 million.

As we look ahead, in years two through five of the CIP, we grapple with the same predicament of capacity, affordability and need we did in year one. To aid this discussion, the CIP presents estimated costs of identified annual projects alongside estimated capital expenditure levels the City could expend if relying solely on annual revenues. These projections have been conservatively derived and are subject to change as actual annual results come in. What is clear is that the City’s infrastructure needs far exceed available resources in the long term and become a subject of policy discussions as we proceed. Ultimately, the selection of CIP projects occurs at the discretion of City Council in the context of organizational priorities and within the revenue constraints of any one year.

As the five-year CIP is considered, it is understood that identified projects are subject to modification, inclusion, exclusion, deferral and staging over time. To the extent that City Council agrees with the use of prior year savings as proposed in the Recommended FY 22-23 Budget, formal authorization will be necessary and codified in the resulting legislative resolution.

Other Trends & Highlights

This budget document is purposefully organized to flow from summary to detailed levels of information. The opening sections of this budget message communicate the highest level of strategy. This is followed in the budget document by several key sections, revenue & expenditure summaries, operating budgets by department, debt schedules, capital improvements and fund balance projections. It is in these subsequent document sections that the reader can peruse the budget detail that describes where the City gets its money from and how it is utilized by the City departments. The budget process is created in a distributed fashion, meaning that all departments are integrally involved in its creation commensurate with their level of control and responsibility.

The next few pages of this message provide high level fiscal trends as a preamble to the summary and detail sections that follow. It begins with a **“Recommended Budget-at-a – Glance”** chart which rolls the numbers into one combined presentation of sources and uses of funds. It next provides a narrative snapshot of other aspects of the budget that are of keen interest to the community and policy discussions. A discussion of City revenues can be found in the beginnings of the summary section.

FY 22-23 Recommended Budget at a Glance

| | |
|--|---------------------|
| <i>FY 22-22 Recommended Revenues</i> | <i>\$30,277,000</i> |
| General Fund Operating Expenditures | \$25,316,879 |
| Capital Outlay Expenditures | 5,029,000 |
| Pension Unfunded Liability Mitigation | 1,000,000 |
| Debt Service | 878,303 |
| Workers Compensation | 148,160 |
| <i>FY 22-23 Total Recommended Expenditures</i> | <i>\$32,372,342</i> |
| <i>Use of Fund Balance for Deferred Capital Projects</i> | <i>2,095,342</i> |
| <i>Funded Full Time Equivalent (FTE) positions</i> | <i>96.23</i> |

The FY 22-23 Recommended Budget totals \$32.4 million in planned expenses, which includes \$25.3 million for the Operating Budget, \$1 million in pension unfunded liability mitigation and \$5.03 million for the Capital Budget. In comparison, the FY 21-22 Amended Operating Budget totaled \$21.9 million excluding pension mitigation. The primary reasons for the proposed increase of \$3.3 million includes:

- \$2.3 million increase in personnel costs arising from routine salary adjustments, step increases for existing staff, healthcare, and other benefits. This also includes funding for 2.0 additional full-time equivalent positions and reflects 12.02 FTE restored staffing positions authorized and added during the course of FY 21-22.
- \$250,000 increase in CalPERS unfunded actuarial liability (UAL) costs. The City will be making the annual UAL payment in July, for a savings of approximately \$70,000.
- \$132,000 increase in the Public Works contract budget for landscape maintenance, tree trimming, pruning and stump removal citywide, a service in need of more focus given drought conditions and their impact on our urban forest.
- \$87,000 increase in the Planning department contract services to fund a variety of priority initiatives including affordable housing (with SB2 grant funding), professional services to assist in plan reviews, plan document digitization and designing guidelines and zoning code updates approved during the year.

- \$52,000 increase in community marketing costs for citywide visitor bureau and sunset center promotions
- \$123,000 increase in liability insurance costs
- \$ 168,000 increase in Fire Contract services
- \$ 50,000 in specialized Police department contract services
- \$ 58,000 in specialized IT department contract services and supplies
- \$ 30,000 in increased fuel costs
- \$ 50,000 in specialized Administration/HR/Finance contract services

Of the \$25.30 million in operating expenditures, approximately \$15.5 million, or 61%, pays for staffing salary, benefits and normal pension payments. If pension liability mitigation is included that percentage changes to 65%. The key reasons for the change in this expenditure this budget year was explained in the preceding section entitled Staffing.

Pension Costs & Mitigation Efforts

The proposed budget includes a payment of \$2.1 million to the California Public Employees' Retirement System ("CalPERS") for the required minimum annual contribution. This amount is actuarially calculated by the State and flows through the dedicated benefit line item in the budget. Although CalPERS rates have remained relatively stable for the reasons mentioned above, the increase of \$250,000 is directly associated with the annual unfunded actuarial liability (UAL) costs.

A variety of factors are in play when projecting future contribution rates. The performance of investment markets and assumed the discount rates assumed by CalPERS have been the center of focus in recent years and will remain so. What has changed is the need to play close attention the rate of inflation (CPI) that plays a role in the overall pension rate determination. The latest CalPERS reporting reveals that they utilize an underlying CPI assumption of 2.5% (a component of its discount rate), a data point that we are trending well above in 2022 and may continue into 2023. Although the rate impact of inflation is not yet clear, we would be prudent to keep a watchful eye on its progression.

As of the latest available CalPERS actuarial reports (2020) the current funded status of the City's most significant city plans is 65.4% for safety and 69.4% for miscellaneous members. This translates into these plans being underfunded by 36.4% and 31.6% respectively. Consequently, the City's projected Unfunded Accrued Liability (UAL) is \$25.9 million as of 6/30/2022. Although this is a long term liability subject to changing conditions, it remains a significant financial obligation to address going forward basis. This budget recommends the continued funding an additional \$1 million in UAL mitigation efforts to be placed in the section 115 trust established last year. Although this funding amount is discretionary, it is proposed to mitigate potential future rate increases and long term pension liabilities.

Capital Outlay

Further to the strategic discussion noted above, capital improvements are detailed later in this

document. Recognizing the deferred capital needs of our facilities and the postponements caused by COVID-19, the budget includes funding for many key improvements including additional funding of the police facility renovation, street paving and concrete repair, maintenance for the Sunset Center, City Hall, Library & Vista Lobos, Mission Trail Nature Preserve stream stability, and a coastal engineering needs study. The capital plan also includes important vehicle replacements with an eye on clean energy including, an electric street sweeper with potential grant subsidies and the installation of three residential electricvehicle charging stations also with partial grant funding.

Other Expenditures

The FY 22-23 Recommended Budget reflects no new debt and includes existing debt service of \$878,000 for the Countywide Monterey County Next Generation Radio project (NGEN), the Sunset Center 2020 Refunding Lease Bond and the 2012 Pension Obligation Bond. We are pleased to report that Pension Obligation Bonds, with a principal amount of \$680,000, mature at the end of 2023.

Policy Options

Coming off of FY 21-22, this Recommended Budget was developed to further restore normal service levels and make up lost ground for maintenance & improvements projects that were deferred. Our ability to propose this restorative spending plan has everything to do with the proactive measures taken in time of need and the welcome projected recovery of the City's major revenue sources. It can also not be understated that the passage of Measure C in March of 2020 could not have been more timely and critical in providing the resources needed to both cover operations and weather these unpredictable economic events. We remain ever conscious of the support and wisdom of our community in this effort.

The Recommended Budget projects that we will end FY21-22 in good form fiscally. Nonetheless we remain ever diligent and cautious as our services become fully actuated and the marketplace adjusts to the eventuality of a new post pandemic normal. What that new reality is only remains to be seen. Some might contend that the strength in sales tax and hostelry experienced may be reflective of a reactive surge that emanated from a world that saw altered travel plans and vacationing alternatives. Others might contend that these trends will continue unabated as an indication of permanently modified habits. In any case, our obligation from a fiscal perspective is to not weigh too heavily on either extreme of that argument. As such, remaining conservative and playing the middle-ground is most prudent at this time. In this way we can safely await the ultimate answer that surely will be provided by that age old soothsayer, the economy.

In evaluating the current state of things, we also cannot ignore the unfortunate instability that the world is facing. The persistence of supply-chain slowdowns, the rising costs of commodities, higher rates of inflation, the potential of increased lending rates and, most concerning, the uncertainties surrounding the Ukraine conflict, all give us good reason to pause and prepare. For this reason, maintaining a posture of calculated cost control, minimizing debt, taking advantage of the process efficiencies, and continuing to effectively prioritize needs is critical.

Planning for the funding and delivery of Capital Improvements has been and remains a significant challenge. As we look beyond FY 22-23, the fiscal chasm between identified capital needs and available funding is readily apparent. As such, the five year CIP becomes

one the most important and fiscally impactful tools worthy of attention. As constructed the Five-Year CIP presents an uncluttered list of what is required to maintain infrastructure as a foundation for discussion, prioritization, staging and status.

I wish to acknowledge the collaboration by my department heads in putting forth pragmatic and realistic Recommended Budget that marks our entry back into full operations. I also extend my appreciation to my Finance team for stewarding the budgeting process. I look forward to Council's guidance and leadership as we work to adopt a budget that funds services and projects for our community while also balancing fiscal sustainability.

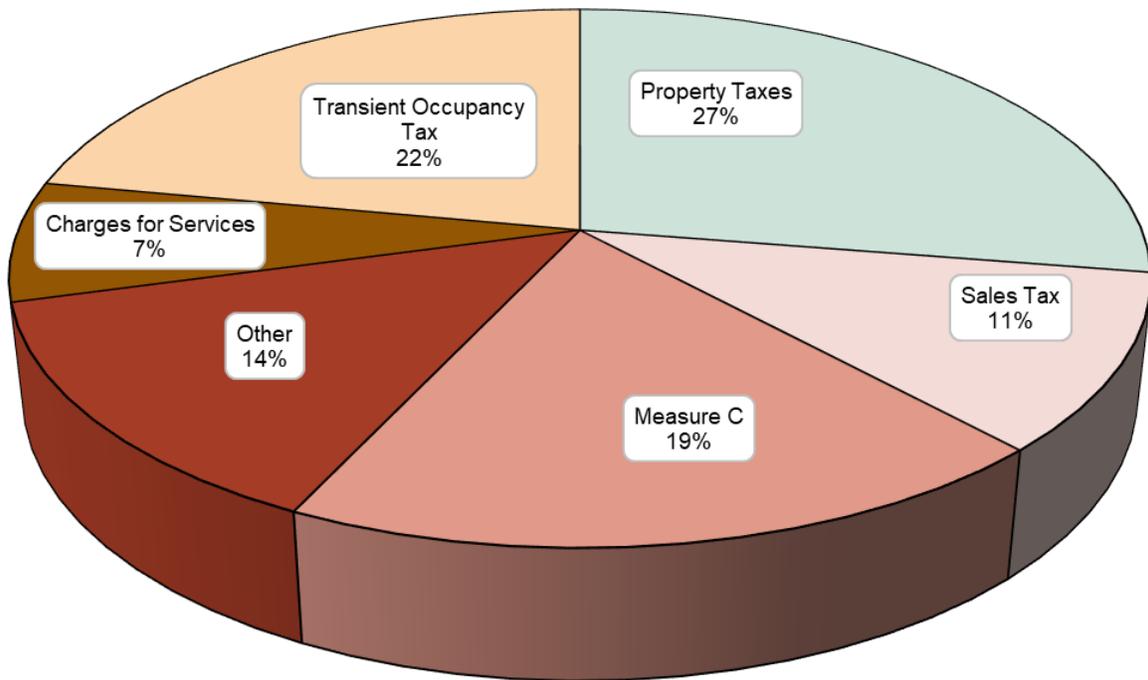
Respectfully submitted,

Chip Rerig
City Administrator

REVENUE

The FY 22-23 Recommended Budget includes \$30.26 million in new revenue. As illustrated in the chart below, statewide sales tax (Sales Tax) and local Measure C district tax (Measure C), contribute 30% and have taken over Property Tax as the largest City revenue source. This shift reveals the importance and impact of the voter approval of Measure C in 2020. With the occurrence of the pandemic, the benefits of the Measure C revenues began to emerge in FY21-22 and mature fully in this budget. Property Tax reflects its customary stable growth accounting for 27% of the budgeted revenue. Coming off of a strong year, Hotel Tax (TOT) has grown to 22% of budgeted revenue, as compared to 21% in FY 21-22 followed by Other revenues and Charges for Services at 21%.

FY 22-23 Citywide Revenue Sources



| Source | Recommended Budget |
|-------------------------|---------------------|
| Property Taxes | \$8,326,600 |
| Sales Tax | 3,204,100 |
| Measure C | 5,721,000 |
| Other | 4,154,500 |
| Charges for Services | 2,203,800 |
| Transient Occupancy Tax | 6,667,000 |
| Total | \$30,277,000 |

REVENUE

Property taxes are estimated at \$8.3 million reflecting a 3.2% projected growth over current year amended budget. The City's portion of the Sales Tax is \$3.2 million and Measure C \$5.7 million, or 11% and 19% of revenue respectively. The significance of the March 2020 Carmel voter approval of Measure C at a renewed rate of 1.5%, cannot be understated. In the midst of COVID-19 it provided a financial lifeline allowing for the continuance of core services. Measure C continues to play significantly in seeding both operational and capital needs. Sales Tax has fared well also. The FY 22-23 Recommended Budget projects an 8% growth in Sales Tax and a 22% growth in Measure C over the current year amended budget. The difference in the growth rates of these two retail based revenues is explained by the timing of Measure C voter approval, its higher approved rate of 1.5%, and distinct nuances in how these tax revenues flow to the City. Given a March 2020 approval date, the benefit of Measure C was not effective until mid FY 20-21 with its full year impact not realized until this year. Considering that its renewed 1.5% rate is 50% higher than the prior 1% rate, it is understandable that the rate of growth exceeds that of the unchanged statewide tax. Furthermore, the correlation between a statewide sales tax and district sales tax is not a direct one. Sales Tax rates are applied to retail activity by business location and then processed through a County managed allocation model. On the other hand, district taxes, like Measure C, follow the locality of the merchandise and accrue directly to the jurisdiction. This plays heavily when considering e-commerce and on-line automobile sales. The FY 22-23 Recommended Budget reflects the full maturation of Measure C and Sales Tax trends that are now unclouded and better known.

Although just getting back to pre-COVID levels, TOT (at 10% of the rent charged by a hostelry operator) has done unexpectedly well, a tribute to Carmel's claim as a unique destination place. Recommended at \$6.7 million, TOT accounts for 22% of revenues as compared to 21% in FY 21-22. Charges for Services are fees collected from a specific user of a service, such as plan review, building inspection and ambulance transports and account for \$2.2 million, or 7% of the budget consistent with the prior year. The category of "Other" revenue includes General Fund revenues from business license tax, franchise fee and other intergovernmental revenue as well as restricted revenue for Community Oriented Policing Services (COPS), road maintenance and transportation-related projects and federal and State grants for planning, parks and radio communications.

Table 1: Estimated Performance and Recommended Budget for Major Revenue Sources

| Key Revenues | 18-19 Actual | 19-20 Actual | 20-21 Actual | 21-22 Estimate | 22-23 Proposed |
|-------------------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| Property | 6,524,330 | 6,690,947 | 7,389,656 | 8,142,320 | 8,326,600 |
| Sales- Bradley Burns | 2,652,971 | 2,154,961 | 3,020,937 | 3,198,065 | 3,204,100 |
| Sales- Local Measure | 3,079,914 | 2,611,802 | 4,007,104 | 5,698,173 | 5,721,000 |
| Transient Occupancy Tax | 6,882,015 | 5,115,271 | 5,339,285 | 6,972,057 | 6,667,000 |

REVENUE

As shown in Table 1, ***Estimated Performance and Recommended Budget for Major Revenue Sources***, the City's major revenues indicate a notable recovery. This time last year the City was just coming off of double digit declines in key revenues (26% drop in Hotel Tax and 17% drop in Sales Tax). Projecting future trends in that environment was akin to looking into the great unknown. More than that, the City was faced with forecasting something that, in many respects, was a one-of-a-kind event providing no trail or precedent to follow.

In the last budget cycle we reported that sales and hotel taxes were outperforming budget expectations. Both of these major revenues exceeded pre-pandemic levels in FY 20-21 while TOT was still \$1.5 million under for this same year. FY 21-22 brings much of the same with a 5.9% increase in Sales Tax estimated at \$3.2 million and a resounding 42% increase in Measure C coming in at \$5.7 million. Most significantly, TOT will finally reach pre-pandemic levels at \$6.9 million this year end.

General consumer goods (retail) and restaurants & hotels made up the bulk of the Carmel sales tax activity followed by County/State pools, industry and food & drugs. The resurgence in general consumer purchases through in-store shopping highlights the City's strength in tourism. It also reflects a general willingness of the public to travel and spend as the pandemic becomes more manageable. Some reported observations are worthy of mention. Firstly, local sales of apparel, artwork, jewelry and novelty items have driven gains in the general consumer category. Restaurants & hotels, businesses most impacted by the pandemic, have performed well as a testament to the innovation of business owners and the City's status as a destination place. Clearly the effectiveness of vaccines nationwide, the allowance for outdoor dining, and the permitted sale of food "to go" have also factored into the recovery. In summary this past year has continued our path to sales tax recovery leaving us hopeful we can return to patterns of normalcy and predictability.

As we project Sales Tax and Measure C, we take comfort in current trends but also remain vigilant. The dilemma facing us is deciphering if the robust activity experienced this past year was a result of "pent-up-demand" or a longer term change in travel and buying habits. We remain fully aware that unknowns still exist, consumer patterns will settle, and headwinds are in play to be managed. Certainly the unknowns surrounding COVID are ever present economically. That said, this budget is built on the assumption that COVID will remain in check and not return as a major marketplace interruption. Should that again occur, plans would have to change quickly. As for headwinds, we recognize the economic strains of continued supply chain disruption, rising inflation rates, increases fuel prices and interest rates and their potential to stall spending patterns. Lastly, geopolitical tensions loom worryingly on our minds. Hence we have compiled the FY 22-23 Recommended Budget carefully and conservatively, making sure not to over rely on a recovery that is historically unique. We project a smoothing of sales tax activity in the coming year with the City' Sales Tax coming in at \$3.2 million and Measure C \$5.7 million in line with current year estimates given the unpredictability of a post-pandemic landing.

TOT is pacing stronger than expected but has taken two years to reach FY 19-20 levels. TOT is trending at \$6.9 million for FY 21-22, 31% or \$1.6 million above the prior year actual collections. This comeback underscores Carmel's resilience in travel and leisure spending. The FY 22-23 Recommended Budget assumes continued strength but also a softening as world travel returns to some version of a normal state. It may be that post pandemic tourism will continue to surge as it did this past year but, for the reasons noted above, we remain guarded in our projections.

REVENUE

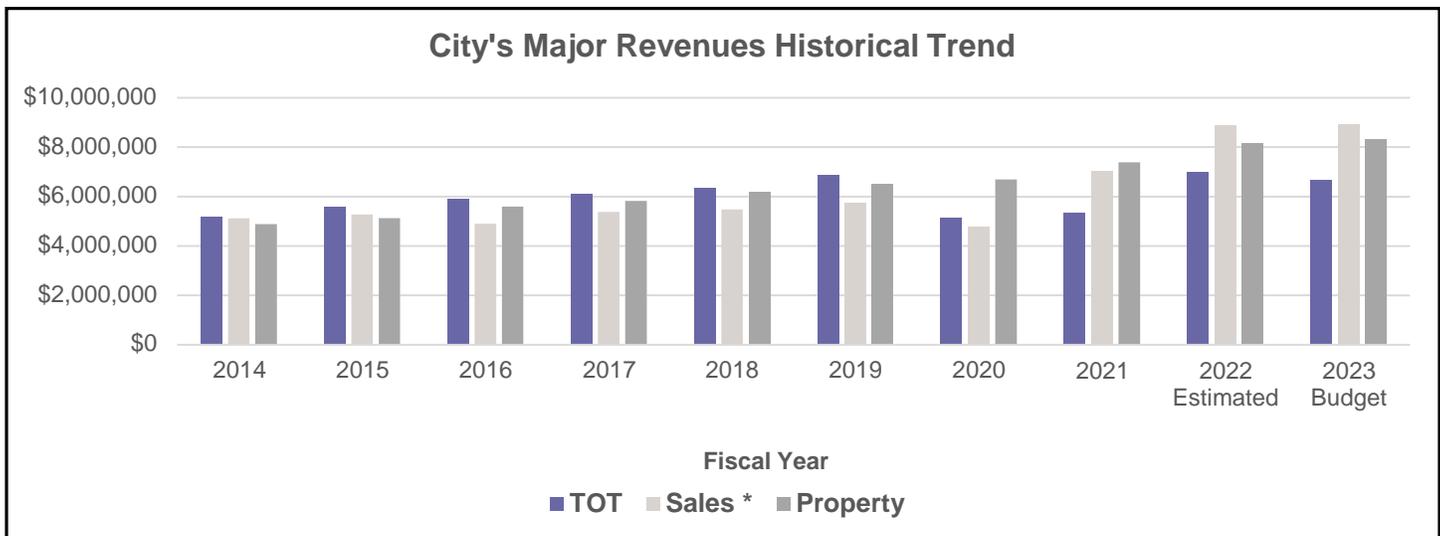
Property taxes, which includes secured, unsecured, unitary and property transfer tax, can be relied on to be stable. Interestingly enough the performance of real estate during COVID, as was the case in many parts of the Country, was unexpectedly strong. Local Property taxes grew during the pandemic at rates of 10% in both FY 20-21 and FY 21-22. At the end of this current fiscal year we anticipate to reach a level of \$8.1 million.

The FY 22-23 Recommended Budget projects Property Tax at a total amount of \$8.3 million, made up primarily of \$7.7 million in secured property tax. This is an increase of \$669,000 or 8.7% over the prior year budget and \$258,000 or 3.2% over the current FY 21-22 amended budget. National economic reports uniformly report double digit increases over the past two-year period but also suggest a lowering in expectations as we enter FY 22-23. This has everything to do with the pressure put on the market by the posture of the Fed Reserve and the outlook of mortgage rates rising to 5% levels or more next year. This budget conservatively projects growth yet remains confident in the stability of Carmel's property tax performance.

As the City looks forward to its future revenues that fund services, capital projects and other initiatives, stepping back and reviewing the City's historic performance is of value. The chart below depicts the performance of the City's three major revenue sources over the last 10 years.

| Fiscal Year Ending June 30 | TOT | Sales * | Property |
|-------------------------------|-------------|-------------|-------------|
| 2014 | \$5,185,880 | \$5,115,880 | \$4,881,534 |
| 2015 | \$5,593,689 | \$5,280,418 | \$5,127,974 |
| 2016 | \$5,890,538 | \$4,897,325 | \$5,598,743 |
| 2017 | \$6,112,347 | \$5,373,800 | \$5,825,889 |
| 2018 | \$6,329,074 | \$5,476,123 | \$6,163,959 |
| 2019 | \$6,882,015 | \$5,719,521 | \$6,496,558 |
| 2020 | \$5,115,277 | \$4,766,313 | \$6,690,948 |
| 2021 | \$5,339,285 | \$7,028,041 | \$7,389,656 |
| 2022 Estimated | \$6,972,057 | \$8,895,703 | \$8,142,320 |
| 2023 Budget | \$6,667,000 | \$8,925,100 | \$8,326,600 |

* Combination of Bradley Burns & Measure C 1.5%

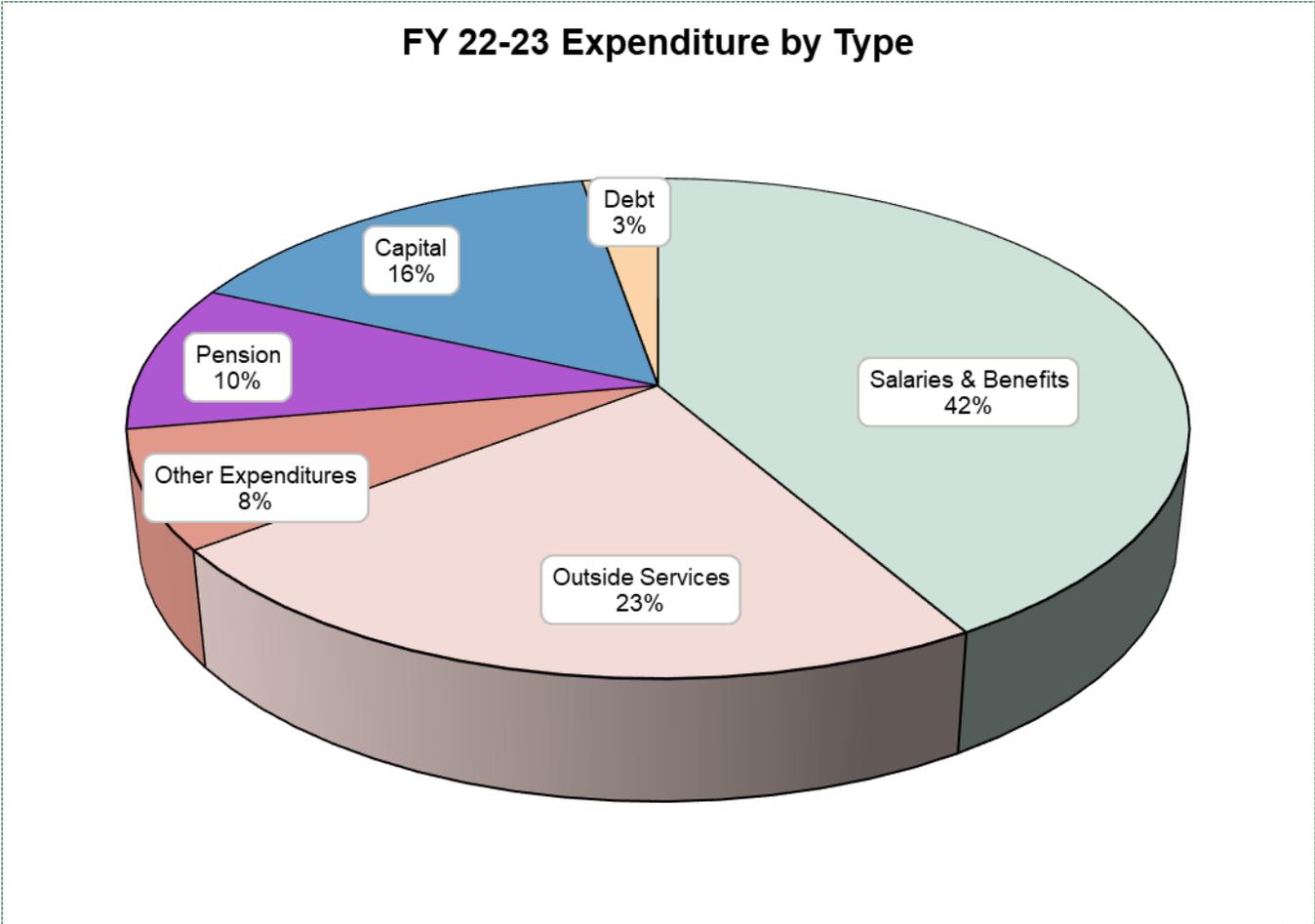


EXPENDITURES

The FY 22-23 Recommended Budget totals \$32.4 million, which consists of the following:

- Operating Budget, or General Fund, totals \$26.4 million, or 81%, of the citywide budget;
- Debt service totals \$878,000, or 3%, of the citywide budget;
- Capital totals \$5.0 million, or 16% of the citywide budget.

The Operating Budget consists of the City departments and services. Debt is based upon required payments toward various bonds issued by the City or by other governmental agencies on behalf of the City. As shown in the chart below, *FY 22-23 Expenditure by Type*, the FY 22-23 Budget includes the Operating Budget and Debt Service. The Operating Budget is further categorized by type of expenditure including salaries and benefits, outside services, and other expenditures as explained below.



| Type of Expenditure | Budget |
|---------------------|----------------------|
| Salaries & Benefits | \$ 13,473,492 |
| Outside Services | \$ 7,444,875 |
| Other Expenditures | \$ 2,464,208 |
| Pension | \$ 3,082,464 |
| Capital Outlay | \$ 5,029,000 |
| Debt Service | \$ 878,303 |
| Total | \$ 32,372,342 |

EXPENDITURES

The City's largest expenditure is related to the cost of personnel. Salaries and benefits total \$13.5 million and account for 42% of the citywide budget. Outside services is the second largest type of expenditure at \$7.4 million, or 23% of the budget. This category includes various line item accounts, such as advertising and noticing, contract services and community promotions. Contract services are used as an alternative to City staff directly providing the service due to cost savings or the specialized nature of the work being performed and include funding for expenses such as fire service provided by the City of Monterey (\$2.8 million); support for the operations of the Sunset Center and other marketing activities (\$1.1 million); legal services (\$510,000); tree care and landscape maintenance (\$475,000) and janitorial service (\$275,000).

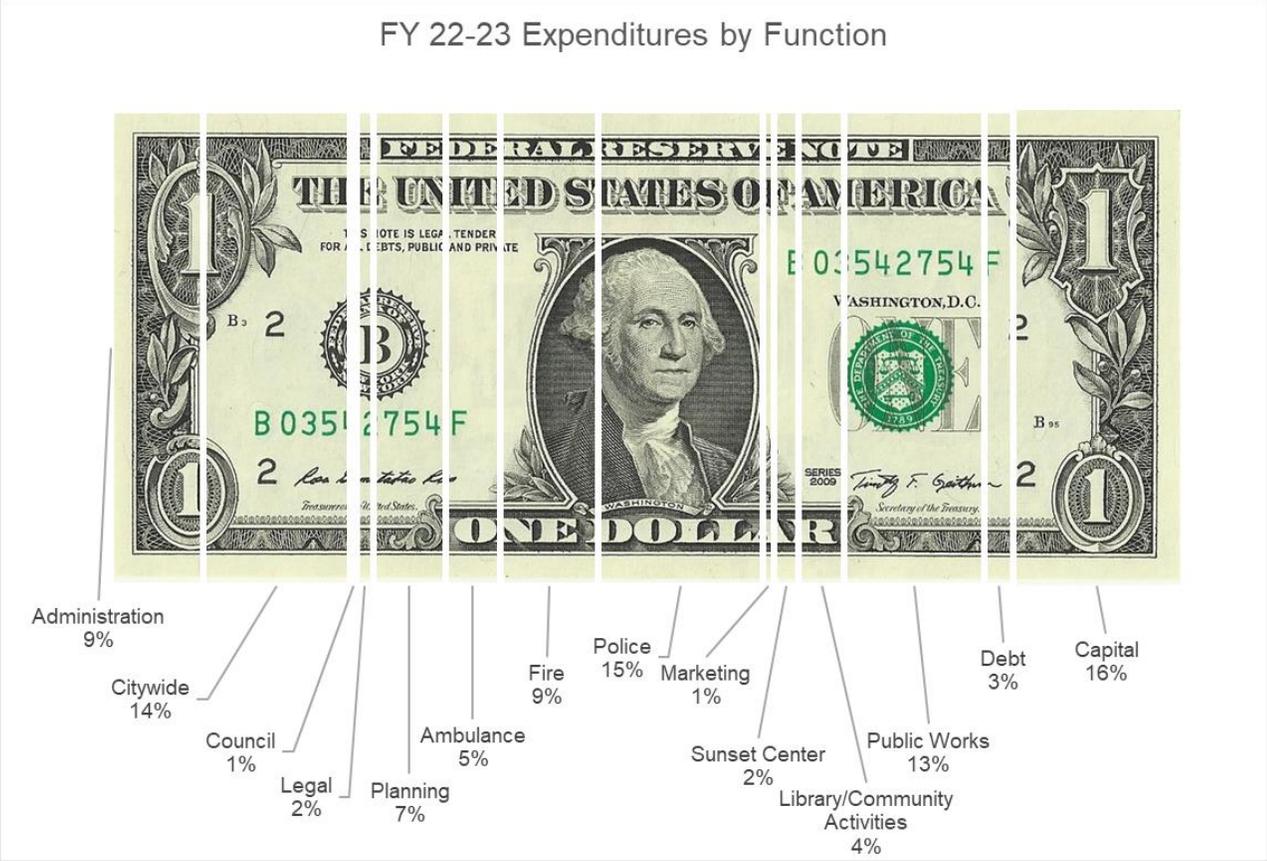
Other expenditures total \$2.5 million and account for 8% of the citywide budget. This category includes various line item accounts such as, retiree healthcare and citywide operational expenses like property tax assessments and utilities. Also included here are the City's general liability and property insurance premiums (\$763,000) and expenses such as public works materials and supplies, telecommunications, fuel, training and conferences, vehicle maintenance, medical and safety supplies and printing and postage.

Pension expenses total \$3.1 million, or 10%, of the budget and include the annual required unfunded pension liability (\$2.1 million) and annual funding of the City's Section 115 trust (\$1.0 million) for pension mitigation.

The citywide budget is rounded out with Capital Outlay (\$5.0 million) accounting for 16% and Debt Service (\$878,000) accounting for 3% of the citywide budget.

EXPENDITURES

Another way to view operating expenditures is by function, as depicted in the “FY 22-23 Expenditures by Function” illustration. Together the public safety functions of Ambulance, Fire and Police make up 29% of the budget. Citywide is the next largest operating expenditure at 14%, as it includes the City’s unfunded actuarial liability, followed by the Public Works Department at 13% of the budget. In total, Administration, Council, Planning, Legal, Marketing, the Sunset Center, and Library and Community Activities represent the remaining 25% of the Operating Budget.



| Expenditures | Budget | Percentage |
|------------------------------|----------------------|-------------|
| Administration | \$ 2,788,776 | 9% |
| Citywide | \$ 4,418,534 | 14% |
| Council | \$ 183,227 | 1% |
| Legal | \$ 510,000 | 2% |
| Planning | \$ 2,188,030 | 7% |
| Ambulance | \$ 1,629,223 | 5% |
| Fire | \$ 2,969,292 | 9% |
| Police | \$ 4,954,401 | 15% |
| Marketing | \$ 350,010 | 1% |
| Sunset Center | \$ 750,000 | 2% |
| Library/Community Activities | \$ 1,365,862 | 4% |
| Public Works | \$ 4,209,524 | 13% |
| Operating Budget | \$ 26,316,879 | 81% |
| Debt | \$ 878,303 | 3% |
| Capital | \$ 5,029,000 | 16% |
| Workers Comp | \$ 148,160 | 0% |
| Total | \$ 32,372,342 | 100% |

POSITIONS

2022-2023 RECOMMENDED FUNDED POSITIONS

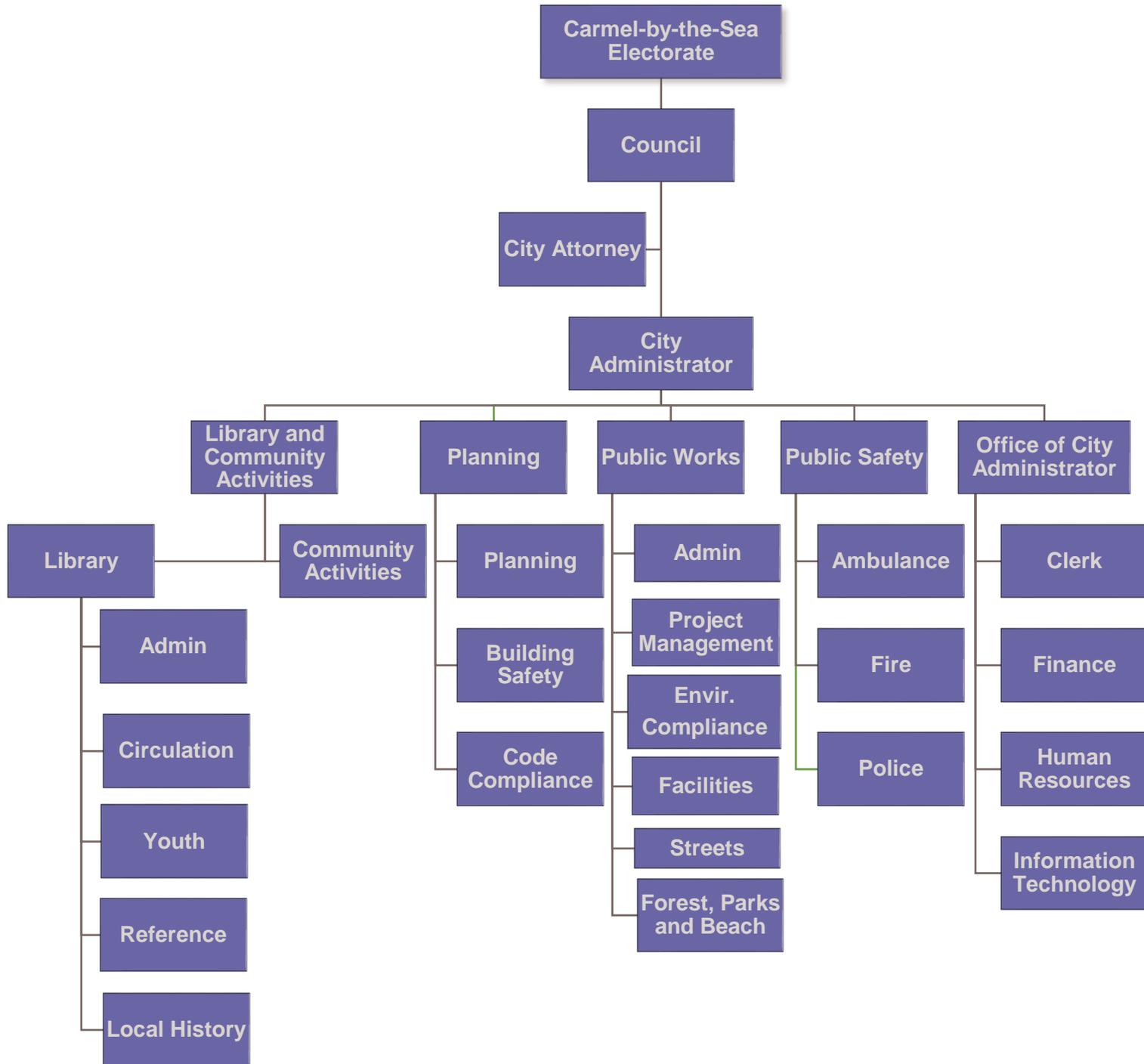
| Department and Title | FY 21/22 Amended | FY 22/23 Recommended | FY 22/23 Change |
|--|---------------------|-------------------------|--------------------|
| Council | | | |
| Councilmember | 4.00 | 4.00 | 0.00 |
| Mayor | 1.00 | 1.00 | 0.00 |
| City Council Total | 5.00 | 5.00 | 0.00 |
| Administration | | | |
| City Administrator | 1.00 | 1.00 | 0.00 |
| Assistant Administrator | 1.00 | 1.00 | 0.00 |
| Administrative Coordinator | 0.50 | 1.00 | 0.50 |
| Administrative Analyst | 1.00 | 1.00 | 0.00 |
| City Clerk | 1.00 | 1.00 | 0.00 |
| Director of Budgets and Contracts | 1.00 | 0.00 | (1.00) |
| Finance Manager | 1.00 | 1.00 | 0.00 |
| Senior Human Resources Analyst | 1.00 | 1.00 | 0.00 |
| Information Services / Network Manager | 1.00 | 1.00 | 0.00 |
| IT Help Desk/Technician | 1.00 | 1.00 | 0.00 |
| Hourly HelpDesk Technician | 0.50 | 0.00 | (0.50) |
| Finance Specialist | 1.50 | 1.00 | (0.50) |
| Accountant | 0.00 | 1.00 | 1.00 |
| Retired Annuitant-Extra Help (480 hrs) | 0.23 | 0.23 | 0.00 |
| Finance Analyst | 0.00 | 1.00 | 1.00 |
| Administration Total | 11.73 | 12.23 | 0.50 |
| Community Activities | | | |
| Community Services Assistant | 1.00 | 1.00 | 0.00 |
| Executive Assistant | 0.50 | 0.50 | 0.00 |
| Community Activities Total | 1.50 | 1.50 | 0.00 |
| Library | | | |
| Circulation Supervisor | 1.00 | 1.00 | 0.00 |
| Director of Library and Community Services | 1.00 | 1.00 | 0.00 |
| Hourly Librarian I | 1.00 | 1.00 | 0.00 |
| Librarian I | 1.00 | 1.00 | 0.00 |
| Librarian II | 2.00 | 2.00 | 0.00 |
| Librarian II (Local History) | 1.00 | 1.00 | 0.00 |
| Library Assistant (full-time) | 2.00 | 3.00 | 1.00 |
| Hourly Library Assistant | 3.00 | 2.00 | (1.00) |
| Executive Assistant | 0.50 | 0.50 | 0.00 |
| Library Total | 12.50 | 12.50 | 0.00 |
| Community Planning & Building | | | |
| Administrative Coordinator | 1.00 | 1.00 | 0.00 |
| Assistant Planner | 1.00 | 1.00 | 0.00 |
| Associate Planner | 2.00 | 2.00 | 0.00 |
| Building Inspector | 1.00 | 1.00 | 0.00 |
| Building Official | 1.00 | 1.00 | 0.00 |
| Code Compliance Coordinator | 2.00 | 2.00 | 0.00 |
| Permit Technician | 1.00 | 1.00 | 0.00 |
| Planning & Building Services Director | 1.00 | 1.00 | 0.00 |
| Principal Planner | 1.00 | 1.00 | 0.00 |
| Community Planning & Building Total | 11.00 | 11.00 | 0.00 |

2022-2023 RECOMMENDED FUNDED POSITIONS

| Department and Title | FY 21/22 Amended | FY 22/23 Recommended | FY 22/23 Change |
|--|---------------------|-------------------------|--------------------|
| Public Works | | | |
| Administrative Coordinator | 0.25 | 1.00 | 0.75 |
| Director of Public Works | 1.00 | 1.00 | 0.00 |
| Environmental Compliance Manager | 1.00 | 1.00 | 0.00 |
| Administrative Technician | 1.00 | 1.00 | 0.00 |
| Maintenance Worker | 4.00 | 4.00 | 0.00 |
| Public Works Superintendent | 1.00 | 1.00 | 0.00 |
| Senior Maintenance Worker | 3.00 | 3.00 | 0.00 |
| Street Supervisor | 1.00 | 1.00 | 0.00 |
| Project Manager | 1.00 | 1.00 | 0.00 |
| Facilities Maintenance Supervisor | 1.00 | 1.00 | 0.00 |
| Facility Maintenance Specialist | 1.00 | 1.00 | 0.00 |
| Natural Resources Manager | 0.00 | 1.00 | 1.00 |
| City Forester | 1.00 | 1.00 | 0.00 |
| Administrative Analyst | 1.00 | 1.00 | 0.00 |
| Senior Maintenance Worker | 1.00 | 1.00 | 0.00 |
| Maintenance Worker/Gardener | 1.00 | 1.00 | 0.00 |
| Tree Care Specialist | 1.00 | 1.00 | 0.00 |
| Public Works Total | 20.25 | 22.00 | 1.75 |
| Police | | | |
| Community Services Officer | 1.0 | 1.0 | 0.0 |
| Community Services Officer/Animal Control | 1.0 | 1.0 | 0.0 |
| Community Services Officer - 2 year limited term * | 2.0 | 2.0 | 0.0 |
| Corporal | 2.0 | 2.0 | 0.0 |
| Police Commander | 1.0 | 1.0 | 0.0 |
| Police Officer | 5.0 | 5.0 | 0.0 |
| Police Officer/Detective | 1.0 | 1.0 | 0.0 |
| Police Officer/FTO | 2.0 | 2.0 | 0.0 |
| Police Services Officer | 6.0 | 6.0 | 0.0 |
| Police/Patrol Officer | 1.0 | 1.0 | 0.0 |
| Police Officer- 2 year limited term* | 1.0 | 1.0 | 0.0 |
| Public Safety Director | 1.0 | 1.0 | 0.0 |
| Sergeant | 2.0 | 2.0 | 0.0 |
| Administrative Coordinator | 0.25 | 0.00 | (0.25) |
| Police Total | 26.25 | 26.00 | (0.25) |
| Ambulance | | | |
| Paramedic/Firefighters | 6.00 | 6.00 | 0.00 |
| Ambulance Total | 6.00 | 6.00 | 0.00 |

| | FY 21/22 Amended | FY 22/23 Recommended | FY 22/23 Change |
|--|---------------------|-------------------------|--------------------|
| Citywide Total Funded Positions | 94.23 | 96.23 | 2.00 |

* 2-year limited term ends June 30, 2024



**GENERAL FUND (101)
OPERATING BUDGET
(CITY DEPARTMENTS
AND SERVICES)**

Description

The City Council consists of the Mayor and four Councilmembers, elected at large by the citizens of Carmel-by-the-Sea on a non-partisan basis. The City Council is the policy making legislative body of the City. The Council adopts the annual budget, enacts ordinances, and approves major contracts, acquisitions and leases. With the advice and assistance of the City Administrator and City Attorney, the City Council reviews proposals to meet the community's needs, initiates action for new policies, and allocates resources.

2021-2022 Initiatives and Accomplishments

- Responded to land use issues, such as wireless communications.
- Provided direction on the restaurant parklets.
- Conducted multiple Council strategic planning workshops
- Provided oversight of the City's implementation of COVID-19 protocols and the safe reopening of City facilities.

2022-2023 Priorities

- Review opportunities for enhanced fire/ambulance service.
- Review and Update Sign Ordinance.
- Prepare Climate Action/Adaptation Plan.
- Develop Forest Management Plan (FMP) and Update Tree Ordinance.
- Update Zoning Code & Design Guidelines (Residential & Commercial).
- Develop Telecommunication Ordinance consistent with federal law.
- Filling vacant positions.
- Forest Theater Facilities Manager.
- Pandemic recovery (reopening, reporting, etc.).
- Stormwater Ordinance update.
- Review barriers to construction of affordable housing.
- Develop Accessory Dwelling Unit (ADU) Ordinance.
- Explore opportunities for Scout House.
- Explore street addresses.
- Explore Paid Parking Program.
- Develop plan to maintain natural areas (pub/priv) to reduce fire risk.

Budget Summary and Service Impacts

- Community Promotions is \$26,000 less in FY 22-23 due to reductions in the home mail delivery service program.
- \$24,000 is budgeted for the Council discretionary grant program per Council direction.

CITY COUNCIL

| City Council | | | | |
|-----------------------|---|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-110-00-41008 | Salaries -Elected | \$9,600 | \$9,600 | \$9,600 |
| 101-110-00-41101 | Retirement | 83 | 83 | 80 |
| 101-110-00-41104 | Health Insurance | 39,710 | 35,216 | 36,899 |
| 101-110-00-41105 | Social Security | 484 | 484 | 484 |
| 101-110-00-41106 | Medicare | 139 | 139 | 139 |
| 101-110-00-41108 | Worker's Comp | 700 | 535 | 850 |
| | Salaries & Benefits Subtotal | \$50,716 | \$46,057 | \$48,052 |
| 101-110-00-42005 | Community Promotions | 101,000 | 101 | 78,720 |
| 101-110-00-42007 | Regional Memberships | 46,405 | 46,405 | 47,655 |
| 101-110-00-42101 | Office Supplies | 450 | - | 450 |
| 101-110-00-42302 | Conferences & Meetings | 8,350 | 3,500 | 8,350 |
| | Services & Supplies Subtotal | \$156,205 | \$50,006 | \$135,175 |
| | Total | \$206,921 | \$96,063 | \$183,227 |

| Regional Memberships | | | | |
|-----------------------------|--|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-110-00-42007 | Transportation Agency of Monterey County | \$1,295 | \$1,295 | \$1,295 |
| 101-110-00-42007 | Association of Monterey Bay Area Governm | 3,825 | 3,825 | 3,825 |
| 101-110-00-42007 | Monterey Peninsula Chamber of Commerce | 775 | 775 | 775 |
| 101-110-00-42007 | Monterey County Mayors Association | 1,575 | 1,575 | 1,575 |
| 101-110-00-42007 | Monterey County Business Council | 500 | 500 | 500 |
| 101-110-00-42007 | MBUAPCA (Air Pollution Control District) | 1,900 | 1,900 | 1,900 |
| 101-110-00-42007 | League of CA Cities | 2,850 | 2,850 | 3,380 |
| 101-110-00-42007 | League of CA Cities- Monterey Bay Division | 165 | 165 | 165 |
| 101-110-00-42007 | LAFCo | 16,375 | 16,375 | 15,840 |
| 101-110-00-42007 | Community Human Services | 16,375 | 16,375 | 17,625 |
| 101-110-00-42007 | CoastWalks/Coastal Trail Association | 300 | 300 | 300 |
| 101-110-00-42007 | Carmel Chamber of Commerce | 470 | 470 | 475 |
| | Total | \$46,405 | \$46,405 | \$47,655 |

CITY ATTORNEY

Description

The City Council appoints the City Attorney. The City Attorney legally represents the City and provides legal advice and/or training to the City Council, City Administrator, boards, commissions, and departments; investigates and resolves claims against the City; defends the City in litigation and administrative actions; initiates and prosecutes litigation on behalf of the City; and drafts and reviews legal documents and agenda items.

Budget Summary and Service Impacts

- The FY 22-23 City Attorney contract services budget totals \$435,000 and consists of \$360,000 for general legal services (a return to pre-pandemic budget level) and \$75,000 for other specialized legal assistance from the City's attorney office, including labor negotiations and personnel.
- \$75,000 is budgeted for supplementary specialized legal counsel costs, such as wireless communications, and will be reflected in a separate line item. This is a change from prior fiscal years and will help isolate legal costs incurred separately from the City's attorney office.

| City Attorney | | | | |
|-----------------------|----------------------------|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-112-00-42001 | Contract Services | \$385,000 | \$428,420 | \$435,000 |
| 101-112-00-42004 | Legal Costs | 0 | 0 | 75,000 |
| Total | | \$385,000 | \$428,420 | \$510,000 |

ADMINISTRATION

Description

The City Administrator is appointed by the City Council and responsible for the enforcement of City laws and ordinances; ensuring that the orders of the City Council are executed; preparing the budget and monitoring City finances; and managing day-to-day operations. In addition to overseeing City departments, the Administrator also serves as the director of the centralized administrative functions pertaining to the City Clerk, Finance, Human Resources and Information Technology.

2021-2022 Initiatives and Accomplishments

- Ensured the execution of Council policy direction, completion of capital projects, hiring of staff and continuity of daily citywide operations to deliver services in an efficient and effective manner.
- Implemented the newly structured mail home delivery program.
- Implemented digital signatures, continued efforts for digital storage of records, responded to requests for records.
- Oversaw the City's response to COVID-19, including providing IT support for virtual operations and hybrid City Council meetings.

2022-2023 Priorities

- Continue to oversee the City's response to COVID-19 to ensure the safe delivery of City services
- Oversee the filing of candidate forms and administering the November 2022 City Council election.
- Explore service delivery alternatives and other options to enhance revenue as directed by Council.
- Continue hiring of staff.

Administration Budget Summary and Service Impacts

- The Administration Divisional budget includes funding for the City Administrator's performance evaluation within contract services, office supplies, copier fees, and the citywide postage meter. Funding for the City Administrator's lunches with staff is now separately reflected under Employee Appreciation.

ADMINISTRATION

| Office the City Administrator | | | | |
|---|-------------------------------|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-111-00-41001 | Salaries | \$1,249,225 | \$1,142,981 | \$1,616,020 |
| 101-111-00-41003 | Salaries -Part time | 119,192 | 53,216 | 36,806 |
| 101-111-00-41101 | Retirement | 70,006 | 64,690 | 93,767 |
| 101-111-00-41103 | Deferred Compensation | 48,380 | 48,738 | 48,972 |
| 101-111-00-41104 | Health Insurance | 151,068 | 141,054 | 257,888 |
| 101-111-00-41105 | Social Security | 2,905 | 2,362 | - |
| 101-111-00-41106 | Medicare | 17,958 | 16,608 | 23,966 |
| 101-111-00-41107 | LTD/STD/Life | 1,261 | 1,106 | 1,717 |
| 101-111-00-41108 | Worker's Comp | 16,376 | 16,330 | 25,935 |
| 101-111-00-41109 | Benefits-MOU Obligations | 3,120 | 2,947 | 4,160 |
| Salaries & Benefits Subtotal | | \$1,679,491 | \$1,490,032 | \$2,109,231 |
| 101-111-00-42001 | Contract Services | \$96,322 | \$147,931 | \$164,330 |
| 101-111-00-42002 | Recruiting Services | 84,385 | 80,000 | 90,210 |
| 101-111-00-42003 | Auditing Services | 48,500 | 48,500 | 48,500 |
| 101-111-00-42006 | Records Management | 5,000 | 4,545 | 5,000 |
| 101-111-00-42009 | Advertising and Legal Notices | 15,000 | 11,390 | 20,000 |
| 101-111-00-42015 | Other Services | 12,000 | 10,334 | 12,000 |
| 101-111-00-42101 | Office Supplies | 9,750 | 3,954 | 9,750 |
| 101-111-00-42102 | Publications & Subscriptions | 113,568 | 119,133 | 123,335 |
| 101-111-00-42106 | Small Tools and Equipment | 350 | - | 350 |
| 101-111-00-42202 | Equipment Maintenance | 8,500 | 3,247 | 8,500 |
| 101-111-00-42301 | Training & Education | 10,750 | 605 | 11,750 |
| 101-111-00-42302 | Conferences & Meetings | 5,845 | 6,037 | 6,395 |
| 101-111-00-42304 | Dues & Memberships | 3,175 | 1,877 | 3,175 |
| 101-111-00-42305 | Mileage Reimbursement | 50 | - | 50 |
| 101-111-00-42306 | Employee Programs | 20,450 | 12,000 | 3,950 |
| 101-111-00-42307 | Employee Appreciation | - | - | 20,700 |
| 101-111-00-42403 | Printing | 5,900 | 5,233 | 6,600 |
| 101-111-00-42404 | Shipping/Postage/Freight | 11,700 | 11,307 | 11,950 |
| 101-111-00-42405 | Telephone & Communications | 80,000 | 68,682 | 80,000 |
| 101-111-00-42406 | Bank & Merchant Fees | 19,000 | 12,766 | 19,000 |
| 101-111-00-42407 | Computer Non Capital | 10,100 | 22,000 | 25,000 |
| 101-111-00-42410 | Pre-employment Costs | 9,000 | 3,200 | 9,000 |
| Services & Supplies Subtotal | | \$569,345 | \$572,741 | \$679,545 |
| Total | | \$2,248,836 | \$2,062,773 | \$2,788,776 |

ADMINISTRATION

| Administration | | | | |
|---|------------------------------|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-111-10-42001 | Contract Services | \$13,850 | \$13,290 | \$21,550 |
| 101-111-10-42015 | Other Services | 12,000 | 10,334 | 12,000 |
| 101-111-10-42101 | Office Supplies | 5,250 | 2,804 | 5,250 |
| 101-111-10-42102 | Publications & Subscriptions | 150 | 1,133 | 150 |
| 101-111-10-42302 | Conferences & Meetings | 1,200 | 4,347 | 1,200 |
| 101-111-10-42304 | Dues & Memberships | 1,350 | 1,047 | 1,350 |
| 101-111-10-42307 | Employee Appreciation | - | - | 1,200 |
| 101-111-10-42403 | Printing | 100 | - | 100 |
| 101-111-10-42404 | Shipping/Postage/Freight | 11,250 | 11,250 | 11,500 |
| Services & Supplies Subtotal | | \$45,150 | \$44,205 | \$54,300 |

Clerk Description

The City Clerk provides timely and accessible service in response to all inquiries and requests for public information and records, and is responsible for the administration of elections, public records requests processing, records management, and the legislative process. Records the City's legislative history through approved minutes and maintaining City Ordinances and the Municipal Code; facilitates applications for appointments to boards and commissions and coordinates Statements of Economic Interest as well as campaign and other financial disclosure related filings.

| City Clerk | | | | |
|---|------------------------------|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-111-11-42001 | Contract Services | \$46,080 | \$45,000 | \$46,080 |
| 101-111-11-42006 | Records Management | 5,000 | 4,545 | 5,000 |
| 101-111-11-42009 | Advertising and Legal Notice | 15,000 | 11,390 | 15,000 |
| 101-111-11-42302 | Conferences & Meetings | 1,550 | - | 2,000 |
| 101-111-11-42304 | Dues & Memberships | 260 | - | 260 |
| 101-111-11-42403 | Printing | 5,000 | 3,756 | 5,000 |
| Services & Supplies Subtotal | | \$72,890 | \$64,691 | \$73,340 |

Clerk Budget Summary

- Clerk contract services include the November 2022 election administered by Monterey County, agenda management and video streaming, Municipal Code updates, and records request management software.

ADMINISTRATION

Finance Description

Finance provides financial analysis, management and reporting through the development of the annual budget, ongoing financial monitoring and reporting of revenues and expenditures. Routine financial duties including vendor payments, payroll, business license processing and the collection of the transient occupancy tax and the administration of pass-through funding to the hospitality and tourism improvement districts. Provides treasury services and invests revenue and issues and manages debt.

| Finance | | | | |
|---|------------------------------|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-111-12-42001 | Contract Services | \$25,500 | \$28,000 | \$45,500 |
| 101-111-12-42003 | Auditing Services | 48,500 | 48,500 | 48,500 |
| 101-111-12-42101 | Office Supplies | 300 | 300 | 300 |
| 101-111-12-42102 | Publications & Subscriptions | 27,490 | 27,000 | 28,485 |
| 101-111-12-42301 | Training & Education | 750 | 175 | 750 |
| 101-111-12-42302 | Conferences & Meetings | - | - | - |
| 101-111-12-42304 | Dues & Memberships | 635 | 300 | 635 |
| 101-111-12-42305 | Mileage Reimbursement | 50 | - | 50 |
| 101-111-12-42403 | Printing | 500 | 1,177 | 1,200 |
| 101-111-12-42406 | Bank & Merchant Fees | 19,000 | 12,766 | 19,000 |
| Services & Supplies Subtotal | | \$122,725 | \$118,218 | \$144,420 |

Finance Budget Summary

- Finance contract services includes bond compliance reporting, sales tax analysis, and specialized consulting services to complete a full review of the City's fees for service for FY23-24.
- State law mandates that the City has an independent firm review its basic financial statements and thus auditing services is a required expense.
- Publications and subscriptions include the annual maintenance costs for the City's financial systems.

ADMINISTRATION

HR Description

Human Resources recruits, develops, and retains a diverse, well-qualified workforce that reflects the high standards of the community, and leads the City departments in positive employee relations, talent management, succession planning, and employee engagement. Services include employee orientation, recruitment, performance assessment, compensation and job classification assessments, safety and wellness programs; and organization development services efficiently to City departments. Staff is responsible for negotiating Memorandums of Understanding with the City's three bargaining units, subject to Council direction and approval.

| HR | | | | |
|---|------------------------------|------------------------------|--------------------------------|------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-111-13-42001 | Contract Services | \$2,460 | \$6,997 | \$6,000 |
| 101-111-13-42002 | Recruiting Services | 84,385 | 80,000 | 90,210 |
| 101-111-13-42009 | Advertising & Legal Notice | - | - | 5,000 |
| 101-111-13-42101 | Office Supplies | 700 | 850 | 700 |
| 101-111-13-42102 | Publications & Subscriptions | 3,050 | 6,000 | 6,700 |
| 101-111-13-42301 | Training & Education | 9,500 | 430 | 9,500 |
| 101-111-13-42302 | Conferences & Meetings | 2,595 | 1,090 | 2,595 |
| 101-111-13-42304 | Dues & Memberships | 800 | 400 | 800 |
| 101-111-13-42306 | Employee Programs | 20,450 | 12,000 | 3,950 |
| 101-111-13-42307 | Employee Appreciation | - | - | 19,500 |
| 101-111-13-42403 | Printing | 300 | 300 | 300 |
| 101-111-13-42404 | Shipping/Freight/Postage | 200 | - | 200 |
| 101-111-13-42410 | Pre-employment Costs | 9,000 | 3,200 | 9,000 |
| Services & Supplies Subtotal | | \$133,440 | \$111,267 | \$154,455 |

HR Budget Summary

- The HR divisional budget includes funding for recruiting services, recruitment management software and pre-employment costs.
- Funding for the staff appreciation events, such as the annual holiday party, is now separately reflected under Employee Appreciation.

ADMINISTRATION

IT Description

Information Technology (IT) provides innovative and secure technology solutions that support City departments in delivering quality services to the community. The purpose of IT is to provide a broad range of high-quality technology-related solutions to employees, departments, council members, and the community; and to support and continuously improve essential technology infrastructure for enabling day-to-day operations of the City.

| IT | | | | |
|---|------------------------------|------------------------------|--------------------------------|------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-111-14-42001 | Contract Services | \$8,432 | \$54,644 | \$45,200 |
| 101-111-14-42101 | Office Supplies | 3,500 | - | 3,500 |
| 101-111-14-42102 | Publications & Subscriptions | 82,878 | 85,000 | 88,000 |
| 101-111-14-42105 | Materials and Supplies | - | 791 | - |
| 101-111-14-42106 | Small Tools and Equipment | 350 | - | 350 |
| 101-111-14-42202 | Equipment Maintenance | 8,500 | 3,247 | 8,500 |
| 101-111-14-42301 | Training & Education | 500 | - | 1,500 |
| 101-111-14-42302 | Conferences & Meetings | 500 | 600 | 600 |
| 101-111-14-42304 | Dues & Memberships | 130 | 130 | 130 |
| 101-111-14-42404 | Shipping/Postage/Freight | 250 | 57 | 250 |
| 101-111-14-42405 | Telephone and Communications | 80,000 | 68,682 | 80,000 |
| 101-111-14-42407 | Computer Non capital | 10,100 | 22,000 | 25,000 |
| Services & Supplies Subtotal | | \$195,140 | \$235,151 | \$253,030 |

IT Budget Summary

- The IT division publication and subscriptions budget includes required licensing for Microsoft products, G-Suite, security monitoring, and Zoom meeting licensing.
- The City's website is five years old and in need of an update. Funding is included in contract services.
- As many of the City's computers age and become outdated, funding is included for computer replacements.

CITYWIDE

Description

Citywide, or non-departmental costs, are expenses that are spread across the entire organization. These items include the unfunded pension liability, the City's premiums insurance for general liability and property insurance and the City's share of costs toward retiree healthcare. Other operational expenses include utilities, property tax assessments and the administrative fee charged by Monterey County for property tax collection.

Budget Summary and Service Impacts

- In addition to the employer contribution toward retirement for City employees, the City also is responsible for pension obligations for the unfunded actuarial liability ("UAL"). This amount increases by \$250,000, or 14%, in FY 22-23 compared to the FY 21-22 originally Adopted Budget. The FY21-22 lump sum payment was paid in July 2021 for a savings of \$61,000 and those savings were transferred to other budget line items during the fiscal year.
- The City will pay the annual lump sum UAL in July, which will result in approximately \$70,000 of interest savings. Those savings would then be available for other line item expenses.
- The City continues to mitigate future pension liability and costs with another \$1.0 million investment into the City's established Section 115 Trust.
- The City's liability insurance premiums are budgeted to increase by \$123,000.
- The utility expenses for the Forest Theater are separated out for tracking purposes, as required by the new lease.

| Non-Departmental | | | | |
|-------------------------|---|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY20-21 Amended Budget | FY20-21 Estimated Actual | FY21-22 Recommended |
| 101-130-00-42501 | Liability Insurance Premium | \$689,500 | \$637,000 | \$813,000 |
| 101-130-00-42503 | PERS Unfunded Accrued Liability Payment | 1,772,536 | 1,772,536 | 2,082,464 |
| 101-130-00-42503 | Pension Mitigation Options | 1,000,000 | 1,000,000 | 1,000,000 |
| 101-130-00-42504 | Insurance Claims Paid | 30,000 | 110,000 | 30,000 |
| 101-130-00-42505 | Utilities | 235,000 | 231,000 | 230,000 |
| 101-130-00-42506 | Property Tax Assessments | 82,115 | 81,853 | 83,755 |
| 101-130-00-42508 | Unemployment Costs | 15,000 | 11,600 | 15,000 |
| 101-130-00-42510 | Retiree Health Share | 79,980 | 74,060 | 79,980 |
| 101-130-00-42511 | County Property Tax Admin Fees | 70,793 | 70,793 | 74,335 |
| 101-130-00-42512 | Forest Theater Utilities | - | - | 10,000 |
| Total | | \$3,974,924 | \$3,988,842 | \$4,418,534 |

ECONOMIC DEVELOPMENT

Description

Two of the City's unique facilities include the performing arts venue known as the Sunset Community and Cultural Center and the Forest Theater, an outdoor amphitheater. These locations support musical performances, lectures and other cultural activities that enhance the quality of life for residents and promote the City and the Monterey Peninsula as an artistic and cultural destination.

In 2017, the City entered into a lease agreement with the Sunset Cultural Center, Inc. (SCC) for the management of these facilities and the terms of the lease require the City to make an annual grant to SCC to support operations. In 2021, Sunset Cultural Center, Inc.'s management of the Forest Theater ended. The annual grant for management of only Sunset Center remains in the budget.

In 2021, the City entered into a lease agreement with Pac Rep Theater for the management of the Forest Theater. This new lease does not require an operational grant payment. Rather, the City pays for a portion of utilities and repairs, which are budgeted in the Citywide (Non-Departmental) and Public Works budgets, respectively.

The City funds the Monterey County Convention and Visitors Bureau (MCCVB) and Visit Carmel to manage visitors. Visit Carmel maintains the City's official travel website (www.carmelcalifornia.com) and develops targeted and seasonal marketing campaigns to encourage visitors to stay overnight, dine and shop within the Village.

In addition to supporting these organizations with General Fund revenues, the City also collects a tourism improvement district assessment from its lodging establishments on behalf of the County and remits these pass-thru funds to MCCVB on a bi-monthly basis. The City also collects an assessment on lodging through the Carmel Hospitality Improvement District and remits these funds to Visit Carmel for the marketing of overnight stays within the Village during mid-week and the non-peak season. As of January 1, 2019, the City also began collecting an assessment from full-service restaurants on behalf of the Carmel Restaurant Improvement District and remits these funds to Visit Carmel for marketing efforts to increase food and beverage sales within the City.

Another partner agency is the Carmel Chamber of Commerce, which operates a visitor center in town, publishes a comprehensive visitor guide, and assists businesses. The Chamber also supports small businesses and provides services to assist its members, including listing businesses on the Chamber website, providing educational programs, conducting outreach with businesses via weekly business walks with City elected officials and staff and marketing opportunities to "shop locally".

Budget Summary and Service Impacts

- The FY 22-23 budget increases by \$74,200, or 7%, from the FY 21-22 Adopted Budget. Visit Carmel has requested that funding be returned to the pre-pandemic amount of \$120,000 annually. Funding to MCCVB (\$200,010) equates to 3% of the FY22-23 transient occupancy tax revenue budget of \$6.7 million. Council agreed to increase the Carmel Chamber of Commerce funding amount to \$30,000.

ECONOMIC DEVELOPMENT

| Marketing & Economic Development | | | | | |
|---|----------------------------|---|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | Details | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-122-00-42008 | Mktg & Economic Dev | SCC- Sunset Center Operating Grant | 750,000 | 750,000 | 750,000 |
| 101-122-00-42008 | Mktg & Economic Dev | SCC- Forest Theater Operating Grant | 7,500 | - | - |
| 101-122-00-42008 | Mktg & Economic Dev | MCCVB | 160,007 | 160,007 | 200,010 |
| 101-122-00-42008 | Mktg & Economic Dev | Visit Carmel Carmel Chamber of Commerce | 100,800 | 100,800 | 120,000 |
| 101-122-00-42008 | Mktg & Economic Dev | | 15,000 | 15,000 | 30,000 |
| Total | | | \$1,033,307 | \$1,025,807 | \$1,100,010 |

LIBRARY AND COMMUNITY ACTIVITIES

Description

Library

The Library is an efficient medium for the free and equitable distribution and exchange of books, information, and ideas; and a recognized social center providing the community with a place to learn, interact and gather. The Library aspires to be a welcoming place, in-person and virtually, where reading, learning and imagination thrive; a recognized leader and respected voice in our community; and a model library in our industry.

A five-member Board of Trustees appointed by the City Council governs the Library. The Harrison Memorial Library Board of Trustees, the Carmel Public Library Foundation, Harrison Memorial Library Friends of the Library, and the City work together in partnership to sustain the vital and historic tradition of providing free public library service of excellent quality for the residents and visitors of the City of Carmel and the Monterey Peninsula

2021-2022 Workload Indicators / Performance Measures

- 5,717 reference and information questions were answered
- 617 library cards were issued
- 34,493 library items were circulated
- 1,042 people attended library programs
- 31,832 digital items (e-books, audios, magazines, films, music) were accessed

2021-2022 Initiatives and Accomplishments

- Pivoted library services to provided reference and tech help via phone, email, and text.
- Transitioned from curbside pick-up system to outside library services to restoring in-building library services.
- Continued to explore opportunities for passive programming in the libraries.

2022-2023 Priorities

- Filling vacant positions and increasing open hours at both the Main and Park Branch libraries.
- Continuing the implementation of the Library's Strategic Plan.

Budget Summary and Service Impacts

- The City funds the personnel and building maintenance costs for operating the Main and Park Branch libraries. The sources of funding for library materials, programs and services are the Carmel Public Library Foundation, the Friends of the Library, and other donations.

LIBRARY AND COMMUNITY ACTIVITIES

| Library | | | | |
|-----------------------|---|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-120-00-41001 | Salaries | \$643,426 | \$453,558 | \$800,482 |
| 101-120-00-41003 | Salaries -Part time | 131,934 | 12,780 | 122,007 |
| 101-120-00-41101 | Retirement | 38,541 | 28,088 | 43,673 |
| 101-120-00-41103 | Deferred Compensation | 7,350 | 9,483 | 8,700 |
| 101-120-00-41104 | Health Insurance | 77,984 | 49,681 | 91,987 |
| 101-120-00-41105 | Social Security | 8,180 | 774 | 7,564 |
| 101-120-00-41106 | Medicare | 11,240 | 6,542 | 13,376 |
| 101-120-00-41107 | LTD/STD/Life | 1,062 | 711 | 1,192 |
| 101-120-00-41108 | Worker's Comp | 15,658 | 11,957 | 18,990 |
| 101-120-00-41109 | Benefits-MOU Obligations | 13,520 | 7,858 | 16,120 |
| | Salaries & Benefits Subtotal | \$948,895 | \$581,432 | \$1,124,091 |
| 101-120-00-42001 | Contract Services | \$3,500 | \$3,500 | \$3,500 |
| | Services & Supplies Subtotal | \$3,500 | \$3,500 | \$3,500 |
| | Total | \$952,395 | \$584,932 | \$1,127,591 |

LIBRARY AND COMMUNITY ACTIVITIES

Community Activities

The Community Activities department and Commission encourage and support the interaction of neighbors, friends, families and visitors through the shared experience of special events, programs, and gatherings which bring the community together virtually and in-person safely on the City's streets and in its parks and create opportunities to interact, celebrate, enrich people's lives, and promote inclusiveness.

The Community Activities department facilitates the weekly Farmers' Market, permitting for special events, beach events, and filming, the City's annual special events (Memorial Day, 4th of July, Sandcastle Contest, Pumpkin Roll, Halloween Parade, Veteran's Day, Homecrafters' Marketplace, and Holiday Menorah and Tree-lighting), and manages the Vista Lobos Community Room and the Scout House.

2021-2022 Workload Indicators/Performance Measures

- Planned and facilitated seven City special events
- An estimated 5,000 people attended City Special Events
- Issued 36 event and film permits

2021-2022 Initiatives and Accomplishments

- Developed a new policy for community group participation in the Farmers' Market.
- Reinvented the City's special events to be more streamlined and maximized community partnerships.
- Continued Community Activities Commission campaigns at the Farmer's Market to encourage residents and business owners to encourage community connection.

2022-2023 Priorities

- Continue implementing the new strategic plan that includes goals to maximize communication opportunities, embrace opportunities for community connections – whatever the form, engaging in environmentally sustainable practices, and to put our community spaces to their best use.
- Continue to streamline processes for special event permit applications

Budget Summary and Service Impacts

- Community Activities department expenses include costs for advertising, banners and signage, event and office supplies for City events, equipment replacements, Community Activities Commission initiatives, and the Farmers' Market.

LIBRARY AND COMMUNITY ACTIVITIES

| Community Activities | | | | |
|-----------------------------|---|----------------------------|------------------------------|--------------------------------|
| Account Number | Account Description | FY21-22 Amended | FY21-22 Estimated | FY22-23 Recommended |
| 101-121-00-41001 | Salaries | \$81,277 | \$80,000 | \$131,665 |
| 101-121-00-41101 | Retirement | 3,310 | 4,572 | 10,362 |
| 101-121-00-41103 | Deferred Compensation | 150 | 1,134 | 1,800 |
| 101-121-00-41104 | Health Insurance | 5,660 | 5,660 | 13,964 |
| 101-121-00-41105 | Overtime | - | 420 | - |
| 101-121-00-41106 | Medicare | 609 | 817 | 1,909 |
| 101-121-00-41107 | LTD/STD/Life | 65 | 79 | 195 |
| 101-121-00-41108 | Worker's Comp | 5,176 | 3,952 | 6,276 |
| 101-121-00-41109 | Benefits-MOU Obligations | - | 348 | 2,080 |
| | Salaries & Benefits Subtotal | \$96,247 | \$96,982 | \$168,251 |
| 101-121-00-42001 | Contract Services | \$9,000 | \$8,500 | \$39,220 |
| 101-121-00-42005 | Community Promotions | 19,500 | 19,000 | 19,500 |
| 101-121-00-42009 | Advertising and Legal Notice | 3,000 | 2,900 | 8,500 |
| 101-121-00-42101 | Office Supplies | 300 | 130 | 300 |
| 101-121-00-42403 | Printing | 2,500 | 1,155 | 2,500 |
| | Services & Supplies Subtotal | \$34,300 | \$31,685 | \$70,020 |
| | Total | \$130,547 | \$128,667 | \$238,271 |

COMMUNITY PLANNING AND BUILDING

Description

The Community Planning and Building Department (CPB) includes the Planning, Building and Code Compliance Divisions and is responsible for preserving community character while fostering a vibrant community and a high quality of life for its residents, businesses and visitors.

- The **Planning Division** processes current development applications, maintains the General Plan, and ensures that capital programs, zoning and other activities of the City are consistent with the goals and policies of the Plan.
- The **Building Safety Division** is responsible for plans examination and inspections of City and private development projects to ensure compliance with building codes.
- The **Code Compliance Division** ensures compliance with the City Municipal Code. This function includes public education and outreach on existing laws and resolving code violations.

2021-2022 Initiatives and Accomplishments

- Adopted an updated Sign Ordinance to be in compliance with all State and Federal laws
- Significant progress made on scanning/digitizing of physical property files. Vendors selected, programming complete, and 20% of parcels have been digitized and made available through the City's GIS map
- Implemented several measures in line with the CPB 2019 strategic plan's customer service, technology, and streamlining goals including but not limited to: Reinstating the "Permit by Appointment" process for building permits, simplifying CPB's website portal, progress on scanning/digitizing files, clarifying the Track 1 and Track 2 Planning Application process and creating SOPs for the public to follow, and restarting the annual Development Process Workshop focused on updating the development industry
- Fully re-opened CPB offices to the public while maintaining COVID-19 safety protocols
- Completed recruitments for all vacant positions in CPB, including two new positions added by City Council: 1) Long Range Associate Planner; 2) Second Code Compliance Coordinator. Anticipating all CPB positions to be full by June 30, 2022.

2022-2023 Priorities

- Continued implementation of the CPB 2019 strategic plan, with a focus on customer service, technology, and streamlining processes
- Complete housing feasibility study in accordance with State "SB 2", local "LEAP", regional "REAP" grants and begin work in earnest on General Plan Housing Element update for completion by December, 2023
- Adopt Historic Context Statement update in accordance with State CLG grant
- Adoption of: (1) updated Accessory Dwelling Unit Ordinance; (2) updated Wireless Ordinance
- Finish scanning/digitizing of physical property files for online public access
- Adoption of updated Design Guidelines and Zoning Code through the Design Traditions 1.5 Project
- In partnership with the Police Department, develop a paid parking program in the downtown commercial district for consideration by the City Council

Budget Summary and Service Impacts

- Planning contract services increases this year due to a \$140,000 allocation for Winter & Company's support on the Design Traditions 1.5 Project, which utilizes 1-time money to implement Council priorities. Still remaining in the planning contract services line item is \$290,000 in services representing

COMMUNITY PLANNING AND BUILDING

State, local and regional grants which will fund consultant support for housing studies and General Plan updates.

- Building contract services dropped significantly due to a reduced need for outside plan review by CSG, thanks to the hiring of a new Building Inspector. \$40,000 in contract plan review support will still be needed for technical and specialized plan review matters that arise.
- As part of the Capital Improvement Plan, CPB is continuing scanning and digitizing physical property files to make them publicly available via the City's online GIS mapping tool. The FY22-23 CIP includes the second and final year of funding for this project totaling \$67,000.
- Also as part of the Capital Improvement Plan, CPB will be acquiring two (2) residential electric vehicles for Planning, Building, and Code Compliance inspections to replace a single gas engine vehicle. These vehicles will allow for more inspections to take place in a shorter amount of time, which will benefit the Village as a whole. Switching to electric vehicles will also help lower the City's carbon footprint. Upgrades to the electrical panel at City Hall and installation of charging stations will be required. Total cost of the project including vehicles and upgrades will be approximately \$50,000. However, nearly all of this cost should be offset by a combination of selling CPB's existing gas vehicle, and funds from the Central Coast Community Energy Vehicle Electrification Program.

COMMUNITY PLANNING AND BUILDING

| Community Planning & Building | | | | |
|-------------------------------|---|--------------------|----------------------|------------------------|
| Account Number | Account Description | FY21-22 Amended | FY21-22 Estimated | FY22-23 Recommended |
| 101-115-00-41001 | Salaries | \$949,196 | \$775,921 | \$1,220,334 |
| 101-115-00-41005 | Overtime | - | 1,603 | - |
| 101-115-00-41101 | Retirement | 55,420 | 38,017 | 60,805 |
| 101-115-00-41103 | Deferred Compensation | 7,750 | 5,933 | 8,100 |
| 101-115-00-41104 | Health Insurance | 184,093 | 147,029 | 225,785 |
| 101-115-00-41106 | Medicare | 14,991 | 10,653 | 17,694 |
| 101-115-00-41107 | LTD/STD/Life | 1,416 | 1,072 | 1,559 |
| 101-115-00-41108 | Worker's Comp | 15,818 | 12,079 | 19,183 |
| 101-115-00-41109 | Benefits-MOU Obligations | 16,468 | 7,147 | 18,720 |
| | Salaries & Benefits Subtotal | \$1,245,152 | \$999,454 | \$1,572,180 |
| 101-115-00-42001 | Contract Services | \$613,350 | \$245,800 | \$583,400 |
| 101-115-00-42009 | Advertising and Legal Notice | 500 | - | 500 |
| 101-115-00-42101 | Office Supplies | 3,650 | 2,134 | 3,650 |
| 101-115-00-42102 | Publications & Subscriptions | 775 | 330 | 1,425 |
| 101-115-00-42104 | Safety Equipment and Supplies | 800 | 645 | 800 |
| 101-115-00-42107 | Gas and Oil | 1,560 | 465 | 780 |
| 101-115-00-42115 | Other Supplies | 600 | 15,700 | 950 |
| 101-115-00-42301 | Training & Education | 4,085 | 1,950 | 8,565 |
| 101-115-00-42302 | Conferences & Meetings | 5,450 | 290 | 8,150 |
| 101-115-00-42304 | Dues & Memberships | 4,580 | 1,756 | 4,480 |
| 101-115-00-42305 | Mileage Reimbursement | 300 | - | 150 |
| 101-115-00-42403 | Printing | 3,000 | 1,440 | 3,000 |
| | Services & Supplies Subtotal | \$638,650 | \$270,510 | \$615,850 |
| | Total | \$1,883,802 | \$1,269,964 | \$2,188,030 |

COMMUNITY PLANNING AND BUILDING

| Community Planning & Building: Planning | | | | |
|--|-------------------------------|------------------|---------------|------------------|
| 101-115-20-42001 | Contract Services | \$382,300 | \$24,700 | \$469,600 |
| 101-115-20-42009 | Advertising and Legal Notice | 500 | - | 500 |
| 101-115-20-42101 | Office Supplies | 3,000 | 1,773 | 3,000 |
| 101-115-20-42102 | Publications & Subscriptions | 125 | - | 125 |
| 101-115-20-42104 | Safety Equipment and Supplies | 800 | 645 | 800 |
| 101-115-20-42115 | Other Supplies | - | 15,700 | - |
| 101-115-20-42301 | Training & Education | 2,125 | 1,500 | 4,325 |
| 101-115-20-42302 | Conferences & Meetings | 600 | 200 | 2,000 |
| 101-115-20-42304 | Dues & Memberships | 2,500 | 1,300 | 2,400 |
| 101-115-20-42305 | Mileage Reimbursement | 200 | - | 100 |
| 101-115-20-42403 | Printing | 3,000 | 1,440 | 3,000 |
| Services & Supplies Subtotal | | \$395,150 | 47,258 | \$485,850 |

| Community Planning & Building: Building | | | | |
|--|------------------------------|------------------|------------------|------------------|
| 101-115-21-42001 | Contract Services | \$220,050 | \$210,100 | \$102,800 |
| 101-115-21-42101 | Office Supplies | 400 | 280 | 400 |
| 101-115-21-42102 | Publications & Subscriptions | 650 | 330 | 1,300 |
| 101-115-21-42107 | Gas and Oil | 960 | 465 | 480 |
| 101-115-21-42115 | Other Supplies | 400 | - | 500 |
| 101-115-21-42301 | Training & Education | 1,460 | 450 | 3,240 |
| 101-115-21-42302 | Conferences & Meetings | 3,350 | - | 3,350 |
| 101-115-21-42304 | Dues & Memberships | 2,080 | 456 | 2,080 |
| 101-115-21-42305 | Mileage Reimbursement | 100 | - | 50 |
| Services & Supplies Subtotal | | \$229,450 | \$212,081 | \$114,200 |

| Community Planning & Building: Code Compliance | | | | |
|---|------------------------|-----------------|-----------------|-----------------|
| 101-115-22-42001 | Contract Services | \$11,000 | \$11,000 | \$11,000 |
| 101-115-22-42101 | Office Supplies | 250 | 81 | 250 |
| 101-115-22-42107 | Gas and Oil | 600 | - | 300 |
| 101-115-22-42115 | Other Supplies | 200 | - | 450 |
| 101-115-22-42301 | Training & Education | 500 | - | 1,000 |
| 101-115-22-42302 | Conferences & Meetings | 1,500 | 90 | 2,800 |
| Services & Supplies Subtotal | | \$14,050 | \$11,171 | \$15,800 |

PUBLIC WORKS

The mission of the Public Works Department is to plan, design, construct, operate, and maintain public infrastructure, streets, facilities, beach, urban forest, and parks that contribute to the health, safety, and well-being of the community. We do so in an efficient, cost-effective manner without detrimental effects on the environment. Public Works consists of five operating divisions with responsibilities as follows:

- **Administration Unit:** prepare Council reports, 5-year Capital Improvement Plan, and give presentations, perform engineering services, support the Forest and Beach Commission, serve on the Traffic Safety Committee and TAMC TAC, and provide staffing, budget, and performance oversight of the following five operating divisions and various volunteer organizations.
- **Environmental Compliance:** manage environmental projects in the North Dunes and MTNP, serve on the Climate Committee and develop Climate Action and Adaptation Plans, implement the State's storm water quality regulations, enforce the State's waste reduction and recycling regulations, oversee the franchise agreement with the City's waste hauler, serve on the Monterey Regional Stormwater Management Program Committee and the Monterey Regional Waste Management District's Technical Advisory Committee, evaluate energy reduction initiatives, and conduct public outreach.
- **Facilities Maintenance:** maintain and repair 15 City-owned buildings and facilities with 149,050 square feet, including six historic buildings nearly 100 years old, support capital improvement projects, oversee janitorial contract and numerous trade vendors, and implement small ADA and various construction projects.
- **Forestry, Parks and Beach:** staff Forest & Beach Commission, maintain eight municipal parks, Carmel Beach, Scenic Pathway, and landscaped islands, manage contract tree services and 9,000+ City trees, process tree removal and pruning permits, and perform landscape maintenance services.
- **Project Management:** implement the Capital Improvement Plan, perform condition assessments and cost estimates, plan, design, inspect, and manage construction of capital projects, administer public bidding process, and coordinate with consultants, contractors, utilities, and other departments.
- **Street Maintenance:** supervise all Public Works field personnel and allocate resources, maintain and repair streets, potholes, sidewalks, curbs, fencing, storm drainage system, berms, traffic signs, striping, and pavement markings, provide street sweeping services, perform basic fleet maintenance services, review utility encroachment permit applications, support City events, and provide emergency response.

2021-2022 Initiatives and Accomplishments

- Negotiated a Lease Agreement with Pacific Repertory Theatre for Theatrical Programming and Facility Management of the Forest Theater.
- The Climate Committee completed a Vulnerability Assessment, Greenhouse Gas Emissions Study, and are currently finalizing Climate Action and Adaptation Plans.
- Updated the Carmel Municipal Code relative to SB1383 organics recycling, and modified the franchise agreement with Greenwaste Recovery.
- Planning Commission extended Coastal Development Permits for the North Dunes Habitat Restoration and Mission Trail Nature Preserve (MTNP) projects for five years.
- Received a \$45,000 grant from the Coastal Conservancy to conduct wildfire fuel mitigation at MTNP and completed the project.
- Replaced the fire pump assembly and the HVAC controller system for Sunset Center, both as emergency replacement projects.
- Renovated the Ocean Avenue median island landscaping, between Lincoln and Monte Verde Streets, as a pilot for the four remaining raised medians along Ocean Avenue.
- Supported the completion of 17 capital improvement projects funded in FY 2021/22.
- Resumed the annual traffic striping and markings and the sidewalk grinding programs.
- Continued to guide the unique partnership with Carmel Cares to restore the Scenic Pathway, Forest Theater grounds, Devendorf and Vista Lobos Parks, and expanded Median Minders and Pick-Up-Posse community engagement programs.

2022-2023 Priorities

- Negotiate an Operations and Maintenance Agreement with a qualified organization for renovation, activities programming, and facility management of the Scout House.
- Update Municipal Code Chapter 17 related to storm water requirements.
- Collaborate with the Monterey Regional Waste Management District and GreenWaste Recovery on implementation of SB 1383 requirements.
- Commence building condition assessments, resilience infrastructure planning, additional EV charging stations, and electrical upgrades at multiple City facilities.
- Update the design of the Police Station to include an EOC/Community Room, new lockers, EV station, and other facilities, solicit bids, and begin construction.
- Issue an RFP for Citywide janitorial services for the next three fiscal years.
- Construct the annual asphalt paving project, along Junipero, San Carlos, and San Antonio Streets, including micro-surfacing, bike route, and medians on San Carlos.
- Commence design of broken pipe repairs and eliminate bottlenecks in the storm drain system listed as priority recommendations in the Storm Drain Master Plan.
- Design repairs of concrete streets, along lower Ocean Avenue and within several downtown intersections, that are heavily damaged.
- Prepare the Forest Management Plan, predominantly funded by a \$150k Cal Fire grant, and solicit public participation in the development process.
- Beautify the remaining raised median islands along Ocean Avenue as part of the Downtown Beautification Initiative.
- Purchase a street sweeper, preferably an electric or hybrid, utilizing a 3CE rebate.

Budget Summary and Service Impacts

- Previously, the Street Division budget was merged with the Administration budget, 101-119-40. Effective Fiscal Year 2022/23, the Street Division budget, 101-119-41, will be accounted for separately.
- The Administration Division budget includes funding for a full-time administrative coordinator for front counter and customer service support, contract services (\$66,400), including uniform services, copier lease, and software contracts, contracted project manager services (\$50,000), training (\$8,000), subscriptions (\$5,500), and office supplies (\$5,000).
- The Street Division budget includes funding for equipment & vehicle maintenance (\$51,500), materials and supplies (\$50,000), including asphalt, lumber, base rock, and paint, fuel for City vehicles (\$38,000), and contract services (\$8,500).
- The Facilities Maintenance Division budget includes funding for contract services (\$394,270) including janitorial services, alarm and fire system monitoring, and HVAC, plumbing, roofing, and electrical repairs, and materials & supplies (\$65,000), including hardware, lighting, filters, plumbing and paint supplies.
- The Environmental Compliance Division budget includes funding for environmental consultant support (\$50,000), regional storm water permit implementation (\$25,000), Vector cleaning of storm drains (\$25,000), ASBS watershed sampling (\$20,000), SB1383 and recycling expenses (\$17,000), various other compliance consultants, and regional permit dues (\$11,000).
- The Forestry, Parks, and Beach Division budget includes funding for contract services (\$497,500), including tree removals, pruning, watering, stumps, landscape maintenance, and emergency response services, fund matching for the Forest Management Plan (\$20,000), and materials and supplies (\$50,000) including new trees, landscaping, irrigation supplies, and planting materials.

PUBLIC WORKS

| Public Works Department Total | | | | |
|---|-------------------------------|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-119-00-41001 | Salaries | \$1,583,893 | \$1,402,384 | \$2,136,494 |
| 101-119-00-41005 | Overtime | 8,800 | 6,000 | 8,800 |
| 101-119-00-41101 | Retirement | 88,011 | 79,081 | 115,821 |
| 101-119-00-41103 | Deferred Compensation | 12,612 | 11,695 | 18,612 |
| 101-119-00-41104 | Health Insurance | 278,844 | 266,345 | 342,020 |
| 101-119-00-41106 | Medicare | 22,064 | 19,389 | 30,980 |
| 101-119-00-41107 | LTD/STD/Life | 2,423 | 2,222 | 2,988 |
| 101-119-00-41108 | Worker's Comp | 51,744 | 51,731 | 82,157 |
| 101-119-00-41109 | Benefits-MOU Obligations | 28,600 | 26,424 | 33,280 |
| Salaries & Benefits Subtotal | | \$2,076,991 | \$1,865,271 | \$2,771,152 |
| 101-119-00-42001 | Contract Services | \$1,001,385 | \$877,438 | \$1,133,530 |
| 101-119-00-42009 | Advertising and Legal Notice | 1,000 | 1,000 | 2,500 |
| 101-119-00-42101 | Office Supplies | 2,500 | 1,589 | 5,000 |
| 101-119-00-42102 | Publications & Subscriptions | 6,860 | 4,191 | 5,500 |
| 101-119-00-42104 | Safety Equipment and Supplies | 8,000 | 5,332 | 8,400 |
| 101-119-00-42105 | Materials and Supplies | 195,000 | 130,000 | 165,000 |
| 101-119-00-42106 | Small Tools and Equipment | 750 | - | 1,000 |
| 101-119-00-42107 | Gas and Oil | 24,000 | 26,000 | 38,000 |
| 101-119-00-42202 | Equipment Maintenance | 10,000 | 466 | 10,000 |
| 101-119-00-42203 | Vehicle Maintenance | 41,000 | 31,390 | 41,500 |
| 101-119-00-42301 | Training & Education | 5,000 | 5,186 | 8,000 |
| 101-119-00-42304 | Dues & Memberships | 1,500 | 1,603 | 2,875 |
| 101-119-00-42403 | Printing | 400 | - | 2,000 |
| 101-119-00-42408 | Permits and Licenses | 9,500 | 10,432 | 11,067 |
| 101-119-00-42409 | Rentals | 2,250 | 2,467 | 4,000 |
| Services & Supplies Subtotal | | \$1,309,145 | \$1,097,094 | \$1,438,372 |
| Total | | \$3,386,136 | \$2,962,365 | \$4,209,524 |

PUBLIC WORKS

| PW Administration | | | | |
|---|-------------------------------|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-119-40-42001 | Contract Services | \$18,900 | \$18,830 | \$66,400 |
| 101-119-40-42009 | Advertising and Legal Notice | 1,000 | 1,000 | 2,500 |
| 101-119-40-42101 | Office Supplies | 2,500 | 1,589 | 5,000 |
| 101-119-40-42102 | Publications & Subscriptions | 6,860 | 4,191 | 5,500 |
| 101-119-40-42104 | Safety Equipment and Supplies | 8,000 | 5,332 | 8,400 |
| 101-119-40-42105 | Materials and Supplies* | 51,000 | 20,000 | - |
| 101-119-40-42106 | Small Tools and Equipment* | 750 | - | - |
| 101-119-40-42107 | Gas and Oil* | 24,000 | 26,000 | - |
| 101-119-40-42202 | Equipment Maintenance* | 10,000 | 466 | - |
| 101-119-40-42203 | Vehicle Maintenance* | 41,000 | 31,390 | - |
| 101-119-40-42301 | Training & Education | 5,000 | 5,186 | 8,000 |
| 101-119-40-42304 | Dues & Memberships | 1,500 | 1,603 | 2,875 |
| 101-119-40-42403 | Printing | 400 | - | 2,000 |
| 101-119-40-42409 | Rentals* | 2,250 | 2,467 | - |
| Services & Supplies Subtotal | | \$173,160 | \$118,054 | \$100,675 |

*Moved to PW-Streets budget effective FY22-23

| PW Street | | | | |
|---|----------------------------|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-119-41-42001 | Contract Services* | \$0 | \$0 | 8,500 |
| 101-119-41-42105 | Materials and Supplies* | - | - | 50,000 |
| 101-119-41-42106 | Small Tools and Equipment* | - | - | 1,000 |
| 101-119-41-42107 | Gas and Oil* | - | - | 38,000 |
| 101-119-41-42202 | Equipment Maintenance* | - | - | 10,000 |
| 101-119-41-42203 | Vehicle Maintenance* | - | - | 41,500 |
| 101-119-41-42409 | Rentals* | - | - | 4,000 |
| Services & Supplies Subtotal | | \$0 | \$0 | \$153,000 |

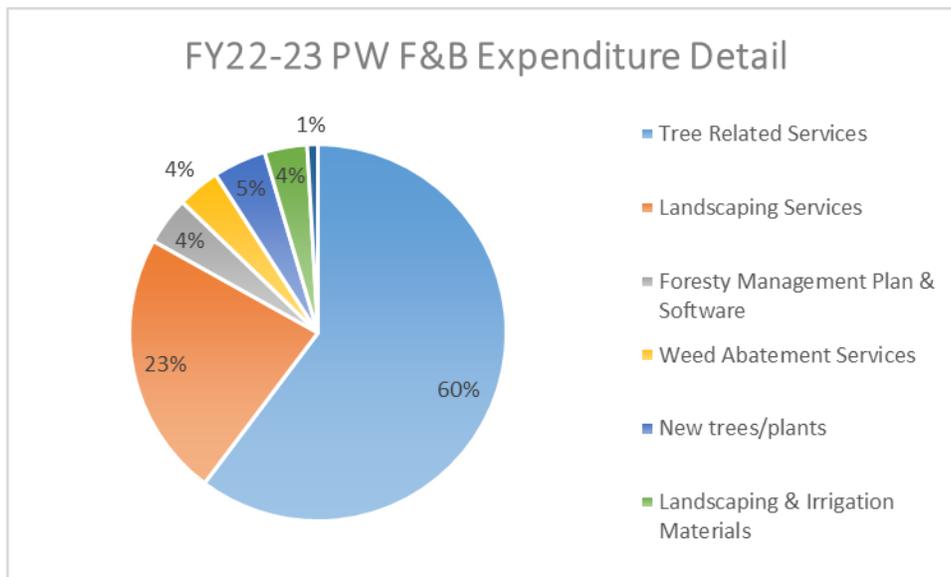
*Moved from PW-Admin budget effective FY22-23

| PW Facilities | | | | |
|---|----------------------------|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-119-42-42001 | Contract Services | \$362,720 | \$360,000 | \$394,270 |
| 101-119-42-42105 | Materials and Supplies | 120,000 | 95,000 | 65,000 |
| Services & Supplies Subtotal | | \$482,720 | \$455,000 | \$459,270 |

PUBLIC WORKS

| PW Environmental Compliance | | | | |
|---|------------------------|------------------|------------------|------------------|
| 101-119-43-42001 | Contract Services | \$289,765 | \$248,608 | \$166,860 |
| 101-119-43-42105 | Materials and Supplies | - | - | - |
| 101-119-43-42408 | Permits and Licenses | 9,500 | 10,432 | 11,067 |
| Services & Supplies Subtotal | | \$299,265 | \$259,040 | \$177,927 |

| PW Forest & Beach | | | | |
|---|------------------------|------------------|------------------|------------------|
| 101-119-45-42001 | Contract Services | \$330,000 | \$250,000 | \$497,500 |
| 101-119-45-42105 | Materials and Supplies | 24,000 | 15,000 | 50,000 |
| Services & Supplies Subtotal | | \$354,000 | \$265,000 | \$547,500 |



| Type of Expenditure | Budget | Percentage |
|------------------------------------|-------------------|-------------|
| Tree Related Services | \$ 330,000 | 60% |
| Landscaping Services | 125,000 | 23% |
| Foresty Management Plan & Software | 22,500 | 4% |
| Weed Abatement Services | 20,000 | 4% |
| New trees/plants | 25,000 | 5% |
| Landscaping & Irrigation Materials | 20,000 | 4% |
| Equipment | 5,000 | 1% |
| Total | \$ 547,500 | 100% |

Description

The Director of Public Safety/Police Chief manages the Public Safety Department and three distinct functions:

- The **Police Department** is responsible for law enforcement and crime prevention within the City. The mission of the Department is to protect and serve, with the primary responsibility of ensuring the rights of citizens and visitors to live in peace and safety. It also oversees the management and operation of the Emergency Operations Center; the Volunteers in Policing Program that assists with daily clerical activities, errands, public outreach and special events and the City Community Emergency Response Team of volunteers ready to assist the community during an emergency situation.
- The **Fire Department** is primarily responsible for saving lives and protecting property through the prevention and control of fires. The Fire Department has operated under a contract with the City of Monterey since 2012. The Public Safety Department manages the contract with the City of Monterey and is responsible for oversight of needed equipment and supplies.
- **Carmel Fire Ambulance** provides advanced life support ambulance service to the residents of Carmel-by-the-Sea. Ambulance staffing includes paramedic-firefighters and emergency medical technician-firefighters to provide front line medical emergency response and all-hazard response as a key component of the City's public safety services. The City of Monterey also provides administrative oversight of this function through a contractual agreement managed by the Public Safety Department.

2021-2022 Initiatives and Accomplishments

- Managed pandemic-related challenges including mask mandates and vaccination requirements
- Began an investigation of a graffiti bandit who painted numerous walls throughout the city. Suspect was identified via city and resident cameras. The investigation led to the suspects arrest and a full confession.
- Began an investigation of a daytime smash and grab at a local jewelry store. Via cameras from businesses and locals in the area we quickly obtained suspect information. One juvenile suspect was taken into custody and charged with the crime. Multiple additional suspects are still pending.
- Upgraded patrol vehicles to include 2 new police cruisers
- Upgraded outdated police radios
- Increased the number of volunteer group and CERT members and utilized their services on multiple occasions to include assistance with missing persons, council meetings and various activities throughout the city.
- Staffed a vacant ambulance/firefighter.

2022-2023 Priorities

- Fill vacancies, including Police Officer, Dispatchers, and Community Service Officers.
- Developing new contract language for Fire Services with the City of Monterey.
- Continue to improve radio communications and complete the radio transition from analog to digital for police services.
- Continue to align policies and procedures with federal and State legislation regarding police tactics.
- Work with City Staff and Council on the implementation of a new parking enforcement structure and paid parking in the City.
- Increase commitment to service in the Village through police programs to include increased bicycle patrols, community camera sharing, and use of volunteer groups like CERT.

PUBLIC SAFETY

Budget Summary and Service Impacts

Ambulance

- The FY 22-23 Budget increases by \$85,324 over the FY 21-22 Amended Budget. Overtime reflects an anticipated decrease due to being fully staffed. Contract services include station coverage by the City of Monterey as needed (\$170,000), ambulance billing (\$48,000), Monterey Fire management of Ambulance personnel (\$24,000), narcotics management (\$11,000). Other major expenses include medical supplies (\$39,000), fuel and vehicle maintenance (\$17,000), safety equipment (\$12,000) and required training to maintain credentials (\$13,000).

| Ambulance | | | | |
|---|-------------------------------|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-118-00-41002 | Salaries -Safety | \$709,018 | \$673,173 | \$770,123 |
| 101-118-00-41006 | Overtime -Safety | 160,000 | 170,000 | 140,000 |
| 101-118-00-41009 | Holiday in Lieu | 64,574 | 62,000 | 69,740 |
| 101-118-00-41102 | Retirement -Safety | 99,761 | 9,104 | 99,905 |
| 101-118-00-41103 | Deferred Compensation | 4,500 | 4,300 | 5,400 |
| 101-118-00-41104 | Health Insurance | 81,349 | 78,583 | 88,481 |
| 101-118-00-41106 | Medicare | 13,589 | 13,064 | 14,550 |
| 101-118-00-41107 | LTD/STD/Life | 858 | 879 | 858 |
| 101-118-00-41108 | Worker's Comp | 52,072 | 39,765 | 63,153 |
| 101-118-00-41111 | Uniform Allowance | 3,600 | 3,333 | 3,600 |
| Salaries & Benefits Subtotal | | \$1,189,321 | \$1,054,201 | \$1,255,810 |
| 101-118-00-42001 | Contract Services | \$261,528 | \$260,000 | \$272,163 |
| 101-118-00-42101 | Office Supplies | 1,100 | 900 | 1,300 |
| 101-118-00-42103 | Medical Supplies | 39,150 | 31,370 | 39,150 |
| 101-118-00-42104 | Safety Equipment and Supplies | 11,000 | 4,500 | 12,000 |
| 101-118-00-42107 | Gas and Oil | 7,000 | 11,723 | 11,000 |
| 101-118-00-42201 | Building Maintenance | 1,500 | 1,200 | 4,500 |
| 101-118-00-42202 | Equipment Maintenance | 3,500 | 870 | 3,500 |
| 101-118-00-42203 | Vehicle Maintenance | 17,000 | 10,922 | 17,000 |
| 101-118-00-42301 | Training & Education | 12,800 | 1,200 | 12,800 |
| Services & Supplies Subtotal | | \$354,578 | \$322,685 | \$373,413 |
| Total | | \$1,543,899 | \$1,376,886 | \$1,629,223 |

PUBLIC SAFETY

Fire

- The FY 22-23 Budget increases by \$165,146 over the FY 21-22 Amended Budget. Contract services include fire services provided to the Village by the City of Monterey (\$2,840,000) and dispatch services (\$25,000). Funding for a wildfire risk assessment is also included within the budget (\$20,000).
- The FY 22-23 Budget also includes funding for fuel (\$14,000) and vehicle maintenance (\$35,000) as Carmel is responsible for vehicle repair and replacement under the contract with Monterey.

| Fire | | | | |
|-----------------------|-------------------------------|---------------------------------------|---|--------------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-117-00-42001 | Contract Services | \$2,740,196 | \$2,735,196 | \$2,905,342 |
| 101-117-00-42005 | Community Promotions | 500 | 1,097 | 500 |
| 101-117-00-42103 | Medical Supplies | 3,000 | 1,200 | 3,000 |
| 101-117-00-42104 | Safety Equipment and Supplies | 7,000 | 3,800 | 7,000 |
| 101-117-00-42107 | Gas and Oil | 14,000 | 7,000 | 14,000 |
| 101-117-00-42202 | Equipment Maintenance | 4,450 | 3,016 | 4,450 |
| 101-117-00-42203 | Vehicle Maintenance | 35,000 | 11,000 | 35,000 |
| Total | | \$2,804,146 | \$2,762,309 | \$2,969,292 |

Police

- The FY 22-23 Budget increases by \$514,923 over the FY 21-22 Amended Budget, primarily due to the addition of a full fiscal year's worth of personnel costs for 3.0 FTE new 2-year limited term positions that were added in FY21-22 (1.0 FTE Police Officer and 2.0 FTE Community Services Officer). The Department will continue to focus on patrol and responding to public safety needs.
- The FY 22-23 Budget reflects an increase of \$51,361 in services and supplies over FY 21-22. The increase is primarily the result of upgrading aging equipment, increased ammunition prices, providing CERT team uniforms and equipment, and training and supplies needed to fill vacant positions. Training expenses were increased to add Critical Incident Training, De-escalation and Racial Bias Training for all department members. Contract services include expenses critical to operations including dispatch, jail booking and animal services provided by Monterey County; tasers, body and surveillance cameras and associated software and maintenance costs. Fuel costs are projected to increase as well.

PUBLIC SAFETY

| Police | | | | |
|---|-------------------------------|------------------------------|--------------------------------|------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 101-116-00-41001 | Salaries | \$698,972 | \$533,198 | \$829,659 |
| 101-116-00-41002 | Salaries -Safety | \$1,931,512 | \$1,747,609 | \$2,142,749 |
| 101-116-00-41006 | Overtime -Safety | \$185,000 | \$322,742 | \$205,000 |
| 101-116-00-41009 | Holiday in Lieu | \$141,270 | \$121,574 | \$171,329 |
| 101-116-00-41101 | Retirement | \$42,945 | \$34,263 | \$52,952 |
| 101-116-00-41102 | Retirement -Safety | \$327,515 | \$239,829 | \$330,706 |
| 101-116-00-41103 | Deferred Compensation | \$21,294 | \$16,860 | \$24,144 |
| 101-116-00-41104 | Health Insurance | \$441,847 | \$312,783 | \$461,169 |
| 101-116-00-41106 | Medicare | \$42,201 | \$38,428 | \$49,063 |
| 101-116-00-41107 | LTD/STD/Life | \$3,469 | \$2,860 | \$3,939 |
| 101-116-00-41108 | Worker's Comp | \$91,498 | \$75,216 | \$119,455 |
| 101-116-00-41109 | Benefits-MOU Obligations | \$520 | \$433 | \$0 |
| 101-116-00-41111 | Uniform Allowance | \$33,120 | \$27,520 | \$34,560 |
| Salaries & Benefits Subtotal | | \$3,961,163 | \$3,473,315 | \$4,424,725 |
| 101-116-00-42001 | Contract Services | \$293,300 | \$201,684 | \$335,635 |
| 101-116-00-42005 | Community Promotions | \$1,000 | \$207 | \$1,000 |
| 101-116-00-42101 | Office Supplies | \$7,500 | \$6,154 | \$8,500 |
| 101-116-00-42102 | Publications & Subscriptions | \$915 | \$180 | \$960 |
| 101-116-00-42104 | Safety Equipment and Supplies | \$41,450 | \$40,500 | \$25,450 |
| 101-116-00-42106 | Small Tools and Equipment | \$0 | \$0 | \$0 |
| 101-116-00-42107 | Gas and Oil | \$32,500 | \$32,290 | \$48,750 |
| 101-116-00-42201 | Building Maintenance | \$1,000 | \$1,000 | \$1,000 |
| 101-116-00-42202 | Equipment Maintenance | \$42,300 | \$50,000 | \$38,181 |
| 101-116-00-42203 | Vehicle Maintenance | \$23,000 | \$21,000 | \$23,000 |
| 101-116-00-42301 | Training & Education | \$14,250 | \$9,000 | \$21,750 |
| 101-116-00-42304 | Dues & Memberships | \$1,400 | \$950 | \$1,550 |
| 101-116-00-42403 | Printing | \$4,700 | \$2,800 | \$5,900 |
| 101-116-00-42404 | Shipping/Postage/Freight | \$500 | \$300 | \$500 |
| 101-116-00-42405 | Telephone and Communications | \$8,500 | \$6,500 | \$8,500 |
| 101-116-00-42415 | Other Expenditures | \$6,000 | \$12,000 | \$9,000 |
| Services & Supplies Subtotal | | \$478,315 | \$384,565 | \$529,676 |
| Total | | \$4,439,478 | \$3,857,880 | \$4,954,401 |

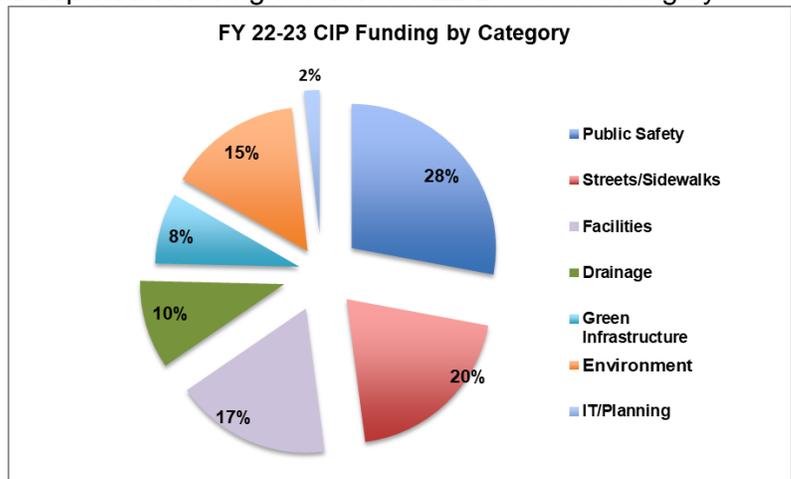
CAPITAL IMPROVEMENT PLAN (CIP)

CAPITAL IMPROVEMENT PLAN

Description

The FY 22-23 Recommended Budget includes \$5.03 million for capital projects. This level of capital spending represents 16% of the total citywide budget of \$32.3 million. As the economy recovers from the economic impact of the pandemic, sales tax revenue generated by Measure C, the City’s local sales tax, plays a pivotal role in provide a funding source for the City’s capital needs. The presence of state and county gas and transit taxes also provide a consistent base, albeit partial, for much needed street projects. That said the five-year capital plan points out that, as vital as these funding sources are, they cannot cover the full scope of identified improvements in the long term requiring that we attend to the highest needs and deferring others until funding becomes available.

Capital outlay funds several types of projects as depicted to the right in the “FY 22-23 CIP Funding by Category” chart. Streets and sidewalks account for 20% of capital expense, with a proposed budget of \$1 million, largely funded by revenues the City receives specifically for street maintenance and other transportation-related projects. Public safety is prioritized with the long overdue need to renovate City policy facilities. Police safety accounts for 28% of capital expenditures for a total of \$1.4 million including \$1.3 million for facility renovation augmenting the prior approved \$2 million budget. The FY 22-23 Recommended Budget recognizes the importance of facility investments and “green” infrastructure which combined make up 25% of capital expenditures. The spending plan for deferred facility maintenance items equals \$805,000 and addresses library needs, Sunset center renovations, City Hall roofing and retaining walls, Vista Lobos design and general beautification projects. “Green” projects reach \$400,000 and include electric vehicle panel upgrades, supporting generators and costal engineering studies. The remaining \$27%, or \$1.3 million includes critical drainage, environmental and technology projects including Drainage design, MTNP beautification, North Dunes restoration and the purchase of a zero emissions street sweeper.



up 25% of capital expenditures. The spending plan for deferred facility maintenance items equals \$805,000 and addresses library needs, Sunset center renovations, City Hall roofing and retaining walls, Vista Lobos design and general beautification projects. “Green” projects reach \$400,000 and include electric vehicle panel upgrades, supporting generators and costal engineering studies. The remaining \$27%, or \$1.3 million includes critical drainage, environmental and technology projects including Drainage design, MTNP beautification, North Dunes restoration and the purchase of a zero emissions street sweeper.

Capital outlay includes \$685,000 for the projects listed in Table 1, FY 22-23 Recommended Vehicle and Equipment Acquisitions and Funding Source.

Table 1: FY 22-23 Recommended Vehicle and Equipment Acquisitions and Funding Source

| Vehicle and Equipment Fund | | | |
|----------------------------|--|---------------------|---------------------|
| Account Number | Account Description | FY22-23 Recommended | Funding Source |
| 503-513-00-43005 | Ambulance Equipment +AED | 75,000 | Measure C |
| 503-513-00-43005 | 2 Residential Electric Vehicles (CPB) | 30,000 | Measure C |
| 503-513-00-43005 | Electric Sweeper (\$200K Grant Funded) | 550,000 | Measure C/3CE Grant |
| 503-513-00-43006 | Police Radios Lease (Year 2 of 6) | 30,000 | Measure C |
| Total | | \$685,000 | |

Funding prioritizes public safety response capabilities, including enhanced communications and the purchase of new vehicles. A focus on environmentally friendly vehicles is evident in this year's spending plan. The budget also invests in critical safety equipment related to emergency ambulance services.

Vehicle & Equipment:

Ambulance Equipment and Automated External Defibrillator (AED): Upon purchase of the Ambulance, a FY 2021/22 carry-over project, additional funding is required to purchase the necessary safety equipment and AED to be installed in the new ambulance. \$75,000 is recommended. The Police and Fire Departments will lead this project

Two Residential Electric Vehicles (REVs) for Community Planning and Building: The Community Planning and Building Department requests to utilize the proceeds from the sale of the existing building inspection vehicle, as well as to apply for grant funding from Central Coast Community Energy, to purchase two REVs for use by Planning and Building staff to conduct site visits and inspections. It is anticipated that the purchase will be largely funded by the vehicle sale and grants (\$25,000), with the remaining \$5,000 provided by the City.

Street Sweeper: The existing street sweeper is 12 years old and is past its useful life, requiring frequent repairs, sometimes costing over \$5,000 for each repair. Staff evaluated alternatives for a repurchase including renting/leasing a sweeper (which is economically restrictive over just a few years), or contracting out these services to a private company. Multiple agency contacts warned staff that contracted street sweeping services are often plagued by substandard performance levels, inability to be promptly responsive, and complaints. Furthermore, with Carmel's lack of curbs and gutters, coupled with extensive pine needles, the privatized street sweeping operations would likely be substandard for Carmel. Staff has been exploring diesel, as well as electric and hybrid sweeper models that work on a vacuum system (rather than a broom system that would not be effective on Carmel streets). Although electric sweepers are costlier, Central Coast Community Energy has a grant program that would fund the cost difference between a diesel and electric sweeper, up to a maximum of \$200,000. A net of \$350,000 is budgeted for the sweeper purchase. While electric sweepers would be preferred, a disadvantage would be to charge up the sweeper overnight at electric vehicle charging stations until a more powerful, commercial-grade vehicle charger could be installed at the Public Works Yard.

Radios Lease (Year 2): Twenty-two (22) Police radios were leased starting last year to replace the prior, hand-held radios that were past their useful life. The radios are leased/purchased at \$30,000 per year for a total of six (6) years. FY 2022/23 marks the second year of the six-year lease. The Police and Finance Departments will coordinate this project.

Table 2: FY 22-23 Recommended Capital Projects and Funding Source

In addition, funding for various other capital projects total \$4.34 million. The funding sources include Measure C revenue as well as transportation-related revenues and project specific grants. (See **Table 2**, FY 22-23 Recommended Capital Projects and Funding Source, located on the following pages.) Project descriptions follow the table explain the nature and background of each.

The Recommended Budget proposes the use of available fund balances that have resulted from prior period savings and the postponements of capital projects during pandemic shutdowns and staffing shortages. Table 2 has identified these projects that have been deferred and remain in need of attention. The tally and identification of these projects is directly related to the budget strategy taken this year in the attempt to "catch-up" for maintenance unavoidably foregone. This use of fund balances as proposed in the FY 22-23 Recommended Budget leaves policy reserves intact and is directly related to this one-year extended level of capital spending.

As we look beyond FY 22-23 into the five-year CIP plan, it becomes apparent that the level of CIP expenditures proposed this year cannot be maintained in the long term. Although the five-year plan does its job in articulating the physical project needs it also tells us that the City is faced with more capital needs than it can

afford. This is true even if capacity resources are at full strength. Hence, priorities and limits will need to be set in navigating a sound fiscal plan in the longer term.

| Capital Projects Fund | | | | |
|-------------------------------|-----------------|---|-----------------------------|------------------------|
| Fund 301 Account 43008 | | | | |
| Strategic Priority | Category | Description | FY 22.23 Recommended | Funding Source |
| Grants | Streets | Paving Project -Concrete Street Repairs | \$ 15,300 | General Fund/RSTIP |
| Grants | Streets | Paving Project -Concrete Street Repairs | 563,700 | General Fund/Hostelry |
| Grants | Streets | Paving Project -Concrete Street Repairs | 426,000 | TAMC: Gas Tax, RMRHA |
| Grants Streets | | | 1,005,000 | |
| Grants | Drainage | MTNP 3 Stream/Drainage Projects - Construction | 25,000 | Measure C (Match) |
| Grants | Drainage | MTNP 3 Stream/Drainage Projects - Construction | 117,000 | Parks Per Capita Grant |
| CIP Planning | Drainage | Drainage Design Bottlenecks & Spot Repairs -Design Phase II | 500,000 | Measure C |
| CIP Planning | Facilities | Facilities Component Inspections | 85,000 | Measure C |
| Public Safety | Facilities | Police Facility Renovation - Additional Scope | 1,300,000 | Measure C |
| Public Safety | Facilities | ADA Upgrades | 15,000 | Measure C |
| Resilience | Facilities | Resilience Infrastructure Pilot Design | 85,000 | Measure C |
| Resilience | Facilities | Electrical Panel Upgrade Design | 75,000 | Measure C |
| Resilience | Frst/Parks/Bch | Coastal Engineering Report | 150,000 | Measure C |
| Resilience | Frst/Parks/Bch | North Dunes Restoration/Split Rail Fence/Signage | 10,000 | Measure C |
| Resilience | Frst/Parks/Bch | North Dunes Restoration/Split Rail Fence/Signage | 25,000 | Donation |
| Resilience | IT/Planning | Public Access Property Records (Yr 2) | 67,000 | Measure C |
| Resilience | IT/Planning | HML Generator | 60,000 | Measure C |
| Resilience | IT/Planning | UPS Power Back-UP Systems | 20,000 | Measure C |
| Deferred Maint | Facilities | HML Exterior and Interior Painting | 200,000 | Measure C |
| Deferred Maint | Facilities | HML Carpet Replacement | 100,000 | Measure C |
| Deferred Maint | Facilities | Sunset Center Haz Mat Remediation and Exterior Painting | 150,000 | Measure C |
| Deferred Maint | Facilities | Sunset Center Cottage Windows | 105,000 | Measure C |
| Deferred Maint | Facilities | City Hall Roof Replacement | 100,000 | Measure C |
| Deferred Maint | Facilities | City Hall Retaining Wall Repair | 100,000 | Measure C |
| Deferred Maint | Facilities | Vista Lobos Interior Remodel Design [New] | 25,000 | Measure C |
| Deferred Maint | Frst/Parks/Bch | Beautification Projects | 25,000 | Measure C |
| Deferred Maintenance | | | 805,000 | |
| Total | | | \$ 4,344,000 | |

Grants:

Concrete Street Repairs: This project includes the repair of concrete street segments, including Ocean Avenue between Monte Verde Street and San Antonio Avenue, plus the intersections of Ocean Avenue at San Antonio, San Carlos Street and Fifth Avenue, San Carlos and Sixth Avenue, and a curb bulb-out and ADA ramp on the east side of Junipero Street across from Seventh Avenue. Public Works initially identified this project based on the Street Saver Pavement Management System and recommends focusing one full funding cycle strictly on concrete street repairs for cost-effectiveness. This project is partially funded by State Gas Tax and TAMC transit taxes.

Mission Trails Nature Preserve (MTNP) Stream Stability Projects – Construction: This project is the construction phase of the first three (3) of eight (8) stream restoration and erosion control measures recommended by the Mission Trail Nature Preserve Stream Stability Study. The project is largely funded by a California State Parks Per Capita Grant. In FY 2021/22, the City retained engineering and environmental consultants to design and obtain environmental permits for the project. The project will continue to be managed by the Environmental Compliance Manager.

CIP Planning:

Drainage System Repair Design, Phase II: This project, which is part of a multi-year drainage improvement program, would allocate an additional \$500,000 to continue the development of drainage system improvement plans to fix the highest and moderate priority broken pipes and bottlenecks, based on the findings of the Drainage Master Plan. This funding would supplement the Drainage System Repairs – Design project carryover funds from FY 2021/22. Nearly \$7.5 million will be needed to complete the highest and moderate priority repairs. A request for Statements of Qualifications has been posted to hire a consultant to design this project. A PM is needed to implement this project.

Facilities Component Inspections: This project would be a follow-up to the cursory Facilities Assessment conducted in 2013 and would include ASTM E 2018-5 or similar property condition assessments for City Hall, Fire Station, Public Works, and Vista Lobos facilities by qualified engineers and architects. Reports would include detailed specifics on building infrastructure along with any noted deficiencies and their associated estimated costs. A project manager is needed to implement this project.

Public Safety:

Police Renovation Additional Scope: The additional cost for the expanded project scope (beyond the \$2 million carryover amount), including locker room modernization, public report taking area, an Emergency Operations Center (EOC)/community meeting room, and EV charging infrastructure, would be \$1.3 million. This added project scope may trigger additional code-required improvements, including a fire sprinkler system, additional ADA facilities, seismic upgrades, and/or replacement of electrical wiring. Since the scope of these additional improvements, if required, is premature to determine at this time, staff recommends that the \$1.3 million budget be maintained. As the design proceeds the could evolve into two phases, with the first phase of the project as previously bid (with minor updates) and a second phase to include the new EOC, locker rooms, report taking area, EV charging station, and any code-triggered, building-wide upgrades. An architectural consultant has been evaluating these changes and developing budgetary cost estimates for the City's benefit, but they are not yet under contract to commence work. A PM is needed to recommence this increasingly complex, but urgently needed project.

ADA Upgrades, Year 5: Funding should continue to be programmed each year to demonstrate good faith efforts to address disability obstacles across the City. Year 5 would continue with in-house and vendor upgrades to water fountains, bathroom facilities, signage, and railings as specified in the ADA Transition Plan. A budget of \$15,000 is recommended and this program will continue to be managed by the Facilities Maintenance Supervisor.

Resilience:

Resilience Infrastructure Pilot Project Planning and Design: In accordance with the recommendations of the Climate Adaptation Plan, this pilot project involves developing a feasibility analysis and engineering plans for sustainable backup power to provide continued operations of critical facilities at the Police, Public Works, and Youth Center community emergency hub, and potentially tie in the Vista Lobos facility, in the event of an extended power outage. Currently, the first three buildings are backed up by an above-ground diesel powered backup generator. However, diesel may become more difficult to obtain in extended emergencies, and health and safety regulations may make the above ground tanks an environmental liability into the future. This project will need to be coordinated with the electrical panel upgrades proposed at some of these locations (as described in the project below), and it may be beneficial to combine the project using one consultant and one PM. Additionally, the Police Building being a mission critical facility, may require a combination of an alternative energy backup system with that of a conventional generator backup system to avert power interruptions that would otherwise have a severe impact on operations. This project could be expanded at some point to include City Hall and/or other City buildings. Grants may partially cover the cost of implementation. The budget for this

first planning and design phase of the project is \$85,000. A request for Statements of Qualifications has been posted to hire a consultant to design this project. A PM is needed to implement this project.

Electrical Panel Upgrades for City Hall, Public Works, Sunset Center, and Vista Lobos Facilities:

Despite some reduced loads on existing electrical panels due to the installation of numerous LED lights and energy-efficient HVAC equipment over the past few years, electrical panels at these facilities are at capacity and in some cases, circuits trip with small additional loads. Upgrades are necessary for these facilities to accommodate more computer equipment, increased staffing, new/additional electric vehicle chargers to allow the progressive replacement of the existing fleet with electric vehicles, and to accommodate future needs. The PG&E power conductors to these electrical panels may also need to be enlarged to handle the higher projected loads. Before the panels can be upgraded, a study is necessary to determine: a) the existing electrical capacity available at each location, b) PG&E and building code requirements, and c) current and anticipated future electrical loads. The cost to perform such a study along with PG&E's design review cost of \$5k per site is estimated to be \$75,000. A request for Statements of Qualifications has been posted to hire a consultant to evaluate this project. A PM is needed to implement this project.

Sea Level Rise/Coastal Engineering Report: This report has been identified by the Climate Committee as a critical document for sea level rise resilience planning. This report will ensure the City has the information and tools necessary to make decisions related to the long-term durability and maintenance needs of our coastal resources and infrastructure. For efficiency, this project would be combined with the Beach Sand Survey and Wall Inspections project, a FY 2021/22 carry-over project. A consultant would be needed with an estimated fee of \$150,000. Staff is researching whether grant opportunities can be leveraged to fund this project. A request for Statements of Qualifications has been posted to hire a consultant to execute this, and many other projects. The Environmental Compliance Manager will manage this project.

North Dunes Habitat Restoration Project (Year 7): Significant habitat improvements have been made at the North Dunes in recent years by removing invasive trees, non-native plants, ice plant, planting native dune vegetation, installing post and cable fencing, and other restoration actions. The progress on the restoration project should be maintained by continuing to fund restoration activities and biological monitoring and reporting. The cost to maintain restoration activities and monitoring is \$10,000. Staff will seek grant funding, donations, and/or additional volunteer labor donations to continue additional enhancements, including new interpretive signage and/or split rail border fencing. The Environmental Compliance Manager will continue to manage this project.

Public Access Property Records and GIS (Phase 2): The Community Planning and Building Department retained a consultant in FY2021/22 to digitize the City's vast property files, to link those records to the City's existing online GIS portal, and to incorporate additional data layers into the GIS. The project was split into two years with \$66,250 budgeted in FY 2021/22, and \$67,000 proposed for FY 2022/23 to complete the project. Once complete, this project will significantly increase public access to the City's property records while reducing staff time spent on fulfilling records requests. The Community Planning and Building Director will continue to manage this project.

Backup Generator at the Harrison Memorial Library: Preliminary quotes were received for a new generator to predominantly backup the IT servers and essential equipment in the lower level of the library. This has proven to be a tricky project as there is limited outdoor space available for the generator, which has restricted progress to date. The quotes were under \$60,000. It is recommended that the implementation of this project be conducted in coordination with the Resilience Infrastructure Planning and Design Project and managed by the same PM.

Uninterrupted Power Supply System: An estimate of \$20,000 is needed to protect our computer systems and secure the City's data from power disruptions. The IT Manager will manage this project.

Deferred Maintenance:

Harrison Memorial Library Exterior and Interior Painting: This project and the following project (carpet replacement) for the Harrison Memorial Library could be considered a "package deal." A City investment of \$100,000 to paint the exterior of the library, \$100,000 to paint the interior, (combined \$200,000) and another \$100,000 to replace all of the carpeting, would satisfy the City's deferred and ongoing maintenance obligation for this historic building. This \$300,000 total investment by the City would likely leverage significant private donations to the library for extensive interior renovations, including shelving, furniture, lighting, and other upgrades. A request for Statements of Qualifications has been posted to hire a consultant to design this project. A PM is needed for this project.

Harrison Memorial Library Carpet Replacement: This project, along with the interior and exterior painting project described above, would satisfy the City's ongoing maintenance obligation for this historic building. The carpet replacement cost estimate is \$100,000. This project should not commence until the FY 2021/22 carry-over Libraries Master Plan project is completed so that no carpeting will have to be redone for any proposed remodels. However, the carpet specifications should be prepared concurrently during the design of the exterior and interior painting project above. The PM assigned to the painting project will also oversee this carpet replacement project.

Sunset Center Hazardous Materials Remediation and Exterior Painting: The exterior of Sunset Center has not been painted in many decades. As part of a recently-completed FY 2021/22 project, paint and window casing samples were tested for hazardous materials. Hazardous material remediation and repair of some of the windows was planned for FY 2021/22; however, the funding was re-appropriated for an emergency replacement of the HVAC Controller necessary for the continued operation of the theatre facilities. Asbestos was noted in only a few locations; however, lead was present in the paint in nearly all cases. Without further testing, we can no longer assume that the lead paint can be encapsulated in place, rather costlier remediation/removal of the existing paint will likely be necessary prior to new painting. This project cost would include hiring a consultant to prepare performance specifications for the lead remediation and exterior painting, and hiring a contractor to do the remediation and painting in the field. It is premature to determine the extent to which the proposed budget of \$150,000 will go, but future phases may be necessary. A request for Statements of Qualifications has been posted to hire a consultant to design this project. A PM is needed to implement this project.

Sunset Center Cottage Window Repairs: This project is a companion project to the Sunset Center Hazardous Materials Remediation and Exterior Painting Project above. This project would be to remediate asbestos and lead paint around the windows of the Sunset Center Cottages, and repair or replace the imminently-failing windows. Consultant-prepared performance specifications prepared for the above project, and the PM for the above project, should also perform these services for this related project, for efficiency. The project cost estimate for the Cottage Windows is \$105,000.

City Hall Roof Replacement: The City Hall roof was last replaced in 1984 and is approximately 15-years past its warranty. Roof leaks have been increasing and repaired by contractors, or staff, over the past few years as the roof progressively deteriorates. Based on a budgetary quote, the cost for this project is \$100,000. A PM is needed for this project.

City Hall Retaining Wall Emergency Repair: This new, unanticipated project is identified as a high-priority emergency repair for the planter retaining wall on the south side of the City Hall building. The planter retaining wall not only supports the planter box but is also a structural element of the building wall and foundation. A structural repair plan is underway, but the cost for this project is unknown at this time. At this time, \$100,000 is recommended for repairs. The project design is being overseen by the Building Official, and a PM will be needed for bidding and construction of this project.

Vista Lobos Interior Remodel Design: Several City departments have severe shortages of suitable workspace for existing staff, let alone new recruits. This proposed project would involve designing the remodel of the community room at Vista Lobos to be converted into staff workspaces (modular offices) after renovation,

if funded in the subsequent FY 2023/24. Due to the urgent need of office space, this remodel would be limited to just the community room and kitchenette area, not the entire building. The community room needs new insulation, interior lighting, HVAC system, partition walls and door for a small meeting room, sheetrock, and painting. The main roof support beams may need to be structurally tied to the support columns. The cost to design this limited remodel is estimated to be \$25,000. A request for Statements of Qualifications has been posted to hire a consultant to design this project. A PM is needed to implement this project.

Beautification Projects: The City has been working collaboratively for years with several community organizations such as Carmel Cares, Friends of the Forest, Friends of Mission Trail Nature Preserve, the Garden Club, and others to rectify deferred landscape maintenance and improve and beautify public spaces throughout the City. The purpose of this \$25,000 project would be fund and provide materials and supplies, and potentially limited contracted landscape services, to support beautification projects and similar, volunteer-led efforts across the City. This Beautification Project will be managed by the City Forester supported by the Volunteer Coordinator.

Key Projects and Funding Needs for the Subsequent Four (4) Fiscal Years, to be included as an Exhibit in the Budget as a 5-year Capital Improvement Plan (CIP)

A preliminary 5-year Capital Improvement Plan has been developed. Although only the first fiscal year (2022/23) would be funded as part of the City Budget, the remaining years serve as a planning tool to identify, well in advance, anticipated future projects. The 5-year CIP is a “snap shot” in time of anticipated needs for future infrastructure revitalization funding in the outer years.

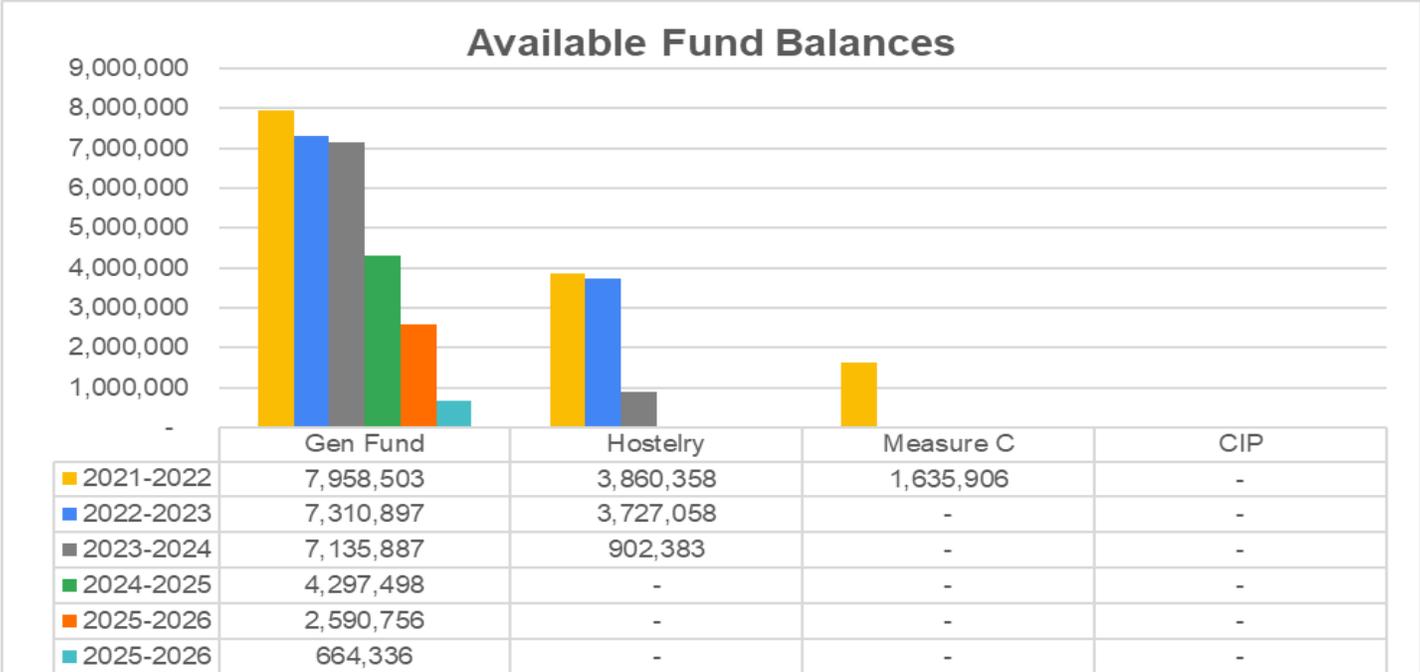
As a dynamic planning document, the CIP for Years 2-5 is subject to change as updated information becomes available. Staff suggests that this year, should this 5-Year CIP be accepted by Council, staff could post this document on the City’s website.

The following are major projects, by asset category, and ballpark budget estimates (including probable grants), for Years 2-5:

- **Drainage:** pipe repairs, bottleneck reconfigurations, outfall repairs, and CDS design = \$1.8 million
- **Streets:** paving, sidewalk repairs, parking lot repairs, and bike routes = \$4.0 million
- **Facilities:** building repairs, renovations, resilience upgrades, equipment replacement = \$3.9 million
- **Forest, Parks, Beach:** beach wall stabilizations, MTNP and N. Dunes projects = \$1.8 million
- **Fleet:** outdated heavy equipment and vehicle replacements, electric vehicles = \$1.2 million
- **Environmental:** climate change improvements, program development = \$195k
- **IT:** equipment replacements, security upgrades, PD records, and GIS expansion = \$430k
- **Libraries:** renovations per master plan, roof replacement = \$600k

The grand total estimate of \$13.9 million (the four-year term yr. 2 through yr. 5) clearly exceeds anticipated revenues and fund balance availability for projects in those future years. Since the noted infrastructure above will not repair itself and will simply continue to decline without adequate funding, additional revenue should be evaluated. **Table 3** below, developed from a financial forecast, graphically represents how the Five-Year CIP would significantly draw upon available fund balances assuming the identified level of capital expenditures progress without alternative funding sources. Although important policy reserves would be preserved, the City would deplete its fund balance cushion taking away its ability to be nimble in the face of uncertainty and economic recession or crisis.

Table 3: Five Year Budget/CIP Fiscal Forecast



* This chart assumes the execution of all capital expenditures (Over \$19 million in the five-year term including FY 22-23) as outlined in the five-year CIP as the budget progresses with normalized revenue growth and operating cost parameters being closely controlled at prudent levels. This presumes the non-occurrence of another COVID or COVID like event and a steady state economy. This also presumes no additionally added revenue sources and/or debt financing.

**DEBT SERVICE
(FUND 401)**

DEBT SERVICE

Description: Fund 401

Debt service includes payments for the Next Generation Radio Project, the Sunset Center, and the Pension Obligation bonds. These payments total \$878,000 as shown in Table 1, *FY 22-23 Debt Service*, below.

Countywide Radio Project: On April 7, 2009, City Council authorized the City's participation in the Countywide Monterey County Next Generation Radio project (NGEN), including approving a pro-rata share of infrastructure costs and debt financing. The purpose of the project was to enhance communication among public safety agencies. The Certificate of Participation (COP), issued for \$381,440, matures on June 30, 2023.

2020 Refunding Lease Revenue Bonds: On September 10, 2010, City Council approved the issuance and sale of certificates to finance improvements at the Sunset Center (the Sunset Theater Project), including the refinancing of the City's lease payment obligation related to the preliminary financing of the Sunset Center (the 2010 Refunding Lease Revenue Bond). The COP of approximately \$7.6 million included a maturity date of November 1, 2031. On September 3, 2020, the Public Improvement Authority and City Council determined that a refunding of the 2010 Bond was in the City's best interest to take advantage of historically low interest rates and to achieve cash flow savings in light of the economic impact of COVID-19 on the City's revenues. The 2020 Refunding Lease Revenue Bond of approximately \$3.9 million matures on November 1, 2032. As part of the refinancing, the City will make significantly lower interest only payments in FY 22-23; however, payments will increase to approximately \$500,000 annually beginning in FY 23-24.

2012 Taxable Pension Obligation Bonds: In 2003, the City's pension plans were pooled with other small cities and agencies and the California Public Employees Retirement System (CalPERS) estimated that the pension liabilities of the City's two pension plans exceeded the plans' assets by approximately \$6 million. CalPERS sought to realign assets with liabilities and created the "side fund." On July 3, 2012, the City Council authorized the issuance of pension obligation bonds to refinance the City's side fund obligations to CalPERS. The COP of approximately \$6.3 million matures on June 1, 2023.

Table 1: FY 22-23 City Total Debt Service

| Debt Service: Total | | | | |
|---------------------|---------------------|---------------------------|-----------------------------|------------------------|
| Account Number | Account Description | FY21-22 Amended Budget | FY21-22 Estimated Actual | FY22-23 Recommended |
| 401-411-00-44001 | Principal | \$677,110 | \$677,110 | \$696,423 |
| 401-411-00-44002 | Interest | 200,546 | 200,546 | 176,880 |
| 401-411-00-44003 | Administrative Fees | 5,000 | 5,000 | 5,000 |
| Total | | \$882,656 | \$882,656 | \$878,303 |

Table 2: FY 22-23 Debt Service by Bond

| Debt Service: by Bond | | | | |
|-----------------------|------------------|------------------|----------------|------------------|
| Bond | Principal | Interest | Admin. Fee | Total |
| NGEN Radio | \$16,423 | \$0 | \$0 | \$16,423 |
| Sunset Center | - | 155,800 | 2,500 | 158,300 |
| Pension Obligation | 680,000 | 21,080 | 2,500 | 703,580 |
| Total | \$696,423 | \$176,880 | \$5,000 | \$878,303 |

Funding Sources

General Fund revenues are the source of funding for debt service payments. The General Fund (Fund 101) will transfer \$878,000 to Debt Service (Fund 401) in FY 22-23.

OTHER FUNDS

FUNDS

Description

The City uses a fund accounting structure, which is an accounting structure to record and track resources that are limited in use by law or governing agency. The major governmental funds are the General Fund, Measure D and Capital Projects. The first set of funds listed below are discretionary, meaning there are no legal or policy-related restrictions on their use and can be used at the discretion of Council for services and projects.

General Fund (Fund 101)

Most of the City's revenues and the expenditure budgets for City services and daily governmental operations are housed within the General Fund (Fund 101) and this is where the majority of the City's financial activity occurs. The major revenue sources associated with the General Fund include property tax, the City's share of the statewide sales and use tax, charges for services, franchise fees, business tax, and intergovernmental revenue. These revenues are considered to be general in nature. Throughout this budget document the General Fund is also referred to as the Operating Budget and City policy recommends a 15% Reserve.

Hostelry Fund (102)

This fund is used to account for the transient occupancy tax and is intended to fund the portion of the municipal budget covering community and cultural and recreation activities including but not limited to Sunset Center and the Forest Theater, parks, public facilities and municipal structures, and parking lots; acquisition and improvement of parks, recreation land and other municipal purposes as determined from time to time by the City Council; provided, that all such uses shall be in accordance with the General Plan of the City and General Fund for usual and current expenses. City financial policy recommends a reserve of 10% of revenues.

Measure C Sales Tax (Fund 206)

Carmel voters approved a temporary (10 year) 1% increase in the transactions and use tax in 2012 known as Measure D. On March 3, 2020, voters approved Measure C, which increases the tax to 1.5% for 20 years. Measure C may be used for debt service, capital projects and general City services.

The next set of funds are restricted as there are requirements prescribed by the local, state or federal governmental agencies regarding how these funds may be used.

Gas Tax (Fund 201)

This fund is used to account for revenues collected in accordance with California Streets and Highway Code.

Transportation Safety (Fund 202)

Measure X, a 30 year 3/8 of one-percent transactions and use tax, was passed by the voters in November 2016 to fund transportation safety and mobility projects in Monterey County. This fund accounts for the expenditures for eligible transportation safety projects.

COPS Grant

This fund accounts for the expenditures for the Department of Justice Community Oriented Policing Services (COPS) grant for public safety. This fund transfers into the General Fund for the Police Department budget.

Parking in Lieu (Fund 204)

This fund is used to account for activities associated with parking in-lieu fees as prescribed by Carmel Municipal Code Section 17.38.040.

Asset Seizure (Fund 205)

This fund accounts for expenditures related to asset seizures.

FUNDS

The next two funds pertain to certain types of expenditures.

Capital Projects (Fund 301)

This fund accounts for resources utilized, committed, assigned or restricted for capital projects.

Debt Service (Fund 401)

This fund accounts for activities related to the repayment of the Certificate of Participation, Pension Obligation Bond and capital lease obligations.

The next set of funds are considered to be internal service funds.

Workers Compensation (Fund 501)

This fund accounts for workers' compensation insurance provided to departments on a cost reimbursement basis.

Other Post-Employment Benefits (OPEB) Liability Reserve Fund

This fund accounts for other post-employment benefits.

Vehicle and Equipment Replacement Fund

This fund is to set aside financial resources for future purchases of replacement equipment essential to the operations of the City.

There is one agency fund.

Refundable Deposits

This fund accounts for monies received that are unearned and required to be returned by the City.

The accompanying tables depicts the Projected Fund Balance for FY 21-22 and FY 22-23.

General Fund

The General Fund is estimated to start FY 22-23 with a fund balance of \$11.3 million and end with \$11.3 million on June 30, 2023 due to the General Fund budget being balanced with the use of estimated new revenue and transfers in from other funds, such as the Hostelry Fund. Fund balance is the accumulation of prior years' savings and may also be considered a "rainy day fund". Carmel Municipal Code Section 3.06.040 states that the City shall maintain a General Fund balance equivalent to at least 15% of the General Fund budget in each fiscal year and this is referred to as the reserve. A reserve may be considered as a minimum amount of savings that the City has available for emergency or other purposes.

Hostelry Fund

FY 22-23 assumes \$6.7 million in new revenue that will be transferred to the General Fund to support citywide operations.

Gas Tax (Fund 201)

Revenue of \$209,2001 is anticipated in FY 22-23 to be transferred to Capital Projects for street paving.

FUNDS

Transportation Safety (Fund 202)

Revenue of \$201,100 is anticipated in FY 22-23 to be transferred to Capital Projects for street paving.

COPS Grant

Revenue of \$158,000 is anticipated in FY 22-23 and will be transferred to the General Fund for Police Department salaries for eligible positions.

Parking in Lieu (Fund 204)

There is no activity budgeted in this fund for FY 22-23.

Asset Seizure (Fund 205)

There is no activity budgeted in this fund for FY22-23.

Measure C Sales Tax (Fund 206)

Measure C has a projected fund balance of \$1.6 million as of 7/1/22. The FY 22-23 projected revenue of \$5.7 million will be transferred to the General Fund (\$ 3.5 million), Capital Improvement Projects (\$3.6 million), and Vehicle & Equipment Replacement (\$285,000) There is no reserve requirement for Measure C.

Capital Projects (Fund 301)

This fund is projected to start and end FY 22-23 with \$265,487 due to anticipated activity being covered by new revenue and transfers in.

Debt Service (Fund 401)

The FY 22-23 debt service activity is \$878,000. Additional details on the bonds is found within the debt service section of this document. This fund includes a reserve required by the Sunset Center bond.

Workers Compensation (Fund 501)

The anticipated costs of claims payments, third party administrator services, and preventative costs are reflected in this fund. Previously, these expenses were accounted for in the General Fund. Based upon the auditor recommendation, they will be accounted for in this fund.

Other Post-Employment Benefits (OPEB) Liability Reserve Fund

This fund was created by Council resolution to set aside funding to address OPEB liabilities. There is no reserve requirement. There is \$1.8 million in the fund and no planned activity for FY 22-23.

Vehicle and Equipment Replacement Fund

The planned activity in this fund for FY 22-23 in the amount of \$685,000 will be covered by new revenue and transfers in.

PROJECTED FUND BALANCE

Projected Fund Balance June 30, 2022

| Fund | Description | Audited Fund Balance June 2021 | Revenue and Transfers In | Expenditures and Transfers Out | Proposed Fund Balance June 2022 | Change in Fund Balance |
|-------------|-------------------------|---|-------------------------------------|---|--|-----------------------------------|
| 101 | General Fund | 5,556,178 | 25,588,779 | 23,186,184 | 7,958,773 | 2,402,595 |
| 101 | General Fund Reserve | 3,198,332 | 120,698 | - | 3,319,030 | 120,698 |
| 101 | General Fund Total | 8,754,510 | 25,709,477 | 23,186,184 | 11,277,803 | 2,523,293 |
| 102 | Hostelry | 3,326,958 | 6,972,100 | 6,438,700 | 3,860,358 | 533,400 |
| 102 | Hostelry Reserve | 533,400 | - | - | 533,400 | |
| 102 | Hostelry Total | 3,860,358 | 6,972,100 | 6,438,700 | 4,393,758 | |
| 201 | Gas Tax | 212,823 | 167,400 | 306,564 | 73,659 | (139,164) |
| 202 | Transportation Safety | 237,709 | 250,600 | 319,000 | 169,309 | (68,400) |
| 203 | COPS | 55,866 | 154,600 | 154,600 | 55,866 | - |
| 204 | Parking in Lieu | 737,124 | - | - | 737,124 | - |
| 205 | Asset Seizure | 5,455 | - | - | 5,455 | - |
| 206 | Local Measure Sales Tax | 1,635,906 | 5,698,200 | 5,698,200 | 1,635,906 | - |
| 301 | Capital Projects | 539,863 | 2,953,676 | 3,228,052 | 265,487 | (274,376) |
| 401 | Debt Service | 393,133 | 882,656 | 882,656 | 393,133 | - |
| 501 | Worker's Comp | (20,344) | 68,144 | 47,800 | - | 20,344 |
| 502 | OPEB Reserve | 1,845,329 | - | - | 1,845,329 | - |
| 503 | Veh & Eq Replacement | 61,329 | 766,671 | 554,000 | 274,000 | 212,671 |
| | | 18,319,061 | 43,623,524 | 40,815,756 | 21,126,829 | 2,807,768 |

* Includes carry-over projects

PROJECTED FUND BALANCE

Proposed Fund Balance June 30, 2023

| Fund | Description | Estimated Fund Balance June 2022 | Revenue and Transfers In | Expenditures and Transfers Out | Proposed Fund Balance June 2022 | Change in Fund Balance |
|-------------|---------------------------|---|-------------------------------------|---|--|-----------------------------------|
| 101 | General Fund | 7,958,503 | 26,299,750 | 26,950,209 | 7,308,044 | (650,459) |
| 101 | General Fund Reserve | 3,319,300 | 650,459 | | 3,969,759 | 650,459 |
| 101 | General Fund Total | 11,277,803 | 26,950,209 | 26,950,209 | 11,277,803 | - |
| 102 | Hostelry | 3,860,358 | 6,533,700 | 6,667,000 | 3,727,058 | (133,300) |
| 102 | Hostelry Reserve | 533,400 | 133,300 | | 666,700 | 133,300 |
| 102 | Hostelry Total | 3,860,358 | 6,667,000 | 6,667,000 | 4,393,758 | - |
| 201 | Gas Tax | 73,659 | 209,200 | 209,200 | 73,659 | - |
| 202 | Transportation Safety | 169,309 | 202,100 | 202,100 | 169,309 | - |
| 203 | COPS | 55,866 | 158,000 | 158,000 | 55,866 | - |
| 204 | Parking in Lieu | 737,124 | - | - | 737,124 | - |
| 205 | Asset Seizure | 5,455 | - | - | 5,455 | - |
| 206 | Local Measure Sales Tax | 1,635,906 | 5,721,000 | 7,356,906 | - | (1,635,906) |
| 301 | Capital Projects | 265,487 | 4,282,697 | 4,344,000 | 204,184 | (61,303) |
| 401 | Debt Service | 393,133 | 485,170 | 878,303 | - | (393,133) |
| 501 | Worker's Comp | - | 148,160 | 148,160 | - | - |
| 502 | OPEB Reserve | 1,845,329 | - | - | 1,845,329 | - |
| 503 | Veh & Eq Replacement | 274,000 | 680,000 | 685,000 | 269,000 | (5,000) |
| | | 21,126,829 | 45,503,536 | 47,598,878 | 19,031,487 | (2,095,342) |