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# Fiscal Year 2023-2024

## RECOMMENDED BUDGET

CARMEL-BY-THE-SEA

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## CITY COUNCIL

DAVE POTTER, MAYOR

BOBBY RICHARDS, MAYOR PRO TEMPORE

JEFF BARON, COUNCILMEMBER

KAREN FERLITO, COUNCILMEMBER

ALISSANDRA DRAMOV, COUNCILMEMBER

CHIP RERIG, CITY ADMINISTRATOR

CITY OF CARMEL-BY-THE SEA  
P. O. BOX CC  
CARMEL-BY-THE-SEA, CA 93921

T: (831) 620-2000

[www.ci.carmel.ca.us](http://www.ci.carmel.ca.us)



## Table of Contents

<b>INTRODUCTION</b> .....	<b>4</b>
<b>RECOMMENDED BUDGET MESSAGE</b> .....	<b>5</b>
<b>REVENUE</b> .....	<b>8</b>
<b>EXPENDITURES</b> .....	<b>12</b>
<b>FY 23/24 AUTHORIZED POSITIONS</b> .....	<b>15</b>
<b>ORGANIZATIONAL CHART</b> .....	<b>17</b>
<b>OPERATING BUDGET</b> .....	<b>18</b>
<b>CITY COUNCIL</b> .....	<b>19</b>
<b>CITY ATTORNEY</b> .....	<b>21</b>
<b>ADMINISTRATION</b> .....	<b>22</b>
<b>CITYWIDE (NON-DEPARTMENTAL)</b> .....	<b>27</b>
<b>ECONOMIC DEVELOPMENT</b> .....	<b>29</b>
<b>LIBRARY AND COMMUNITY ACTIVITIES</b> .....	<b>30</b>
<b>COMMUNITY PLANNING AND BUILDING</b> .....	<b>34</b>
<b>PUBLIC WORKS</b> .....	<b>37</b>
<b>PUBLIC SAFETY</b> .....	<b>44</b>
<b>CAPITAL IMPROVEMENT PLAN (CIP)</b> .....	<b>49</b>
<b>DEBT SERVICE – FUND 401</b> .....	<b>61</b>
<b>FUNDS OVERVIEW</b> .....	<b>63</b>
<b>PROJECTED FUND BALANCE</b> .....	<b>65</b>
<b>Proposed Fund Balance as of June 30, 2023</b> .....	<b>67</b>
<b>Proposed Fund Balance as of June 30, 2024</b> .....	<b>68</b>
<b>FINANCIAL POLICIES</b> .....	<b>70</b>

# INTRODUCTION

# RECOMMENDED BUDGET MESSAGE

Honorable Mayor Potter, City Councilmembers, and Residents of Carmel-by-the-Sea:

The Fiscal Year 2023-2024 (“FY 23-24”) recommended budget is submitted for your consideration and tentative adoption on June 6, 2023. This budget continues to be structurally balanced and maintain service levels from last fiscal year, all in an effort to continue to build organizational resiliency. The City has been through a magnitude of challenges including a series of severe winter storms that absorbed a profound amount of our capacity. Throughout, the City’s dedicated staff, volunteer groups and the community at large rallied together to serve and take the best actions under challenging circumstances. Please allow me to reinforce that we have a strong and dedicated workforce, and unparalleled leadership from the City Council combined with an impassioned and solutions-oriented citizenry.

The adopted Operating Budget serves as a policy document, financial plan, operations guide, and communications device. It is a living document that reflects the City Council’s strategic goals and objects and provides a framework to meet future challenges such as rising operational costs and limited growth in revenues.

As we move forward and plan the Fiscal Year 23-24 operating budget for the upcoming year, it is important to take into consideration the various factors that impact our financial health at the global, national, State, and local levels.

At the global level, we continue to face economic uncertainty and instability due to rising interest rates, the fallout from the global pandemic, market distress, and volatility in financial markets. This has resulted in a decrease in revenue for many businesses and organizations, and we must be prepared for potential impacts on our own financial situation.

At the national level, we saw the noteworthy second largest bank failure in our Country’s history and other factors that are, in many ways, consistent with what one would expect in a typical economic debt cycle; with credit card debt soaring 19% in the last quarter alone, for example. We have also seen significant declines in personal savings which collapsed following the end of federal stimulus programs which could add to a greater sell-off of investments and potentially steep market declines. Going on fifteen years, the current economic cycle is likely the longest in US history. During this period, the nation has benefited from some of the most extraordinary expansionary monetary policy ever conducted, with interest rates held near zero and concurrent investments tracking.

At the state level, California faces its own set of challenges. The state has a large and diverse economy, but it also has a high cost of living and a significant homeless population. The state’s budget is also impacted by various factors such as natural disasters, healthcare costs, and public education funding.

At the local level, Monterey County is no exception to these challenges. We must also consider factors such as our aging infrastructure, affordable housing shortage, and rising healthcare costs. Additionally, our tourism industry was impacted by the pandemic, resulting in a decrease in revenue for our county, although the City's three major sources (Property Tax, Sales and Use Tax and Transient Occupancy Tax) of General Fund revenue are flattening with decreased occupancy in our hotels and uncertainty about travel patterns impacting two of these three major revenue pillars.

As I said, the factors identified above may reflect a monetary tightening that could impact the City's revenue pillars. As such, we approached our budget planning with an understanding of these factors and their potential impacts on our financial health. This budget is a thoughtful representation working together internally and with the community to identify areas where we can maintain costs without sacrificing essential services, as well as we begin to explore the need for additional sources of revenue to maintain our financial stability.

The recommended budget is not operationally balanced, meaning the total projected incoming revenue does not compensate for our projected expenditures. The recommended budget is, however, structurally balanced – balanced by strategically using unrestricted fund balance (revenue saved over past fiscal years) to address past and current direction of Council. That direction is to maintain core services and invest heavily in deferred infrastructure maintenance and community character. We are fortunate to have available fund balance, accumulated through the prudent budgeting in past years, to close the gap in revenue that we are forecasting. In total, the funds needed to structurally balance the budget exceeds \$10,000,000. Using this amount will virtually eliminate our current fund balance.

## **STAFFING**

At this time, I am not proposing any increase in our number of staff. That said, I have considered increasing Library staffing and propose to readdress this issue during mid-year budget review as we get a better sense of potential impacts on our local economic situation. The Library has been and continues to be a treasured community resource, which has been busier than ever, as the pandemic begins to wane. As Library usage and community demands for service continue to increase, including Saturday hours, it is important that staffing be able to match that demand. The Library continues to make judicious use of part-time staff, and an increase in the part-time staff budget at mid-year would ensure that the Library meets community needs, whether that be additional programs, additional hours, or both.

I will continue to carefully consider whether to fill future vacancies, and return to the City Council to discuss operational needs as they may change.

## **CAPITAL IMPROVEMENTS AND MAINTENANCE**

On April 5, 2023 and, again on May 2, 2023, the City Council directed carry-over funding in a total amount of \$8,088,000 for our Capital Improvements Program (CIP).

Council also directed that we proceed with sixteen additional Capital Improvement Projects for FY 23-24 for a total of \$2,828,000.

The combined total CIP investment for carry-over plus new projects would be \$10,916,000 – a figure that includes both internal and external funding. Capital projects included in the recommended budget consist of rehabilitation of City facilities, sidewalk and street improvements, enhanced public safety, and protection and preservation of the natural environment. More generally, the FY 23-24 budget recognizes the importance of investing our “green” infrastructure, and includes funding for

renovating our police station, Library Master planning, and improvements at Sunset Center and other City facilities.

Vehicle & Equipment Fund

The total vehicle acquisition costs are approximately \$3,000,000, and the City's 10% reserve target is being implemented beginning in FY 24-25 for \$304,000. Currently, the Vehicle & Equipment Fund balance is \$366,000, and therefore, no additional funds are being budgeted for FY 23-24. We will continue to increase this Fund as vehicles continue to depreciate.

**FISCAL YEAR 23/24 BUDGET AT A GLANCE**

<b>FY23-24 Recommended Revenue</b>	<b>\$30,509,352</b>
General Fund Operating Expenditures	26,301,739
Debt Service	528,044
Pension Mitigation / Unfunded Liability	3,007,732
Capital Outlay	10,916,100
Workers Compensation	90,000
<b>FY23-24 Recommended Expenditures</b>	<b>\$40,843,615</b>
Revenues Over (Under)	<b>(10,334,263)</b>
<b>Use of Fund Balance</b>	<b>10,334,263</b>

Many of you know the level of respect I have for the lessons one can learn by studying the past. And while much of my message may seem dour, history teaches us that economic cycles are intrinsic to local government. Consequently, as clear as I can be about the likelihood of an unavoidable down cycle in two of our three major revenue pillars, I am equally as confident about the inevitable upcycle to follow. The budget I am presenting is not intended to be irrepressibly contrarian; it is meant to be cautious and realistic. In the long term, I remain very bullish, and indeed optimistic about our future.

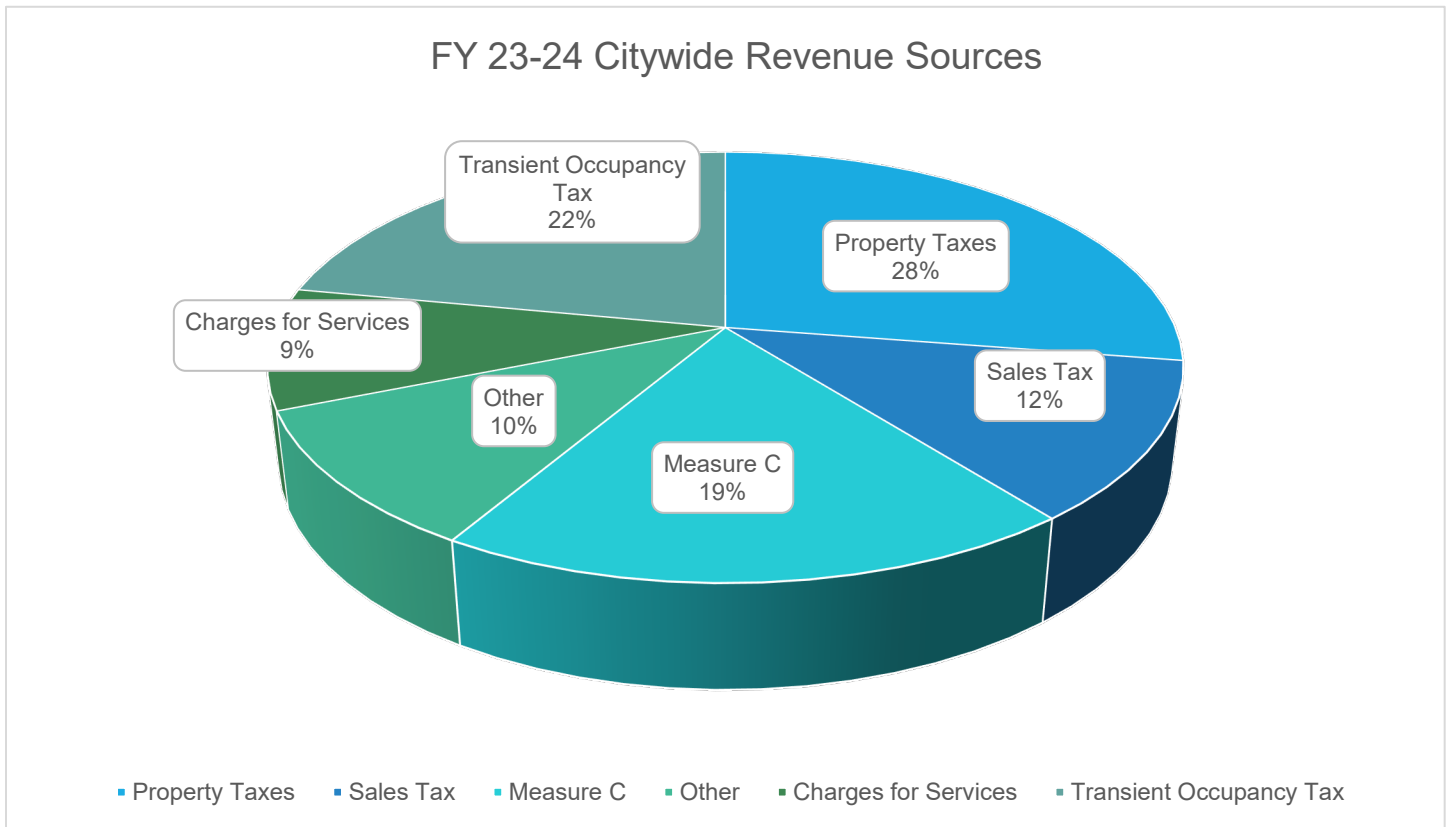
My profound thanks to my department heads, and especially our Finance Division team, for developing a budget that is realistic given the realities that we are facing. I look forward to Council's leadership and guidance as we balance fiscal sustainability with the need to fund projects and services for our community.

Respectfully submitted,

*Chip Rerig*  
City Administrator

# REVENUE

The FY 23-24 Recommended Budget includes \$30.9 million in estimated new revenue. As illustrated in the chart below, statewide sales tax (Sales Tax) and local Measure C district tax (Measure C), contribute 31% and have overtaken over Property Tax as the largest City revenue source. This shift reveals the importance and impact of the voter approved 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 28% of the budgeted revenue. Coming off of a slower year, Hotel Tax (TOT) holds at 22% of budgeted revenue, followed by Other revenues and Charges for Services at 19%, a decrease over prior FY 21-22.



Source	Recommended Budget
Property Taxes	\$8,493,132
Sales Tax	3,679,421
Measure C	5,926,532
Other	3,210,017
Charges for Services	2,817,393
Transient Occupancy Tax	6,801,007
<b>Total</b>	<b>\$ 30,927,502</b>



# REVENUE

Property taxes are estimated at \$8.5 million reflecting a 2% projected growth over prior year amended budget. The City’s portion of the Sales Tax is \$3.7 million and Measure C \$5.9 million, or 12% 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. This FY 23-24 Recommended Budget projects slowing of Measure C and Sales Tax trends as consumers are recovering after post-COVID overspending.

Transient Occupancy Tax (“TOT”) at 10% of the rent charged by a hostelry operator, has slowed over prior year’s high. Recommended at \$6.8 million, TOT accounts for 22% of revenues, unchanged over FY 22-23. 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 \$2.8 million, or 9% of the budget. 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	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Actual	FY 22-23 Estimated Actual	FY 23-24 Budget
Property Taxes	\$6,690,947	\$7,389,656	\$7,694,722	\$8,135,188	\$8,493,132
Sales Tax	\$2,154,961	3,020,937	\$3,626,263	\$3,653,760	\$3,679,421
Measure C	\$2,611,802	4,007,104	\$5,970,464	\$5,865,000	\$5,926,532
TOT	\$5,115,271	5,339,285	\$7,787,643	\$8,038,940	\$6,801,007

# REVENUE

This time last year, as shown in Table 1, Estimated Performance and Recommended Budget for Major Revenue Sources, the City was enjoying a notable recovery from COVID after seeing a 26% drop in Hotel Tax and 17% drop in Sales Tax. Now that the economy is recovering from overspending, projecting future trends presents challenges.

Over the last few months, slight inflation improvements materialized in various industries, however real change has yet to take hold. Nevertheless, consumer spending remained relatively strong through the holiday season. Experts vary on whether a recession will occur and to what extent. Unemployment does reflect a slowdown in taxable merchandise spending to 0.4% in FY 23-24 as the higher cost of utilities, food and other necessities limit dollars available for discretionary and non-essential items.

As we project Sales Tax and Measure C, we remain conservative and vigilant to the current trends. The dilemma facing us is deciphering if the activity experienced in FY 22-23 as a result of “pent-up demand” will now be replaced with a longer-term change in travel and buying habits as consumers pull back on spending. We remain fully aware that unknowns still exist, whether consumer patterns will settle, and headwinds are in play to be managed. We recognize the economic strains of continued supply chain disruption, rising inflation rates, increased fuel prices and interest rates and their effects on consumer spending patterns. Lastly, geopolitical tensions loom worryingly on our minds. Hence, we have compiled the FY 23-24 Recommended Budget carefully and conservatively. We project a slowing of sales tax activity in the coming year with the City’s Sales Tax coming in at \$3.7 million and Measure C \$5.9 million in line with current year estimates based on Statewide sales tax trends.

TOT is trending at \$8.0 million for FY 22-23, 3% or \$250,000 above the prior year actual collections. Last fiscal year, TOT grew 31% or \$1.6 million. The FY 23-24 Recommended Budget assumes continued slowing as world travel slows to pre-COVID levels. For the reasons noted above, we remain guarded in our projections.

Property taxes, which includes secured, unsecured, unitary and property transfer tax, can be relied on to be stable. At the end of this current fiscal year, we anticipate to reach a level of \$8.4 million.

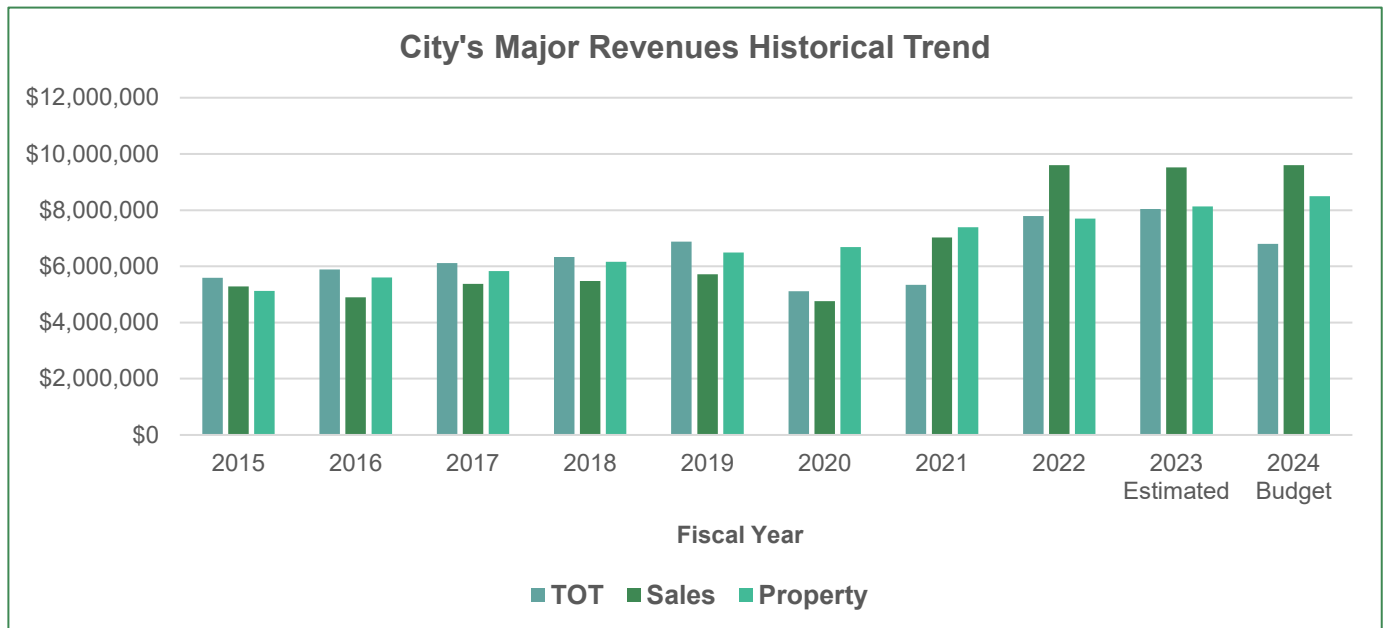
The FY 23-24 Recommended Budget projects Property Tax at a total amount of \$8.4 million, made up primarily of \$7.8 million in secured property tax. National economic reports uniformly indicate that despite the drop-off in sales, housing supply in the state remains constrained. Tight housing supply will have two consequences. First, when interest rates begin to fall, the consequent increase in buyers may again place an upward pressure on housing prices. Second, while prices can and may go lower, there is not enough supply in the market to provide the type of overhang that could lead to acute price declines. This budget conservatively projects growth yet remains confident in the stability of Carmel’s property tax performance.

# REVENUE

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	TOT	Sales*	Property
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	\$5,339,291	\$7,028,041	\$7,389,657
2022	\$7,787,643	\$9,596,727	\$7,694,722
2023 Estimated	\$8,038,940	\$9,518,760	\$8,135,188
2024 Budget	\$6,801,007	\$9,605,953	\$8,493,132

\*Combination of Bradley Burns & Measure C 1.5%

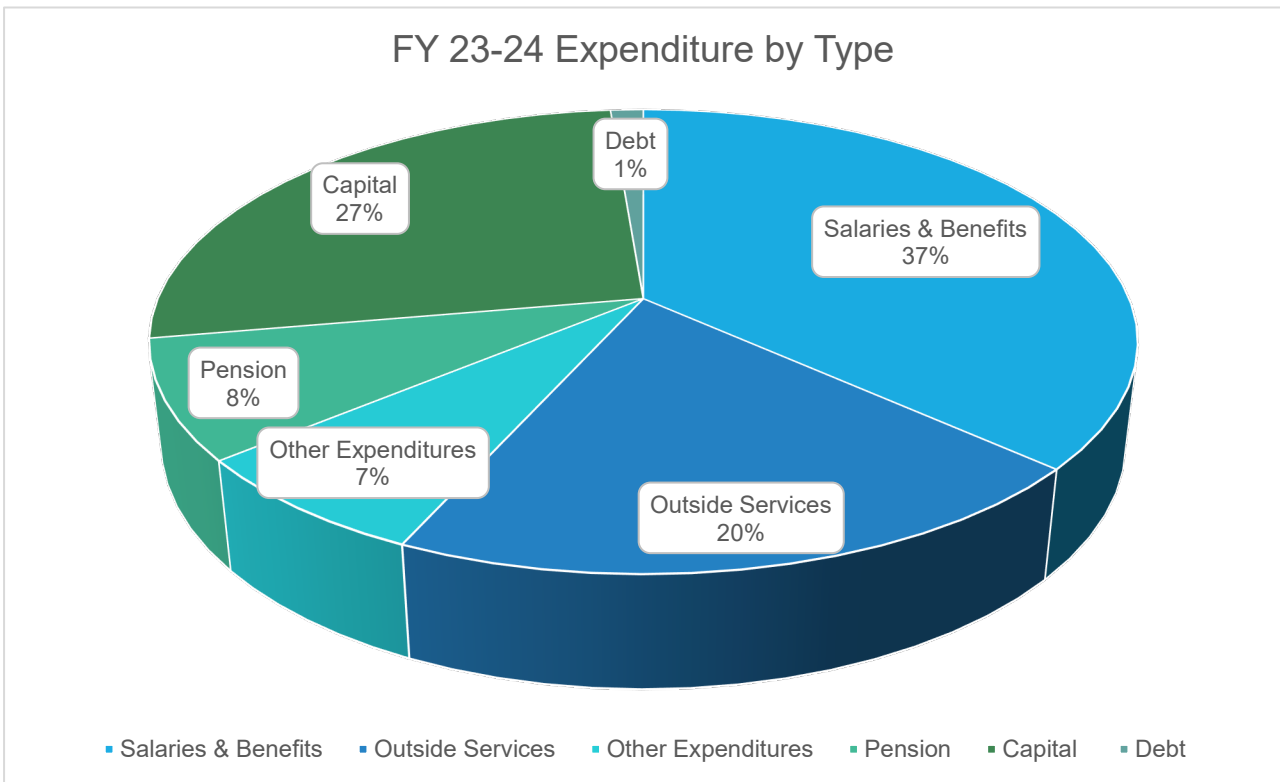


# EXPENDITURES

The FY 23-24 Recommended Budget totals \$40.9 million, which consists of the following:

- Operating Budget, or General Fund, totals \$29.4 million, or 72%, of the citywide budget;
- Debt service totals \$528,044, or 1%, of the citywide budget;
- Capital totals \$10.9 million, or 27% 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 23-24 Expenditure by Type*, the FY 23-24 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	% of Budget
Salaries & Benefits	\$ 15,114,209	37%
Outside Services	\$ 8,308,496	20%
Other Expenditures	\$ 2,978,747	7%
Pension	\$ 3,007,732	8%
Capital Outlay	\$ 10,916,100	27%
Debt Service	\$ 528,044	1%
<b>Total</b>	<b>\$40,853,328</b>	<b>100%</b>

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# EXPENDITURES

The City's largest expenditure is related to the cost of personnel. Salaries and benefits total \$15.1 million and account for 37% of the citywide budget. Capital Outlay is the second largest type of expenditure at \$10.9 million, or 27% of the budget. The third largest type of expenditure is Outside Services. 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 (\$2.9 million); support for the operations of the Sunset Center and other marketing activities (\$1.1 million); legal services (\$517,000); tree care and landscape maintenance (\$798,000) and janitorial service (\$272,000).

Other expenditures total \$3.0 million and account for 7% 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 (\$813,000) and expenses such as public works materials and supplies, telecommunications, fuel, training and conferences, vehicle maintenance, medical and safety supplies and printing and postage.

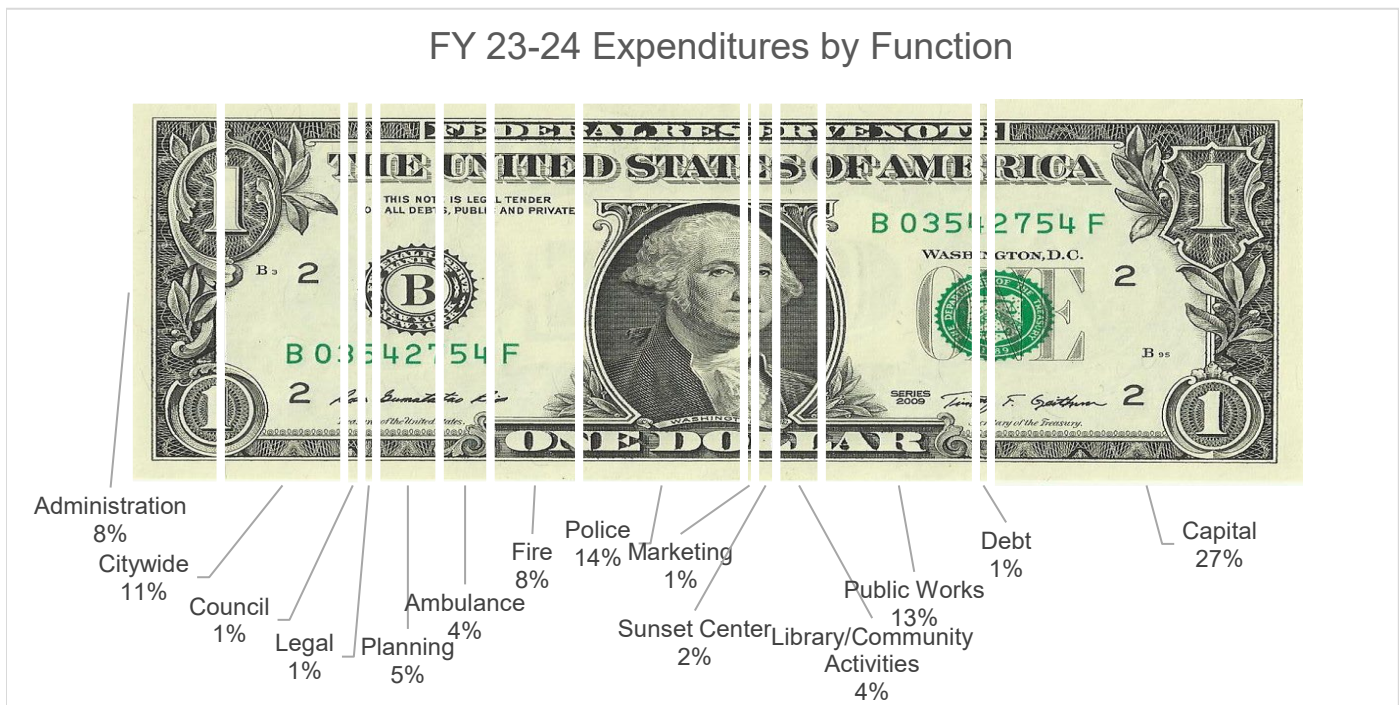
Pension expenses total \$3.0 million, or 7%, of the budget and include the annual required unfunded pension liability (\$2.0 million) and annual funding of the City's Section 115 trust (\$1.0 million) for pension mitigation.

The citywide budget is rounded out with Capital Outlay (\$10.9 million) accounting for 27% and Debt Service (\$528,044) accounting for 1% of the citywide budget.



# EXPENDITURES

Another way to view operating expenditures is by function, as depicted in the “FY 23-24 Expenditures by Function” illustration. Capital Outlay makes up 27% of operating expenditures. The public safety functions of Ambulance, Fire and Police make up 26% of the budget. The Public Works Department is the next largest operating expenditure at 13% followed by Citywide at 11% of the budget, as it includes the City’s unfunded actuarial liability. In total, Administration, Council, Planning, Legal, Marketing, the Sunset Center, and Library and Community Activities represent the remaining 13% of the Operating Budget.



Expenditures	Budget	Percentage
Administration	\$ 3,228,316	8%
Citywide	\$ 4,330,403	11%
Council	\$ 197,202	1%
Legal	\$ 517,000	1%
Planning	\$ 2,224,559	5%
Ambulance	\$ 1,791,600	4%
Fire	\$ 3,110,739	8%
Police	\$ 5,782,419	14%
Marketing	\$ 384,030	1%
Sunset Center	\$ 750,000	2%
Library/Community Activities	\$ 1,593,703	4%
Community Activities	\$ -	0%
Public Works	\$ 5,409,213	13%
<b>Operating Budget</b>	<b>\$ 29,319,184</b>	<b>72%</b>
<b>Debt</b>	<b>\$ 528,044</b>	<b>1%</b>
<b>Capital</b>	<b>\$ 10,916,100</b>	<b>27%</b>
<b>Workers Comp</b>	<b>\$ 90,000</b>	<b>0%</b>
<b>Total</b>	<b>\$40,853,328</b>	<b>100%</b>

# FY 23/24 AUTHORIZED POSITIONS

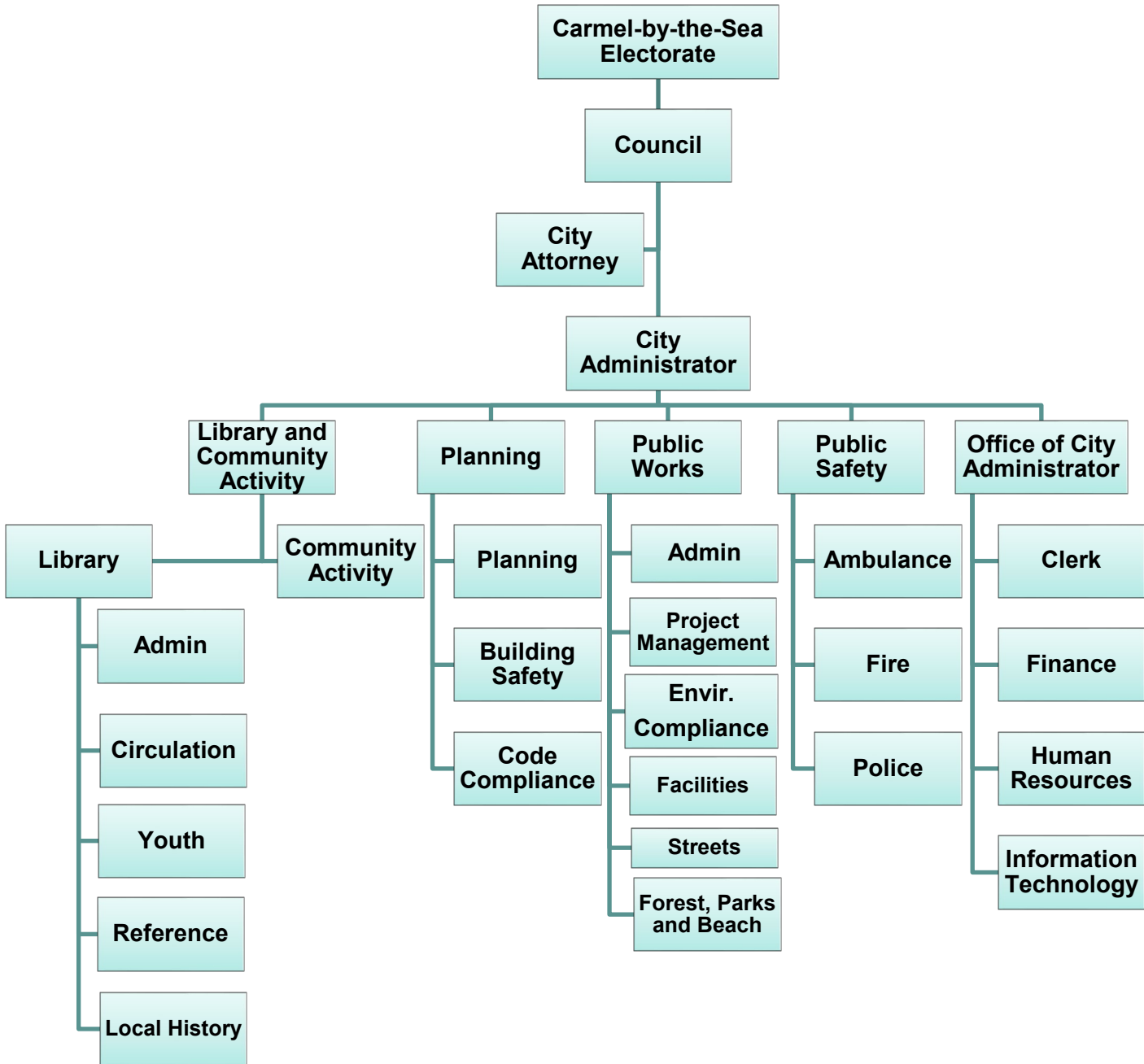
Department and Title	FY 22/23 Adopted	FY 23/24 Recommended	FY 23/24 Change
<b>Council</b>			
Councilmember	4.00	4.00	0.00
Mayor	1.00	1.00	0.00
<b>City Council Total</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>
<b>Administration</b>			
City Administrator	1.00	1.00	0.00
Assistant City Administrator	1.00	1.00	0.00
Administrative Coordinator	1.00	0.50	(0.50)
Administrative Analyst	1.00	1.00	0.00
City Clerk	1.00	1.00	0.00
Director of Budgets and Contracts	0.00	0.00	0.00
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	0.00	0.00	0.00
Finance Specialist	1.00	1.50	0.50
Accountant	1.00	1.00	0.00
Retired Annuitant-Extra Help (480 hrs)	0.23	0.23	0.00
Finance Analyst	1.00	1.00	0.00
<b>Administration Total</b>	<b>12.23</b>	<b>12.23</b>	<b>0.00</b>
<b>Community Activities</b>			
Community Services Assistant	1.00	1.00	0.00
Executive Assistant	0.50	0.50	0.00
<b>Community Activities Total</b>	<b>1.50</b>	<b>1.50</b>	<b>0.00</b>
<b>Library</b>			
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)	3.00	3.00	0.00
Hourly Library Assistant	2.00	2.00	0.00
Executive Assistant	0.50	0.50	0.00
<b>Library Total</b>	<b>12.50</b>	<b>12.50</b>	<b>0.00</b>
<b>Community Planning &amp; Building</b>			
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
<b>Community Planning &amp; Building Total</b>	<b>11.00</b>	<b>11.00</b>	<b>0.00</b>

# FY 23/24 AUTHORIZED POSITIONS

Department and Title	FY 22/23 Adopted	FY 23/24 Recommended	FY 23/24 Change
<b>Public Works</b>			
Administrative Coordinator	1.00	1.00	0.00
Director of Public Works	1.00	1.00	0.00
Environmental Compliance Manager	1.00	1.00	0.00
Administrative Technician	1.00	0.00	(1.00)
Maintenance Worker I/II	8.00	7.00	(1.00)
Public Works Superintendent	1.00	1.00	0.00
Maintenance Worker III	1.00	2.00	1.00
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	1.00	1.00	0.00
City Forester	1.00	1.00	0.00
Administrative Analyst	1.00	2.00	1.00
Tree Climber & Care Specialist	1.00	1.00	0.00
<b>Public Works Total</b>	<b>22.00</b>	<b>22.00</b>	<b>0.00</b>
<b>Police</b>			
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	0.00	0.00	0.00
<b>Police Total</b>	<b>26.00</b>	<b>26.00</b>	<b>0.00</b>
<b>Ambulance</b>			
Paramedic/Firefighters	6.00	6.00	0.00
<b>Ambulance Total</b>	<b>6.00</b>	<b>6.00</b>	<b>0.00</b>
	<b>FY 22/23 Adopted</b>	<b>FY 23/24 Recommended</b>	<b>FY 23/24 Change</b>
<b>Citywide Total Funded Positions</b>	<b>96.23</b>	<b>96.23</b>	<b>0.00</b>
* 2 year limited term ends June 30, 2024			



# ORGANIZATIONAL CHART



# GENERAL FUND (101)

OPERATING BUDGET  
(CITY DEPARTMENTS AND SERVICES)

# CITY COUNCIL

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.

## 2023-2024 Priorities

- Continued oversight of the implementation of the strategic plan and updating of City priorities.
- Continue to respond to any forthcoming State legislation that undermines local control, especially as it relates to local land-use decisions.

## Budget Summary and Service Impacts

- \$30,000 is budgeted as a place holder for the Council discretionary grant program and will be adjusted accordingly, pending Council direction.



# CITY COUNCIL

<b>City Council</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-110-00-41008	Salaries -Elected	9,600	9,600	9,600
101-110-00-41101	Retirement	80	81	80
101-110-00-41104	Health Insurance	36,899	36,707	36,210
101-110-00-41105	Social Security	484	446	484
101-110-00-41106	Medicare	139	139	139
101-110-00-41108	Worker's Comp	850	389	133
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$48,052</b>	<b>\$47,363</b>	<b>\$46,646</b>
101-110-00-42005	Community Promotions	78,720	78,720	92,760
101-110-00-42007	Regional Memberships	47,655	47,912	48,996
101-110-00-42101	Office Supplies	450	450	450
101-110-00-42302	Conferences & Meetings	8,350	8,350	8,350
<b>Services &amp; Supplies Subtotal</b>		<b>\$135,175</b>	<b>\$135,432</b>	<b>\$150,556</b>
<b>Total</b>		<b>\$183,227</b>	<b>\$182,795</b>	<b>\$197,202</b>

<b>Regional Memberships</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-110-00-42007	Transportation Agency of Monterey County	\$1,295	\$1,274	\$1,295
101-110-00-42007	Association of Monterey Bay Area Governr	3,825	3,890	3,950
101-110-00-42007	Monterey Peninsula Chamber of Commerc	775	900	900
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	1,521	1,900
101-110-00-42007	League of CA Cities	3,380	2,786	3,380
101-110-00-42007	League of CA Cities- Monterey Bay Divisio	165	300	300
101-110-00-42007	LAFCo	15,840	16,796	16,796
101-110-00-42007	Community Human Services	17,625	17,625	17,625
101-110-00-42007	CoastWalks/Coastal Trail Association	300	300	300
101-110-00-42007	Carmel Chamber of Commerce	475	445	475
<b>Total</b>		<b>\$47,655</b>	<b>\$47,912</b>	<b>\$48,996</b>

# CITY ATTORNEY

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 23-24 contract services budget totals \$442,000 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. The budget total also includes \$7,000 for the City’s attorney’s annual performance evaluation.
- \$75,000 is budgeted for supplementary specialized legal 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 Attorney’s office.

<b>City Attorney</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-112-00-42001	Contract Services	435,000	181,916	442,000
101-112-00-42004	Legal Costs	75,000	76,513	75,000
<b>Total</b>		<b>\$510,000</b>	<b>\$258,429</b>	<b>\$517,000</b>

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# ADMINISTRATION

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.

## 2022-2023 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.

## 2023-2024 Priorities

- Continue to oversee the City's response to COVID-19 to ensure the safe delivery of City services.
- 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

<b>Office the City Administrator</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-111-00-41001	Salaries	\$1,616,020	\$1,246,459	\$1,725,992
101-111-00-41003	Salaries -Part time	36,806	11,342	36,806
101-111-00-41005	Overtime	-	3,764	-
101-111-00-41101	Retirement	93,767	70,803	95,751
101-111-00-41103	Deferred Compensation	48,972	40,143	45,363
101-111-00-41104	Health Insurance	257,888	160,027	294,986
101-111-00-41105	Social Security	-	135	-
101-111-00-41106	Medicare	23,966	17,667	25,560
101-111-00-41107	LTD/STD/Life	1,717	1,256	1,823
101-111-00-41108	Worker's Comp	25,935	29,358	34,130
101-111-00-41109	Benefits-MOU Obligations	4,160	6,395	10,400
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$2,109,231</b>	<b>\$1,587,349</b>	<b>\$2,270,811</b>
101-111-00-42001	Contract Services	\$309,330	\$460,808	\$304,650
101-111-00-42002	Recruiting Services	90,210	30,000	41,100
101-111-00-42003	Auditing Services	48,500	48,500	51,650
101-111-00-42006	Records Management	5,000	4,000	6,000
101-111-00-42009	Advertising and Legal Notices	20,000	19,000	22,000
101-111-00-42015	Other Services	12,000	12,000	12,000
101-111-00-42101	Office Supplies	9,750	10,069	9,325
101-111-00-42102	Publications & Subscriptions	148,335	147,447	250,210
101-111-00-42106	Small Tools and Equipment	7,350	7,350	18,000
101-111-00-42202	Equipment Maintenance	8,500	8,500	42,500
101-111-00-42301	Training & Education	11,750	5,400	10,400
101-111-00-42302	Conferences & Meetings	6,395	5,100	9,200
101-111-00-42304	Dues & Memberships	3,175	2,490	3,970
101-111-00-42305	Mileage Reimbursement	50	-	50
101-111-00-42306	Employee Programs	3,950	3,626	2,950
101-111-00-42307	Employee Appreciation	20,700	7,084	20,700
101-111-00-42403	Printing	6,600	8,359	8,100
101-111-00-42404	Shipping/Postage/Freight	11,950	11,800	11,700
101-111-00-42405	Telephone & Communications	80,000	80,000	80,000
101-111-00-42406	Bank & Merchant Fees	19,000	17,004	18,000
101-111-00-42407	Computer Non Capital	25,000	25,000	32,000
101-111-00-42410	Pre-employment Costs	9,000	4,000	3,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$856,545</b>	<b>\$917,537</b>	<b>\$957,505</b>
<b>Total</b>		<b>\$2,965,776</b>	<b>\$2,504,886</b>	<b>\$3,228,316</b>

# ADMINISTRATION

<b>Administration</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-111-10-42001	Contract Services	\$141,550	\$141,550	\$147,050
101-111-10-42015	Other Services	12,000	12,000	12,000
101-111-10-42101	Office Supplies	5,250	5,250	6,375
101-111-10-42102	Publications & Subscriptions	150	150	150
101-111-10-42302	Conferences & Meetings	1,200	1,200	2,400
101-111-10-42304	Dues & Memberships	1,350	1,350	1,350
101-111-10-42307	Employee Appreciation	1,200	2,584	1,200
101-111-10-42403	Printing	100	100	100
101-111-10-42404	Shipping/Postage/Freight	11,500	11,500	11,500
<b>Services &amp; Supplies Subtotal</b>		<b>\$174,300</b>	<b>\$175,684</b>	<b>\$182,125</b>

## 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.

<b>City Clerk</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-111-11-42001	Contract Services	\$46,080	\$52,530	\$39,600
101-111-11-42006	Records Management	5,000	4,000	6,000
101-111-11-42009	Advertising and Legal Notice	15,000	14,000	15,000
101-111-11-42101	Office Supplies	-	319	-
101-111-11-42302	Conferences & Meetings	2,000	500	2,000
101-111-11-42304	Dues & Memberships	260	260	385
101-111-11-42403	Printing	5,000	5,000	5,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$73,340</b>	<b>\$76,609</b>	<b>\$67,985</b>



# 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, invests revenue, and issues and manages debt.

<b>Finance</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-111-12-42001	Contract Services	\$70,500	\$206,188	\$62,000
101-111-12-42003	Auditing Services	48,500	48,500	51,650
101-111-12-42101	Office Supplies	300	300	-
101-111-12-42102	Publications & Subscriptions	28,485	29,297	27,815
101-111-12-42301	Training & Education	750	900	900
101-111-12-42304	Dues & Memberships	635	-	635
101-111-12-42305	Mileage Reimbursement	50	-	50
101-111-12-42403	Printing	1,200	2,859	2,600
101-111-12-42406	Bank & Merchant Fees	19,000	17,004	18,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$169,420</b>	<b>\$305,048</b>	<b>\$163,650</b>

## HUMAN RESOURCES 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.

The HR divisional budget includes funding for implementing new employee supplemental benefits, managing an updated and expanded citywide Safety Program, and digitizing personnel records using LaserFiche. Funding for the staff appreciation events, such as the annual holiday party, is now separately reflected under Employee Appreciation.

# ADMINISTRATION

<b>HR</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-111-13-42001	Contract Services	\$6,000	\$15,340	\$8,000
101-111-13-42002	Recruiting Services	90,210	30,000	41,100
101-111-13-42009	Advertising & Legal Notice	5,000	5,000	7,000
101-111-13-42101	Office Supplies	700	700	450
101-111-13-42102	Publications & Subscriptions	6,700	5,000	6,000
101-111-13-42301	Training & Education	9,500	3,000	9,500
101-111-13-42302	Conferences & Meetings	2,595	2,800	4,800
101-111-13-42304	Dues & Memberships	800	750	1,600
101-111-13-42306	Employee Programs	3,950	3,626	2,950
101-111-13-42307	Employee Appreciation	19,500	4,500	19,500
101-111-13-42403	Printing	300	400	400
101-111-13-42404	Shipping/Freight/Postage	200	50	200
101-111-13-42410	Pre-employment Costs	9,000	4,000	3,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$154,455</b>	<b>\$75,166</b>	<b>\$104,500</b>

## 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.

<b>IT</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-111-14-42001	Contract Services	\$45,200	\$45,200	\$48,000
101-111-14-42101	Office Supplies	3,500	3,500	2,500
101-111-14-42102	Publications & Subscriptions	113,000	113,000	216,245
101-111-14-42106	Small Tools and Equipment	7,350	7,350	18,000
101-111-14-42202	Equipment Maintenance	8,500	8,500	42,500
101-111-14-42301	Training & Education	1,500	1,500	-
101-111-14-42302	Conferences & Meetings	600	600	-
101-111-14-42304	Dues & Memberships	130	130	-
101-111-14-42404	Shipping/Postage/Freight	250	250	-
101-111-14-42405	Telephone and Communications	80,000	80,000	80,000
101-111-14-42407	Computer Non capital	25,000	25,000	32,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$285,030</b>	<b>\$285,030</b>	<b>\$439,245</b>

# CITYWIDE (NON-DEPARTMENTAL)

Citywide, or non-departmental costs, are expenses that are spread across the entire organization. These items include the unfunded pension liability, the City’s insurance premiums 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 decreases by \$75,000, or 4%, in FY 23-24 compared to the FY 22-23 originally Adopted Budget. The FY22-23 lump sum payment was paid in July 2022 for a savings of \$69,000 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 \$75,000 of interest savings. Those savings would then be available for other line item expenses.
- The City’s liability insurance premiums are budgeted to increase by \$50,000.
- The utility expenses for the Forest Theater are separated out for tracking purposes, as required by the new lease.

<b>Non-Departmental</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-130-00-42501	Liability Insurance Premium	763,000	763,000	813,000
101-130-00-42503	PERS Unfunded Accrued Liability Payment	2,082,464	2,082,464	2,007,732
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	-	30,000
101-130-00-42505	Utilities	230,000	300,241	230,000
101-130-00-42506	Property Tax Assessments	83,755	94,024	83,755
101-130-00-42508	Unemployment Costs	15,000	-	15,000
101-130-00-42510	Retiree Health Share	79,980	32,343	79,980
101-130-00-42511	County Property Tax Admin Fees	74,335	74,335	74,335
101-130-00-42512	Forest Theater Utilities	10,000	10,000	10,000
<b>Total</b>		<b>\$4,368,534</b>	<b>\$4,356,406</b>	<b>\$4,343,802</b>

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## MARKETING & ECONOMIC DEVELOPMENT

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](http://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 the 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".

# ECONOMIC DEVELOPMENT

## Budget Summary and Service Impacts

Visit Carmel has been budgeted funding in the amount of \$120,000 annually. Funding to MCCVB is \$204,030 equates to 3% of the FY23-24 transient occupancy tax revenue budget of \$6.8 million.

<b>Marketing &amp; Economic Development</b>				<b>FY22-23</b>	<b>FY22-23</b>	<b>FY23-24</b>
<b>Account Number</b>	<b>Account Description</b>	<b>Details</b>		<b>Amended Budget</b>	<b>Estimated Actual</b>	<b>Recommended</b>
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	MCCVB		200,010	200,010	204,030
101-122-00-42008	Mktg & Economic Dev	Visit Carmel Carmel Chamber of Commerce		120,000	120,000	120,000
101-122-00-42008	Mktg & Economic Dev			60,000	60,000	60,000
<b>Total</b>				<b>\$1,130,010</b>	<b>\$1,130,010</b>	<b>\$1,134,030</b>



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# LIBRARY AND COMMUNITY ACTIVITIES

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

## 2022-2023 Workload Indicators / Performance Measures

- 13,138 reference and information questions were answered.
- 1,808 library cards were issued.
- 67,388 library items were circulated.
- 4,878 people attended library programs.
- 116,854 visits were made to the library.
- 9,623 log-ins were made to library wi-fi.
- 70,638 digital items (e-books, audios, magazines, films, music) were accessed.



## 2022-2023 Initiatives and Accomplishments

- Expanded library hours to 5 days a week.
- Completed the conversion of the collection to Radio Frequency Identification (RFID), including purchasing new self-checks to streamline the check-in/out process for both staff and patrons.
- Engaged an architect for the Library Master Plan.
- Began a rebranding project in partnership with the Carmel Public Library Foundation
- Added additional programming for Children of all ages and launched a small program series for adults.

## 2023-2024 Priorities

- Restore Saturday hours.
- Continue 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

<b>Library</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-120-00-41001	Salaries	800,482	607,969	796,461
101-120-00-41003	Salaries -Part time	122,007	65,676	228,106
101-120-00-41101	Retirement	43,673	34,470	46,077
101-120-00-41103	Deferred Compensation	8,700	12,399	15,000
101-120-00-41104	Health Insurance	91,987	74,291	129,079
101-120-00-41105	Social Security	7,564	3,986	11,142
101-120-00-41106	Medicare	13,376	9,570	14,856
101-120-00-41107	LTD/STD/Life	1,192	964	1,311
101-120-00-41108	Worker's Comp	18,990	21,656	25,204
101-120-00-41109	Benefits-MOU Obligations	16,120	12,535	16,640
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$1,124,091</b>	<b>\$843,515</b>	<b>\$1,283,876</b>
101-120-00-42001	Contract Services	5,530	5,530	5,530
<b>Services &amp; Supplies Subtotal</b>		<b>\$5,530</b>	<b>\$5,530</b>	<b>\$5,530</b>
<b>Total</b>		<b>\$1,129,621</b>	<b>\$849,045</b>	<b>\$1,289,406</b>



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# **LIBRARY AND 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.

## **2022-2023 Workload Indicators/Performance Measures**

- Planned and facilitated nine City special events.
- An estimated 5,000 people attended City Special Events.
- Issued 40 event, beach, and film permits.

## **2022-2023 Initiatives and Accomplishments**

- Held first Community Group Fair as part of the Farmers' Market.
- Completed streamlining special event, beach, and film permit process.
- Began beta testing the 3rd Thursday initiative.

## **2023-2024 Priorities**

- Explore ideas for new events.
- As part of the Community Activities Strategic Plan, implement a "Citizens Academy" to educate new community members and others interested in how to participate in the civic process in Carmel and acquaint them with all things City.
- Continue collaborating with local organizations like Sunset Center or the Monterey Pops on special events.

## **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

<b>Community Activities</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended</b>	<b>FY22-23 Estimated</b>	<b>FY23-24 Recommended</b>
101-121-00-41001	Salaries	\$131,665	\$129,406	\$143,756
101-121-00-41101	Retirement	10,362	10,185	11,314
101-121-00-41103	Deferred Compensation	1,800	1,901	2,100
101-121-00-41104	Health Insurance	13,964	13,068	33,257
101-121-00-41105	Overtime	-		
101-121-00-41106	Medicare	1,909	1809.84	2,084
101-121-00-41107	LTD/STD/Life	195	173	195
101-121-00-41108	Worker's Comp	6,276	7,122	8,269
101-121-00-41109	Benefits-MOU Obligations	2,080	1964.52	2,080
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$168,251</b>	<b>\$165,629</b>	<b>\$203,055</b>
101-121-00-42001	Contract Services	\$39,220	\$39,220	\$35,975
101-121-00-42005	Community Promotions	19,500	19,500	56,567
101-121-00-42009	Advertising and Legal Notice	8,500	8,500	7,350
101-121-00-42101	Office Supplies	300	300	300
101-121-00-42403	Printing	2,500	2,500	1,050
<b>Services &amp; Supplies Subtotal</b>		<b>\$70,020</b>	<b>\$70,020</b>	<b>\$101,242</b>
<b>Total</b>		<b>\$238,271</b>	<b>\$235,649</b>	<b>\$304,297</b>



# COMMUNITY PLANNING AND BUILDING

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.

## 2022-2023 Initiatives and Accomplishments

- Adopted Phase 1 update of the City's Historic Context Statement to add the period from 1966 through 1986.
- Adopted an ordinance amending the City's regulations on timeshares.
- Completed the scanning/digitizing of physical property files. 100% of parcels have now been digitized and made available for viewing through the City's GIS map.
- Significant progress on an updated Wireless Ordinance, including robust public participation and complete redraft to existing regulations.
- Implemented several measures in line with the CPB 2019 strategic plan's customer service, technology, and streamlining goals including but not limited to: Implementing a fully online payment system, simplifying CPB's website portal, completing scanning/digitizing files, refreshing SOPs for the Building and Planning processes.
- Multiple community workshops and meetings for the Design Traditions 1.5 Project, culminating in the release of a first draft updates to the Commercial and Residential Guidelines.
- Completed housing feasibility study in accordance with State "SB 2", local "LEAP", regional "REAP" grants and began work in earnest on General Plan Housing Element update for completion by December, 2023.
- Implemented a 7-day per week code compliance program, with an emphasis on construction impacts, unpermitted work, and short-term rental enforcement.
- Purchased and rolled-out of two (2) residential electric vehicles for Planning, Building, and Code Compliance inspections.

# COMMUNITY PLANNING AND BUILDING

## 2023-2024 Priorities

- Continued implementation of the CPB 2019 strategic plan, with a focus on customer service, technology, and streamlining processes.
- Adopt General Plan Housing Element and Safety Element updates by December, 2023 in accordance with State “SB 2”, local “LEAP”, regional “REAP” grants.
- Adopt Phase 2 (final phase) of the Historic Context Statement update.
- Adoption of: (1) updated Accessory Dwelling Unit Ordinance; (2) updated Wireless Ordinance.
- Scanning/digitizing of rolled building plans currently in storage at Vista Lobos.
- Adoption of updated Design Guidelines and Zoning Code through the Design Traditions 1.5 Project.
- Engage staff to participate in more training opportunities to continue the professionalization and growth of the Community Planning and Building Department.

## Budget Summary and Service Impacts

- Contract services include \$247,000 representing State, local and regional grants for housing studies and General Plan updates, \$40,000 for scanning rolled plans stored at Vista Lobos, and \$80,000 for the Phase 2 update of the Historic Context Statement.
- In an effort to continue professionalizing and growing the Community Planning and Building Department, the overall budget for training and education has been increased by approximately 25%.

<b>Community Planning &amp; Building</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended</b>	<b>FY22-23 Estimated</b>	<b>FY23-24 Recommended</b>
101-115-00-41001	Salaries	\$1,220,334	\$1,111,852	\$1,298,806
101-115-00-41005	Overtime	-	5,174	3,452
101-115-00-41101	Retirement	60,815	50,183	63,654
101-115-00-41103	Deferred Compensation	8,100	8,617	9,900
101-115-00-41104	Health Insurance	225,775	216,607	276,527
101-115-00-41106	Medicare	17,694	15,472	18,832
101-115-00-41107	LTD/STD/Life	1,559	1,424	1,613
101-115-00-41108	Worker's Comp	19,183	21,727	25,245
101-115-00-41109	Benefits-MOU Obligations	18,720	17,354	18,720
	<b>Salaries &amp; Benefits Subtotal</b>	<b>\$1,572,180</b>	<b>\$1,448,411</b>	<b>\$1,716,749</b>
101-115-00-42001	Contract Services	\$603,400	\$291,702	\$468,400
101-115-00-42009	Advertising and Legal Notice	500	500	500
101-115-00-42101	Office Supplies	3,650	3,716	6,400
101-115-00-42102	Publications & Subscriptions	425	1,125	1,425
101-115-00-42104	Safety Equipment and Supplies	800	800	800
101-115-00-42107	Gas and Oil	480	474	250
101-115-00-42115	Other Supplies	7,600	14,213	2,900
101-115-00-42301	Training & Education	8,015	8,192	9,805
101-115-00-42302	Conferences & Meetings	3,350	1,377	8,350
101-115-00-42304	Dues & Memberships	4,480	2,199	7,980
101-115-00-42305	Mileage Reimbursement	150	-	-
101-115-00-42403	Printing	3,000	1,000	1,000
	<b>Services &amp; Supplies Subtotal</b>	<b>\$635,850</b>	<b>\$325,298</b>	<b>\$507,810</b>
	<b>Total</b>	<b>\$2,208,030</b>	<b>\$1,773,708</b>	<b>\$2,224,559</b>

# COMMUNITY PLANNING AND BUILDING

<b>Community Planning &amp; Building: Planning</b>				
101-115-20-42001	Contract Services	\$489,600	\$196,702	\$367,600
101-115-20-42009	Advertising and Legal Notice	500	500	500
101-115-20-42101	Office Supplies	3,000	3,066	6,400
101-115-20-42102	Publications & Subscriptions	125	125	1,425
101-115-20-42104	Safety Equipment and Supplies	800	800	800
101-115-20-42115	Other Supplies	6,800	7,016	2,900
101-115-20-42301	Training & Education	4,325	4,325	5,325
101-115-20-42302	Conferences & Meetings	2,000	77	4,000
101-115-20-42304	Dues & Memberships	2,400	1,200	3,100
101-115-20-42305	Mileage Reimbursement	100	-	-
101-115-20-42403	Printing	3,000	1,000	1,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$512,650</b>	<b>214,812</b>	<b>\$393,050</b>

<b>Community Planning &amp; Building: Building</b>				
101-115-21-42001	Contract Services	\$102,800	\$85,000	\$90,800
101-115-21-42101	Office Supplies	400	400	-
101-115-21-42102	Publications & Subscriptions	300	1,000	-
101-115-21-42107	Gas and Oil	480	474	250
101-115-21-42115	Other Supplies	500	7,000	-
101-115-21-42301	Training & Education	3,240	3,240	4,480
101-115-21-42302	Conferences & Meetings	350	500	3,350
101-115-21-42304	Dues & Memberships	2,080	599	2,080
101-115-21-42305	Mileage Reimbursement	50	-	-
<b>Services &amp; Supplies Subtotal</b>		<b>\$110,200</b>	<b>\$98,213</b>	<b>\$100,960</b>

<b>Community Planning &amp; Building: Code Compliance</b>				
101-115-22-42001	Contract Services	\$11,000	\$10,000	\$10,000
101-115-22-42101	Office Supplies	250	250	-
101-115-22-42107	Gas and Oil	300	196	-
101-115-22-42115	Other Supplies	450	627	-
101-115-22-42301	Training & Education	1,000	800	1,000
101-115-22-42302	Conferences & Meetings	-	400	2,800
<b>Services &amp; Supplies Subtotal</b>		<b>\$13,000</b>	<b>\$12,273</b>	<b>\$13,800</b>

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# PUBLIC WORKS

The mission of the Public Works Department is to plan, design, construct, operate, and maintain public infrastructure, streets, sidewalks, storm drains, building facilities, the urban forest, parks, and beach that contribute to the health, safety, and well-being of the Village. Public Works consists of an administrative unit and five operating divisions with responsibilities as follows:

**Administration Unit:** prepares Council agenda reports, monthly status reports, and annual 5-year Capital Improvement Plans, make presentations, serves as Executive Team liaison to the Forest and Beach Commission and on the TAMC TAC and Traffic Safety Committees, performs engineering services, and provides administrative support, budgeting, scheduling, and performance oversight of the operating divisions.

**Environmental Compliance:** enforces State storm water quality and waste reduction/ recycling regulations, oversees the City's waste hauler contract, implements Climate Action and Adaptation Plan projects, serves on Monterey Regional Stormwater Management Program and ReGen Monterey TAC committees, manages sensitive projects in the North Dunes and MTNP, evaluates energy reduction initiatives, and coordinates with environmental, resiliency, and sustainability-focused partners.



**Facilities Maintenance:** maintains and repairs 15 City-owned buildings and facilities with 149,050 square feet, including six historic buildings nearly 100 years old, supports facility renovation capital improvement projects, oversees janitorial contract, obtains quotes and manages trade contractors, implements annual ADA project, and performs annual fire safety apparatus, generators, and backflow inspections.

**Forestry, Parks and Beach:** prepares reports and staffs Forest & Beach Commission meetings, maintains eight City parks, Carmel Beach, open spaces and landscaped islands, collaborates with volunteer organizations, processes tree removal/pruning permits, reviews development applications, manages multiple on-call tree care and landscape maintenance service contractors, performs tree planting, pruning, and dead or unsafe tree removal services, and provides emergency response during storms.

**Project Management:** supplemented by project management, architectural and engineering consultants, implements planning, engineering, design, public bidding, and construction-oriented capital improvement projects, performs condition assessments, manages contractors, coordinates with utilities and other departments, checks grading, drainage, and street improvement plans, obtains permits, and prepares specifications, contract documents, and cost estimates.

**Street Maintenance:** supervises Public Works field personnel and allocates equipment and resources, repairs streets, potholes, sidewalks, curbs, fencing, storm drainage system, berms, traffic signs, striping, and pavement markings, performs street sweeping, provides fleet maintenance services, reviews utility and encroachment permit applications, supports City events, and provides emergency response.

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# PUBLIC WORKS

## 2022-2023 Initiatives and Accomplishments

- Tracked incidents during significant storms in January and March 2023 and cleaned up.
- Launched the Coastal Engineering Study, which included a condition assessment of the shoreline infrastructure - a key Climate Adaptation Plan project.
- Updated Municipal Code Chapter 17 related to storm water requirements.
- For the Police Building renovation, supported the Council Ad Hoc Committee, prepared a Request for Proposal, selected an architect with expertise in police operations, and began a detailed facilities condition assessment and options evaluation.
- Prepared a Request for Proposal, Operations and Maintenance Agreement, and Site Lease for renovation, activities programming, and facility maintenance of the Scout House.
- Carmel Cares installed 800 native plants in the Forest Theater at no cost to the City.
- Awarded three, On-Call Tree Services Contracts covering the next three fiscal years.
- Awarded On-Call Landscape Maintenance Service Contract after a two-year gap.
- Designed, bid, and will complete construction of the City Hall Retaining Wall Repair Project.
- Completed design of 2 Mission Trails Nature Preserve projects: 3 Drainage Improvements for Stream Stability, and Well Abandonment and Tank and Pump House Removals.
- Substantially completed the design of six facility renovation projects for City Hall, Harrison Memorial Library, and Sunset Center.
- Updated the citywide Storm Drain Master Plan to reflect 20-year, rather than 10-year, storm events, to evaluate drainage improvements needed to adapt to climate change.
- Performed Pavement Condition Assessment and updated the StreetSaver Pavement Management System database.
- Performed building condition assessments for City Hall, Fire Station, Public Works, and Vista Lobos facilities.
- Purchased an electric street sweeper utilizing a \$250,000 rebate from 3CE.
- Held the inaugural Earth Day celebration, in conjunction with the annual Arbor Day event.



# PUBLIC WORKS

## 2023-2024 Priorities

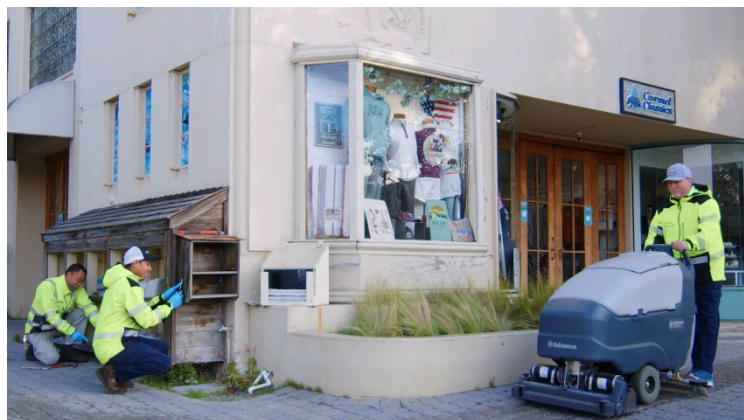
- Complete construction of the following Capital Improvement Projects:
  - MTNP – 3 Drainage Improvements for Stream Stability
  - MTNP – Well Abandonment, and Removal of Tank and Pump House
  - FY 21 Street Paving Project
  - FY 23 Concrete Street Repairs Project
- 4 Facility Renovation Projects: City Hall Roof Replacement, HML Exterior/Interior Painting, Sunset Center Hazardous Materials Remediation and Exterior Painting, and Cottage Window Repairs.
- Complete engineering and design of the following Capital Improvement Projects:
  - FY 24 Street Paving Project
  - City-wide Drainage System Repairs and Bottlenecks
  - Electrical Panel Upgrades at Four Buildings
- For the Coastal Engineering Study, substantially complete the Shoreline and Beach Change Analysis, Erosion Exposure Modeling, and Coastal Hazard and Sea Level Rise Vulnerability, High Priority Adaptation, Identification, and Action Plan.
- For the Police/Public Works Building, complete the condition assessment, reflecting safety concerns, police operations/POST standards, code deficiencies, and deferred maintenance. Begin to implement Council direction in terms of renovations, reconstruction, and/or pursuit of an entirely new public safety facility.
- For the Urban Forest Master Plan, complete technical studies, engage in community outreach, and prepare and present the Master Plan Report.
- For the Scout House, enter into an Operations and Maintenance Agreement and Site Lease with a qualified contractor, complete design, and begin the renovation.
- Establish an Underground Utility District utilizing PG&E Rule 20A funds.
- Plant at least 60 new trees, and reduce the backlog of tree stump removals.
- Implement beautification projects, including landscaping along the Ocean Avenue Median Islands.



# PUBLIC WORKS

## Budget Summary and Service Impacts

- The Administration Unit budget includes funding for Contract Services (\$22,500), including uniforms, copier lease, and software contracts, training (\$12,000), safety equipment (\$10,000), subscriptions (\$6,500), and office supplies (\$5,000). Deleted \$50,000 for project management consultant fees which are charged to CIP projects. Line item increases reflect filled all field positions.
- The Street Division budget includes funding for Materials and Supplies (\$67,000) for black mutt mitts, asphalt, sidewalk pavers, and traffic paint, Equipment and Vehicle Maintenance (\$37,000), Fuel (\$48,000), and Contract Services (\$65,000) including reconstruction of the San Antonio Pathway, between Second and Fourth Avenues damaged by January storms (not a CIP project) and subject to FEMA reimbursement. Pink Mutt Mitts for all dispensers would increase the budget by \$34,800.
- The Facilities Maintenance Division budget approximates the Amended Budget for FY 22/23, with increases due to deteriorating older buildings, inflation, and reduced contractor availability. The budget includes funding for Contract Services (\$597,000) including janitorial (\$272,000), alarm monitoring, and generator services, dumbwaiter decommissioning, and HVAC, plumbing, roofing, and electrical repairs, and Materials & Supplies (\$109,000) for doors, hardware, lighting, filters, plumbing, and first aid supplies.
- The Environmental Compliance Division budget includes funding for Contract Services (\$252,500), including SB1383 implementation, recycling containers, and waste hauler oversight (\$85,000), stormwater quality enforcement and watershed monitoring (\$51,000). As well as Vactor cleaning of storm drains, on-call environmental consultants, and climate change initiatives, and Permits and Licenses (\$13,000) for stormwater and Air Resources District permits and MTNP invasive removals and North Dune habitat monitoring services.
- The Forestry, Parks, and Beach Division budget includes funding for Contract Services (\$941,500), including tree contractors for removals, pruning, stump grinding, MTNP tree removals, and beautification projects (\$345,000), landscape maintenance contract (\$175,000), storm emergency response (\$125,000), and consulting services (\$100,000), and Materials and Supplies (\$76,000) for trees, landscaping, irrigation supplies, and playground repairs. Tree contract budgets have increased to reflect numerous dead/unsafe tree removals due to drought and severe storms, and the backlog of stumps.





# PUBLIC WORKS

<b>Public Works Department Total</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-119-00-41001	Salaries	\$2,136,494	\$1,743,063	\$2,357,827
101-119-00-41005	Overtime	8,800	25,690	15,000
101-119-00-41101	Retirement	115,821	95,859	127,616
101-119-00-41103	Deferred Compensation	18,612	18,575	23,223
101-119-00-41104	Health Insurance	342,020	295,162	437,009
101-119-00-41106	Medicare	30,980	24,797	34,189
101-119-00-41107	LTD/STD/Life	2,988	2,548	3,201
101-119-00-41108	Worker's Comp	82,157	93,280	108,118
101-119-00-41109	Benefits-MOU Obligations	33,280	30,343	33,280
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$2,771,152</b>	<b>\$2,329,314</b>	<b>\$3,139,463</b>
101-119-00-42001	Contract Services	\$1,577,630	\$1,577,630	\$1,868,250
101-119-00-42009	Advertising and Legal Notice	2,500	2,500	2,500
101-119-00-42101	Office Supplies	5,000	5,000	5,000
101-119-00-42102	Publications & Subscriptions	5,500	5,500	6,500
101-119-00-42104	Safety Equipment and Supplies	8,400	8,400	10,000
101-119-00-42105	Materials and Supplies	239,940	239,934	252,000
101-119-00-42106	Small Tools and Equipment	1,000	1,000	2,000
101-119-00-42107	Gas and Oil	46,000	46,000	48,000
101-119-42-42201	Building Maintenance	8,880	8,880	-
101-119-00-42202	Equipment Maintenance	10,000	10,000	10,000
101-119-00-42203	Vehicle Maintenance	41,500	41,500	27,000
101-119-00-42301	Training & Education	8,000	8,000	12,000
101-119-00-42304	Dues & Memberships	2,875	2,875	3,500
101-119-00-42403	Printing	2,000	2,000	2,000
101-119-00-42408	Permits and Licenses	11,067	11,067	13,000
101-119-00-42409	Rentals	4,000	4,000	8,000
101-119-42-43006	Other Assets	28,791	28,791	-
<b>Services &amp; Supplies Subtotal</b>		<b>\$2,003,083</b>	<b>\$1,974,286</b>	<b>\$2,269,750</b>
<b>Total</b>		<b>\$4,774,235</b>	<b>\$4,303,601</b>	<b>\$5,409,213</b>

# PUBLIC WORKS

## PW Administration

Account Number	Account Description	FY22-23	FY22-23	FY23-24
		Amended Budget	Estimated Actual	Recommended
101-119-40-42001	Contract Services	\$66,400	\$66,400	\$22,500
101-119-40-42009	Advertising and Legal Notice	2,500	2,500	2,500
101-119-40-42101	Office Supplies	5,000	5,000	5,000
101-119-40-42102	Publications & Subscriptions	5,500	5,500	6,500
101-119-40-42104	Safety Equipment and Supplies	8,400	8,400	10,000
101-119-40-42301	Training & Education	8,000	8,000	12,000
101-119-40-42304	Dues & Memberships	2,875	2,875	3,500
101-119-40-42403	Printing	2,000	2,000	2,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$100,675</b>	<b>\$100,675</b>	<b>\$64,000</b>

## PW Street

Account Number	Account Description	FY22-23	FY22-23	FY23-24
		Amended Budget	Estimated Actual	Recommended
101-119-41-42001	Contract Services	\$114,155	\$114,155	\$65,000
101-119-41-42105	Materials and Supplies	\$74,140	\$74,140	\$67,000
101-119-41-42106	Small Tools and Equipment	\$1,000	\$1,000	\$2,000
101-119-41-42107	Gas and Oil	\$46,000	\$46,000	\$48,000
101-119-41-42202	Equipment Maintenance	\$10,000	\$10,000	\$10,000
101-119-41-42203	Vehicle Maintenance	\$41,500	\$41,500	\$27,000
101-119-41-42409	Rentals	\$4,000	\$4,000	\$8,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$290,795</b>	<b>\$290,795</b>	<b>\$227,000</b>

## PW Facilities

Account Number	Account Description	FY22-23	FY22-23	FY23-24
		Amended Budget	Estimated Actual	Recommended
101-119-42-42001	Contract Services	571,774	571,774	587,000
101-119-42-42105	Materials and Supplies	90,800	90,800	109,000
101-119-42-42201	Building Maintenance	8,880	8,880	-
101-119-42-43006	Other Assets	28,791	28,791	-
<b>Services &amp; Supplies Subtotal</b>		<b>\$700,245</b>	<b>\$700,245</b>	<b>\$696,000</b>

# PUBLIC WORKS

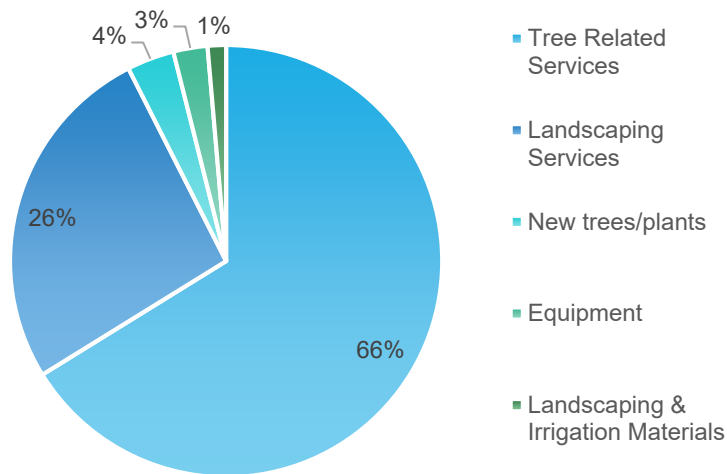
## PW Environmental Compliance

Account Number	Account Description	FY22-23 Amended Budget	FY22-23 Estimated Actual	FY23-24 Recommended
101-119-43-42001	Contract Services	\$215,255	\$215,255	\$252,250
101-119-43-42105	Materials and Supplies	-	-	-
101-119-43-42408	Permits and Licenses	11,067	11,067	13,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$226,322</b>	<b>\$226,322</b>	<b>\$265,250</b>

## PW Forest & Beach

Account Number	Account Description	FY22-23 Amended Budget	FY22-23 Estimated Actual	FY23-24 Recommended
101-119-45-42001	Contract Services	\$610,046	\$610,046	\$941,500
101-119-45-42105	Materials and Supplies	75,000	74,994	76,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$685,046</b>	<b>\$685,040</b>	<b>\$1,017,500</b>

### FY23-24 PW F&B Expenditure Detail



Type of Expenditure	Budget	Percentage
Tree Related Services	\$ 673,500	66%
Landscaping Services	268,000	26%
New trees/plants	36,000	4%
Equipment	26,000	3%
Landscaping & Irrigation Materials	14,000	1%
<b>Total</b>	<b>\$ 1,017,500</b>	<b>100%</b>

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# PUBLIC SAFETY

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.

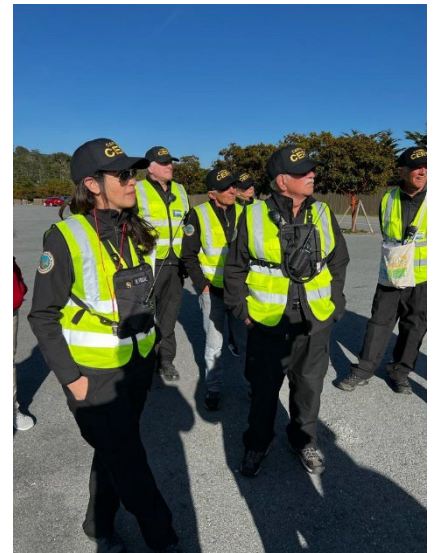


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# PUBLIC SAFETY

## 2022-2023 Initiatives and Accomplishments

- Vacancies were filled to include (1) Firefighter/Paramedic, (1) Police Officer, (1) Community Services Officer, and (1) Dispatcher. Continued recruitments to fill Police Officer and Dispatcher positions are ongoing.
- In the process of developing new contract language for Fire services with the City of Monterey.
- New portable radios were purchased to improve radio communications for the transition from analog to digital for police services. A new radio tower was purchased in conjunction with Monterey County and is in the process of being constructed for activation.
- A new parking management software system was implemented for parking/permit issuance. Paid parking is also being explored as part of the parking management system.
- Body worn camera and taser contracts were renewed.
- To enhance public safety within the village, new license plate reader cameras were purchased and installed throughout the city. Additionally, the camera capture program was implemented, and the use of volunteer groups like (VIPS) volunteers in policing and (CERT) Community Emergency Response Team were utilized during essential Situations such as storms and flooding.
- In December 2022, and January 2023 utilized Police Officers, Public Works, City Staff and (CERT) Community Emergency Response Team members along with (VIPS) Volunteers in Policing for countywide emergency flood and storm evacuations/power outages.
- Our VIP (Volunteers in Policing) program had an accumulated almost 269 hours of volunteer time designated to storm preparation and aid during the county wide storm emergency. The Volunteer in Policing (V.I.P.) program is composed of people who give freely of their time. They enjoy the satisfaction of providing worthwhile contributions to departmental personnel and the Community of Carmel. They are motivated by their interest in a higher quality of life for Carmel, and their own ability to liberate and officer's time for greater enforcement and investigated impact.
- Our Carmel CERT (Community Emergency Response Team) was also integral to our safety in the community and was activated multiple times during the storm emergency to help with power outages, contacting residents, and assisting in life saving measures alongside police, fire, and ambulance services. Our CERT Team is made up of 30 dedicated volunteers who support our village as well as provide mutual aid to our neighboring communities. During emergencies or disasters, both self-reliance and the use of volunteers under professional direction will be necessary. CERT provides community members with the disaster related know how they need to be self-sufficient and support others until further help can arrive.



# PUBLIC SAFETY

## 2023-2024 Priorities

- Continue recruitments to fill additional Police Officer(s) and Dispatcher(s) positions to become fully staffed.
- Complete Police Department renovation project.
- Continue to work with contracted services for paid parking implementation in the downtown area of the village.
- Upgrade outdated computer equipment in police vehicles and parking scooters.
- Increase training for staff in preparation for promotional advancement and growth.

## Fire

- The FY 23-24 Budget increases by \$87,447 over the FY 22-23 Amended Budget. Contract services include fire services provided to the Village by the City of Monterey (\$2,950,700) and dispatch services (\$25,000). Funding for a wildfire risk assessment is also included within the budget (\$20,000).
- The FY 23-24 Budget also includes funding for fuel (\$19,000) and vehicle maintenance (\$35,000) as Carmel is responsible for vehicle repair and replacement under the contract with Monterey.

<b>Fire</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-117-00-42001	Contract Services	2,905,342	2,905,342	3,018,289
101-117-00-42005	Community Promotions	500	500	1,000
101-117-00-42103	Medical Supplies	3,000	0	3,000
101-117-00-42104	Safety Equipment and Supplies	7,000	7,000	27,500
101-117-00-42107	Gas and Oil	14,000	14,000	19,000
101-117-00-42202	Equipment Maintenance	4,450	4,450	6,950
101-117-00-42203	Vehicle Maintenance	89,000	89,000	35,000
<b>Total</b>		<b>\$3,023,292</b>	<b>\$3,020,292</b>	<b>\$3,110,739</b>

# PUBLIC SAFETY

## Ambulance

- The FY 23-24 Budget increases by \$142,377 over the FY 22-23 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). Other major expenses include medical supplies (\$48,150), fuel and vehicle maintenance (\$21,000), safety equipment (\$37,000) and required training to maintain credentials (\$19,000).

<b>Ambulance</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-118-00-41002	Salaries -Safety	770,123	711,010	826,109
101-118-00-41006	Overtime -Safety	140,000	160,165	140,000
101-118-00-41009	Holiday in Lieu	69,740	74,073	75,401
101-118-00-41102	Retirement -Safety	99,905	89,352	107,640
101-118-00-41103	Deferred Compensation	5,400	5,017	5,400
101-118-00-41104	Health Insurance	88,481	76,303	93,642
101-118-00-41106	Medicare	14,550	13,449	15,154
101-118-00-41107	LTD/STD/Life	858	728	858
101-118-00-41108	Worker's Comp	63,153	72,133	84,013
101-118-00-41111	Uniform Allowance	3,600	3,233	3,600
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$1,255,810</b>	<b>\$1,205,463</b>	<b>\$1,351,817</b>
101-118-00-42001	Contract Services	272,163	272,163	275,483
101-118-00-42101	Office Supplies	1,300	1,300	1,000
101-118-00-42103	Medical Supplies	49,150	49,150	48,150
101-118-00-42104	Safety Equipment and Supplies	12,000	12,000	37,000
101-118-00-42107	Gas and Oil	21,000	21,000	21,000
101-118-00-42201	Building Maintenance	4,500	4,500	7,000
101-118-00-42202	Equipment Maintenance	3,500	3,500	4,000
101-118-00-42203	Vehicle Maintenance	17,000	17,000	27,000
101-118-00-42301	Training & Education	12,800	12,800	19,150
<b>Services &amp; Supplies Subtotal</b>		<b>\$393,413</b>	<b>\$393,413</b>	<b>\$439,783</b>
<b>Total</b>		<b>\$1,649,223</b>	<b>\$1,598,876</b>	<b>\$1,791,600</b>

# PUBLIC SAFETY

## Police

- The FY 23-24 Budget increases by \$231,852 over the FY 22-23 Amended Budget. The Department will continue to focus on patrol and responding to public safety needs.
- The FY 23-24 Budget reflects an increase of \$80,151 in services and supplies over FY 22-23. The increase is primarily the result of upgrading aging equipment, and an increase in 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.

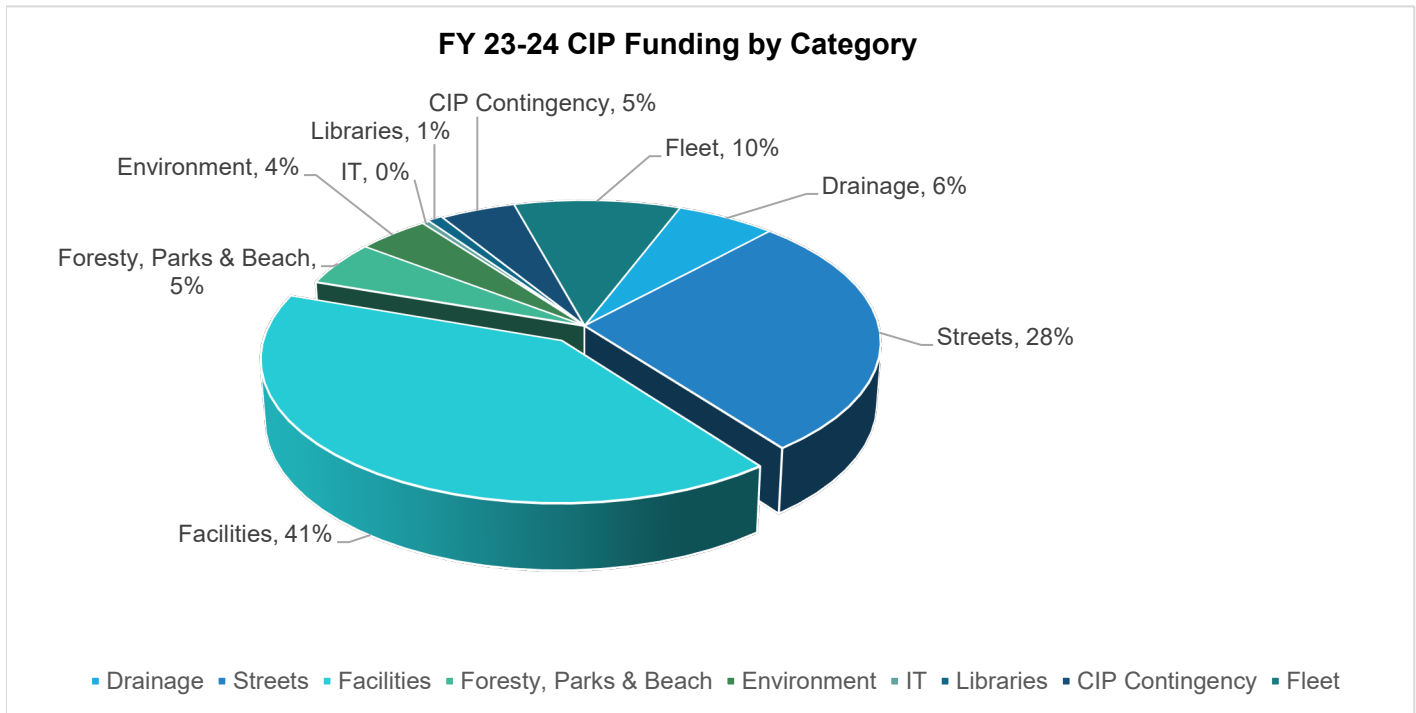
<b>Police</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
101-116-00-41001	Salaries	829,659	569,681	841,462
101-116-00-41002	Salaries -Safety	2,469,702	1,757,353	2,488,403
101-116-00-41006	Overtime -Safety	355,000	348,741	205,000
101-116-00-41009	Holiday in Lieu	171,329	140,479	188,251
101-116-00-41101	Retirement	52,952	35,663	53,829
101-116-00-41102	Retirement -Safety	330,706	261,041	373,000
101-116-00-41103	Deferred Compensation	24,144	95,270	141,617
101-116-00-41104	Health Insurance	461,169	302,630	519,944
101-116-00-41106	Medicare	49,063	39,786	54,507
101-116-00-41107	LTD/STD/Life	3,939	2,544	4,108
101-116-00-41108	Worker's Comp	119,455	135,311	156,971
101-116-00-41109	Benefits-MOU Obligations	0	562	0
101-116-00-41111	Uniform Allowance	34,560	22,747	36,000
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$4,901,678</b>	<b>\$3,711,807</b>	<b>\$5,063,092</b>
101-116-00-42001	Contract Services	339,235	312,235	411,707
101-116-00-42005	Community Promotions	1,000	1,716	1,500
101-116-00-42101	Office Supplies	8,500	8,500	8,800
101-116-00-42102	Publications & Subscriptions	960	960	420
101-116-00-42104	Safety Equipment and Supplies	116,350	116,350	114,000
101-116-00-42106	Small Tools and Equipment	\$0	\$0	\$0
101-116-00-42107	Gas and Oil	48,750	48,750	50,000
101-116-00-42201	Building Maintenance	1,000	1,000	15,000
101-116-00-42202	Equipment Maintenance	38,181	44,812	31,675
101-116-00-42203	Vehicle Maintenance	38,000	38,000	28,000
101-116-00-42301	Training & Education	21,750	21,750	30,550
101-116-00-42304	Dues & Memberships	1,550	1,550	1,775
101-116-00-42403	Printing	5,900	5,900	7,300
101-116-00-42404	Shipping/Postage/Freight	500	500	600
101-116-00-42405	Telephone and Communications	8,500	8,500	9,000
101-116-00-42415	Other Expenditures	9,000	9,000	9,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$639,176</b>	<b>\$619,523</b>	<b>\$719,327</b>
<b>Total</b>		<b>\$5,540,854</b>	<b>\$4,331,330</b>	<b>\$5,782,419</b>



# CAPITAL IMPROVEMENT PLAN (CIP)

# CAPITAL IMPROVEMENT PLAN

The FY 23-24 Recommended Budget includes \$10.92 million for capital projects. This level of capital spending represents 27% of the total citywide budget of \$40.9 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 above in the “FY 23-24 CIP Funding by Category” chart. Streets account for 28% of capital expense, with a proposed budget of \$3.0 million, largely funded by revenues the City receives specifically for street maintenance and other transportation-related projects. The FY 23-24 Recommended Budget recognizes the importance of facility investments including \$3.2 million budgeted for Police Department renovations. Also included in facilities are deferred facility maintenance items equaling \$819,000 that addresses Sunset center renovations, City Hall roofing and retaining walls.

Forestry, Parks & Beach reach \$803,000, 7% of the CIP budget, and include Urban Forest Master Plan, Scenic Pathways hardscape, and MTNP Streams 3 Construction. Included in this fiscal year’s budget is a \$500,000 CIP Contingency to provide funds when needed to award construction contracts that may have outdated cost estimates, such as for carry-over projects, the scope of essential work has increased, and/or when construction bids are competitive, but higher than available funds.

Capital outlay includes \$1,155,000 for the projects listed in Table 1, FY 23-24 Recommended Vehicle and Equipment Acquisitions and Funding Source.

# CAPITAL IMPROVEMENT PLAN

**Table 1: FY 23-24 Recommended Vehicle and Equipment Acquisitions and Funding Source**

Vehicle and Equipment Fund			
Account Number	Account Description	FY23-24 Recommended	Funding Source
503-513-00-43005	Ambulance	275,000	Measure C
503-513-00-43005	Ambulance - Donation	50,000	Donation
503-513-00-43005	2 Forestry Trucks and 1 PD Admin Vehicle	200,000	Measure C /3CE Grant
503-513-00-43005	Electric Sweeper	550,000	Measure C /3CE Grant
503-513-00-43006	Police Radios Lease (Year 3 of 6)	30,000	Measure C
503-513-00-43007	IT Servers - FY23/24	50,000	Measure C
<b>Total</b>		<b>1,155,000</b>	

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:** A contract to build the new ambulance with equipment for \$410,000 will be submitted for Council approval at an upcoming meeting. There is a long lead time for delivery of approximately three years. The total combined funding of \$275,000 from the Vehicle and Equipment Fund, and a \$50,000 donation, will need to be carried forward until the invoice is due. Staff recommends carrying the funding over each fiscal year until needed for payment, and placing the estimated \$85,000 balance for the ambulance into the CIP for Fiscal Year 25/26.

**Vehicles (3):** The Public Works Forestry Division uses a 2000 Dodge Dakota with 87,100 miles for landscape maintenance. The truck is in poor condition, has an undersized flatbed, and is only capable of carrying tools and hauling a very small load. This vehicle will be replaced with a full-sized electric pickup truck. Forestry also uses a 2002 Dodge Dakota with 62,700 miles for tree services. Despite a slightly larger bed capable of hauling larger debris loads, this truck is also in poor condition. This will also be replaced by a full-sized electric pickup truck. The Police Department's 2006 Ford Fusion Administrative vehicle has 106,500 miles and is used for traveling to court appearances, meetings, training, and conferences. This vehicle will be replaced with an electric sedan. Electric Vehicle grants from 3CE will be pursued for all new electric vehicles. While the amount of any grants is unknown at this time, staff estimates that up to \$25,000 may be funded by 3CE for qualifying vehicles. The existing gas-powered vehicles will ultimately be sold at a public auction.

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# CAPITAL IMPROVEMENT PLAN

**Street Sweeper:** In July 2022, Council awarded a \$563,814 purchase of a RAVO SE 5 electric street sweeper, offset by a \$250,000 Central Coast Community Energy grant. This was funded by the Vehicle and Equipment Fund. The sweeper is currently being manufactured overseas and is scheduled to be delivered after the first of the fiscal year.

**Police Radios Lease, Year 3:** Twenty-two (22) radios were purchased in 2021 with a payment schedule of \$30,000 per year payments for six years, with funding from the Vehicle and Equipment Fund.

**IT Servers:** This project funding would be used to purchase hardware intended to enable our transition to running a majority of our workload in the cloud. Per the vendor, our existing Nutanix system will be at the end of its useful life by October 2023. This means support and security updates may become unavailable. We will purchase new hardware, software, and retain vendor services to provide a local copy of our critical data to be used in certain emergencies when and if cloud access is interrupted for extended periods. The hardware will also serve as a local cache for our data, making access faster and allowing for local backups to be kept onsite without incurring data charges.

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# CAPITAL IMPROVEMENT PLAN

Table 2: FY 23-24 Recommended Capital Projects and Funding Source

Capital Projects Fund					
Fund 301 Account 43008					
Strategic Priority	Category		Description	FY 23/24 Recommended	Funding Source
Grants	Streets	New	Paving Project -FY24 Paving Repairs	\$ 12,286	General Fund/RSTIP
Grants	Streets	New	Paving Project -FY24 Paving Repairs	657,000	General Fund/Hostelry
Grants	Streets	New	Paving Project -FY24 Paving Repairs	426,714	TAMC: Gas Tax, RMRHA
Grants	Streets	Carryover	Paving Project -FY23 Concrete Street Repairs	15,300	General Fund/RSTIP
Grants	Streets	Carryover	Paving Project -FY23 Concrete Street Repairs	564,000	General Fund/Hostelry
Grants	Streets	Carryover	Paving Project -FY23 Concrete Street Repairs	425,700	TAMC: Gas Tax, RMRHA
Grants	Streets	Carryover	Paving Project -FY20 Paving Project	514,000	General Fund/Hostelry
Grants	Streets	Carryover	Paving Project -FY20 Paving Project	364,000	TAMC: Gas Tax, RMRHA
			<b>Grants Streets</b>	<b>2,979,000</b>	
CIP Planning	Contingency	New	CIP Contingency	500,000	General Fund
Grants	Frst/Parks/Bch	Carryover	MTNP 3 Stream/Drainage Projects - Construction	85,000	Parks Per Capita Grant
CIP Planning	Drainage	Carryover	Drainage Design for Broken Pipes & Bypass - Design Phase I	80,000	Measure C
CIP Planning	Drainage	Carryover	Drainage Design Bottlenecks & Spot Repairs -Design Phase II	500,000	Measure C
Public Safety	Facilities	Carryover	PD Renovation	1,939,000	Measure C
Public Safety	Facilities	Carryover	Police Facility Renovation - Additional Scope	1,300,000	Measure C
Public Safety	Facilities	New	ADA Upgrades Year 6	20,000	General Fund
Resilience	Streets	New	Sunset Center Retaining Wall Design	40,000	General Fund
Resilience	Facilities	Carryover	Resilience Infrastructure Pilot Design	83,000	Measure C
Resilience	Facilities	Carryover	Electrical Panel Upgrade Design	75,000	Measure C
Resilience	Facilities	New	Sunset Center - 7 Bollards	20,000	General Fund
Resilience	Facilities	New	Sunset Center - Carpenter Hall Heater	45,000	General Fund
Resilience	Facilities	New	Sunset Center - N Lot Electrical	100,000	General Fund
Resilience	Facilities	New	Sunset Center - Portico - Design	40,000	General Fund
Resilience	Frst/Parks/Bch	Carryover	Urban Forest Master Plan	20,000	Measure C
Grant	Frst/Parks/Bch	Carryover	Urban Forest Master Plan - Grant	150,000	Grant
Resilience	Frst/Parks/Bch	Carryover	MTNP Tank & Well Demo	121,000	Measure C
Resilience	Frst/Parks/Bch	Carryover	Coastal Engineering Report	108,000	Measure C
Resilience	Frst/Parks/Bch	New	Coastal Engineering Study - Phase II	100,000	General Fund
Resilience	Frst/Parks/Bch	Carryover	Beach Sand Survey	25,000	Measure C
Resilience	Frst/Parks/Bch	Carryover	North Dunes Restoration/Split Rail Fence/Signage	25,000	Donation
Resilience	Frst/Parks/Bch	New	Scenic Pathways - Hardscape	100,000	General Fund
Resilience	Frst/Parks/Bch	New	Scenic Pathways - Hardscape - Carmel Cares match	100,000	Donation
Resilience	Frst/Parks/Bch	New	Shoreline Inf Repairs - Stairs	250,000	General Fund
Resilience	Frst/Parks/Bch	New	Urban Forest MP- Additional	37,100	General Fund
Resilience	IT/Planning	Carryover	HML Generator	53,000	Measure C
Resilience	Library	New	Library Master Plan - Phases II-IV	100,000	General Fund
Deferred Maint	Facilities	Carryover	HML Exterior and Interior Painting	182,000	Measure C
Deferred Maint	Facilities	Carryover	HML Carpet Replacement	98,000	Measure C
Deferred Maint	Facilities	Carryover	Sunset Center Haz Mat Remediation and Exterior Painting	132,000	Measure C
Deferred Maint	Facilities	Carryover	Sunset Center Cottage Windows	96,000	Measure C
Deferred Maint	Facilities	Carryover	City Hall Roof Replacement	88,000	Measure C
Deferred Maint	Facilities	Carryover	City Hall Retaining Wall Repair	170,000	Measure C
			<b>Deferred Maintenance</b>	<b>766,000</b>	
			<b>Total</b>	<b>\$ 9,761,100</b>	

# CAPITAL IMPROVEMENT PLAN

In addition, funding for various other capital projects total \$9.76 million. The funding sources include MeasureC revenue as well as transportation-related revenues and project specific grants. (See **Table 2**, FY 23-24 Recommended Capital Projects and Funding Source, located on the following page) 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”. This use of fund balances as proposed in the FY 23-24 Recommended Budget leaves policy reserves intact and is directly related to this one-year extended level of capital spending.

As we look beyond FY 23-24 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.

## Streets:

**FY 2019/20 Citywide Annual Paving Project:** This Project, which includes the bike route and recently-deleted median islands along San Carlos Street, was presented to the City Council at the March 7th meeting. This project is bundled with another prior carryover project called Mission Street Sidewalk Repairs (FY 2021/22). The City was allocated \$15,311 from RSTP funding via TAMC to repair a significantly uneven brick sidewalk on the west side of Mission Street, between Fifth and Sixth Avenues.

**FY 2022/23 Concrete Street Repairs:** At the January 2023 meeting, Council awarded a \$189,667 Professional Services Agreement to BKF Engineers for design of this project. The project includes repairs and resurfacing of concrete intersections at Ocean/San Antonio, San Carlos/Fifth, San Carlos/Sixth, and along Ocean Avenue, between Monte Verde and San Antonio, and along San Carlos between Fifth and Sixth. An ADA ramp and bulb outs will also be included at the Junipero/Seventh intersection. The total project budget includes \$441,300 in external funds (i.e. Measure X, SB-1) plus the Maintenance of Effort requirement of \$563,700. The project is currently in preliminary design, and final design is anticipated to be substantially completed this summer. The remaining balance should be carried forward into the Fiscal Year 2023/24 CIP for construction.

**FY 2023/24 Annual Paving Project:** At the April 4, 2023 meeting, Council adopted a list of streets to be included in the FY 2023/24 annual paving project. The City’s Maintenance of Effort (MOE) contribution of \$657,329 would leverage \$438,570 of external funds via TAMC from Measure X, Gas Tax, SB 1, and RSTP. The project will include the design and construction of asphalt pavement overlays of five roadway segments, including Upper Ocean Avenue and Santa Lucia Avenue between Dolores Street and Rio Road, removal of failed pavement sections and providing a slurry seal on up to 20 road segments predominately in residential neighborhoods, and replacing broken

concrete, asphalt, and brick sidewalks with permeable pavers along seven road segments in the downtown area. The project will be supplemented with ADA ramps, new trees, bike route markings, and other amenities as appropriate.

**Sunset Center Retaining Wall Repairs – Design:** Sunset Center requested this project. This project would provide funding to hire an engineering firm to design repairs for four retaining walls around Sunset Center. In the north lot, a 100- foot long, Carmel stone wall along Eight Avenue is leaning, and there are significant cracks in the wall along Mission Street. In the south parking lot off of Tenth Avenue, there is 50-feet of rotted wooden wall on top of a granite wall. These and other walls require replacements of such as fencing, posts, and railings. Repairs are tentatively programmed in FY 2024/25. The same structural engineering firm will be retained to restore the pathway on the west side of San Antonio Avenue, between Second and Fourth Avenues, which was damaged by the winter storms.

### **Drainage:**

**MTNP Stream Stability Projects-Construction:** This project, which consists of the first three (3) of eight (8) stream restoration and erosion control measures recommended by the Mission Trail Nature Preserve Stream Stability Study, is largely funded by a California State Parks Per Capita Grant in the amount of \$187,000. The design and environmental permits for the project were listed in the completed projects above. Construction must be substantially completed by December 2023. Remaining funding is carried over to Fiscal Year 2023/24.

**Drainage System Repair Design Phase I & Phase II:** The City-wide Drainage Master Plan identified numerous spot repairs needed for our existing underground storm drain pipes, as well as significant "bottlenecks" in the drainage system. In October 2022, Council awarded a \$50,000 Professional Services Agreement to Schaaf & Wheeler Consulting Engineers to update their 2020 Drainage Master Plan to reflect recommendations from the Climate Committee to evaluate 20-year storm event impacts to the drainage system, versus 10-year storm events as previously evaluated, and as much of the drainage infrastructure of the City was built. The Updated Master Plan is complete, and highlights will be presented to Council at an upcoming meeting. On a parallel track, Neill Engineers was issued a \$24,999 Professional Services Agreement to design eight to ten specific drainage repairs and bottleneck elimination projects. The design of those improvements is in progress. Remaining funds should be carried-forward into Fiscal Year 2023/24 to complete the design. At least \$4M will be needed to fix the most critical repairs and bottlenecks, and allocations for specific repairs will be recommended in future year CIP plans.

### **Facilities:**

**Police Building Renovation Project:** At the February 2023 meeting, the Ad Hoc Committee recommended, and Council approved, issuing a Request for Proposal to architects with expertise in police building design, to perform a detailed evaluation of the building, including elements shared with the Public Works Department. In brief, the evaluation will consider building code deficiencies, needed safety repairs, police operational deficiencies and best practices, and the useful life of the facility with such investments. The architect will also consider swing space during construction, develop a rough cost for complete reconstruction within the current building footprint, and a cost for an entirely new building. The RFP was issued, four proposals were received, and negotiations are underway with the highest-ranked firm. A Professional Services Agreement with the selected architect will be presented to Council for award at an upcoming meeting. The project is being managed by a 4 Leaf project manager.

**ADA Upgrades, Year 6:** This project would continue the City's annual program of modifying public facilities, as identified in the City's 2018 Americans with Disabilities Act Transition Plan, to provide access to the disabled. For the past few years, the City allocated \$15,000 per year for this initiative. To continue to demonstrate good faith efforts to implement these improvements and to reflect higher costs due to inflation, staff is recommending that this year's allocation be increased to \$20,000. As has been the case in the past, the project will be managed, and improvements will be installed, by the Facilities Maintenance Division supplemented by vendors as needed. Tentative projects will include installing additional ADA-compliant railings and water fountains.

**Resilience Infrastructure Pilot Project Planning and Design:** As recommended in the Climate Adaptation Plan, this project involves developing plans for sustainable backup power to provide continued operations of critical facilities. Preliminary review to date suggests focusing the project on the Police, Public Works, Vista Lobos, and Youth Center in the event of an extended power outage. The project is currently on hold pending the outcome of the Police Building Evaluation (discussed above).

**Electrical Panel Upgrades for City Hall, Public Works, Sunset Center, and Vista Lobos Facilities:** Electrical panel upgrades are necessary for these facilities to carry new electric vehicle charging stations, and to provide additional capacity for electric loads since these panels are near or potentially over capacity. Based on the Police Building Project, it is recommended that the Public Works facility of these four panels be incorporated into the Police Building, and that the Fire Station, which is also near capacity be substituted in its place. Note that the electrical switches in the Public Works Garage have been replaced with weatherproof panels. Also, in February 2023, \$35,000 was added to the Public Works Operating Budget for Mid-Year Budget augmentation to support the active electrical work at the Vista Lobos parking lot. A contract was executed with PG&E to install the \$200,000 transformer for 5 new charging stations at Vista Lobos at no cost to the City. Staff is currently negotiating a new Professional Services Agreement with an electrical/mechanical engineering consultant to provide design services for both the 4 Electrical Panel Upgrades and the Vista Lobos EV Charging Station projects.

**Sunset Center – 7 Bollards:** Our Sunset Center Cultural Center partners requested this project. There are currently 11 vehicle bollards along the edge of the center parking lot in the vicinity of the box office. Over time, these bollards get hit by trucks and cars. Sometimes, staff is able to repair the bollards for continued use; however, several bollards are no longer useable. This budget would be used to replace at least three bollards at this time and keep four in stock and used when bollards are damaged in the future. Each bollard costs between \$2,000 - \$3,000 depending on their specific size and lighting features.

**Sunset Center – Carpenter Hall Heater:** Sunset Center requested this project. The existing system provides radiant heating from the boiler but is at the end of its useful life. While the outdated system still provides heat, the heat quickly escapes on colder days as soon as the entry doors are open. HVAC technicians were unable to make significant improvements to properly heat the space. The problem was evident at the Council Strategic Initiative Workshop held at Carpenter Hall in January 2023. This project would include hiring a contractor to replace the heating system.

**Sunset Center - North Lot Electrical Panel:** This project is a supplement to the carry-over project entitled Electrical Panel Upgrades for City Hall, Public Works, Sunset Center, and Vista Lobos. Staff is finalizing a Professional Services Agreement with an electrical/mechanical engineering consultant to evaluate and design these panel upgrades. Since the Public Works panel will be evaluated in conjunction with the Police Building project, this panel upgrade has been switched with the Fire Station panel. The existing funding of \$75,000 appears to be sufficient for the design of all panels and repair certain panels. However, the electrical panel at the Sunset Center North Parking Lot is not only the most expensive to rebuild but also the most urgent because it is already over capacity and has been tagged by the Building Official. Staff has already been coordinating with PG&E to upsize the power conductors to this panel, with Chargepoint for additional EV



charging stations to be installed along the west wall at a later date, and with 3CE for possible grants associated with the EV facilities. The Sunset Center panel also services the north parking lot lighting system and power to the CERT container.

**Sunset Center – Portico Design:** Sunset Center requested this project. Located at the promenade and concessions exterior, this project would provide for the architectural design of a new portico cover. This project will replace an ornamental garden trellis that was demolished in 2017 and eliminate the remaining columns that are an eyesore and have succumbed to dry rot. The proposed portico may consist of an approximately 1,000 square foot roof structure to provide a functional outdoor concession space, enhance patron experience, eliminate water intrusion into the concession stand, and provide weather protection for wood framed doors and windows at the lobby entrance.

**City Hall Retaining Wall Repair:** The redwood retaining wall in the south parking lot of City Hall failed due to the lateral loads from the historic City Hall building over to the under-designed wall. With project management services provided by Ausonio, Inc., structural and geotechnical engineers were retained to design a permanent fix. The fix includes removal of the redwood planter area, constructing a large, concrete wall and footing below the existing building footing, particularly below the office of the Planning and Building Director, and replacing the planter

**Facility Renovation Projects:** The following four (4) facility renovations have been bundled into one design and construction project for cost-effectiveness and efficiency. These projects are being managed by contract project managers with Ausonio, Inc. In February 2023, Council approved a \$78,900 Amendment to the Professional Services Agreement with Ten Over Studio, for architectural and engineering design services for these projects. Preliminary design work is nearly complete, and final design and commencement of construction bidding is likely by the end of Fiscal Year 2022/23; however, remaining funds for these projects will be carried forward for construction in Fiscal Year 2023/24.

- City Hall Roof Replacement
- Harrison Memorial Library Renovations Exterior and Interior Painting
- Sunset Center Cottage Window Repairs
- Sunset Center Hazardous Materials Abatement and Exterior Painting

**Urban Forest Master Plan:** The Urban Forest Master Plan (UFMP) is one of Council's high priority strategic initiatives. During FY 2021/22, the City was awarded a Cal Fire reimbursement grant of \$150,000 for the UFMP. At the August 2022 meeting, Council awarded a \$150,000 Professional Services Agreement with Davey Resources Group to prepare the Plan. Contractual issues, which delayed the start of the project for several months, have all been resolved. This is an 18-month duration project with the tree inventory and technical studies in progress. An Amendment to the Agreement with Davey is currently being negotiated for additional services that are prudent, and will be forthcoming to Council for approval utilizing the forestry operating budget funds.

**Water Well and Tank Removal in MTNP:** Regulatory decommissioning of the water well, and physical removal of the elevated tank, stone pump house, and abandoned power pole are needed. Under contract to the City, a Wallace Group project manager completed the design of the project and environmental approvals, including the Coastal Development Permit, have been obtained. The Project is anticipated to be advertised for construction bids by the end of the Fiscal Year 2022/23; however, remaining funds will be carried forward into Fiscal Year 2023/24 for construction.

**North Dunes Habitat Restoration Interpretive Signage and Split Rail Fencing:** Several organizations, including the North Dunes volleyball players, Rotary Club, and Carmel Cares,

have expressed interest in donating funds and/or volunteer support to design and install interpretive signage and/or install split rail fencing along the Ocean Avenue and San Antonio frontages of the North Dunes site. These projects are in line with the recreation goals of the North Dunes Restoration Plan.

**Scenic Pathway Hardscape Renovations:** Carmel Cares requested to continue our Scenic Pathway Renovation Project following the upcoming repairs to the barrier rails, for which a Purchase Order for \$50,000 for lumber and materials is expected to be awarded by the City Council on May 2, 2023. The proposed renovations will include Pathway signage, irrigation repairs, pathway trim edging, decomposed granite repairs, and other hardscape improvements. Council requested staff and Carmel Cares to develop a holistic game plan to cover the complete renovation of the Pathway. This game plan will need to be carefully developed over the next year since co-mingling public and private funds on publicly-owned infrastructure triggers state public works contracting regulations. For example, for the Scenic Pathway Barrier Rails, City funds are only being used to provide materials, and Carmel Cares will hire a contractor and pay for the costs for installation, under guidance of the Community Planning & Building and Public Works Departments.

## **ENVIRONMENTAL:**

**Coastal Engineering Study Phase I & II and the Beach Sand Survey Project:** These projects have been combined. This Study was identified in the Climate Adaptation Plan as a critical document for sea level rise resilience planning to ensure the City has the tools necessary to make decisions related to the long-term maintenance of coastal resources and infrastructure. At the November 2022 meeting, Council awarded a \$175,000 Professional Services Agreement to EMC Planning Group, who teamed up with Integral Corporation and Haro Kashunich & Associates, to complete the four key tasks for Phase I of this Project. The results of Task 1, the Coastal Engineering Condition Evaluation, was presented to the Forest and Beach Commission on March 9th and is planned to be presented to the Climate Committee at an upcoming meeting. Remaining funds should be carried over into FY 23-24 to finish Phase I. For Phase II, an Amendment to the Agreement with EMC will be submitted to Council to incorporate the previously- scoped services and negotiated fee into the overall Study. These two phases will then be considered one combined project. Phase II will include three additional tasks focusing on: hazards policy review and revisions, public outreach and engagement, and adaptation monitoring and pathway development. Phase II may be eligible for a California Coastal Conservancy grant of \$100,000, and staff will work with the consultants to develop and submit the grant application.

**Shoreline Infrastructure Repairs:** As noted in the Coastal Engineering Study above, the first task of Phase 1 was the Shoreline Condition Assessment. The Assessment concluded that of the 11 existing seawalls, 2-4 need repairs, with one (the Fourth Avenue Outfall Wall) as a high priority repair. Similarly, of the 11 beach access stairs, 9 need repairs with 3 considered to be high priority (two of these have been closed due to damage resulting from the winter storms). Finally, of the 6 rock revetments, 4 need repairs, 3 of which are high priority. The total cost for engineering design, environmental permits, and construction for all of these repairs will likely exceed \$2 million over the next few years, as outlined in the attached 5-Year CIP spreadsheet; however, this project will initiate the engineering and design of the highest priority repairs, as well as to repair the closed and damaged beach access stairs, with like materials, as a maintenance project which is expected to streamline the regulatory approval process. This starting point will also allow the City to better estimate future costs and phasing to complete all needed shoreline infrastructure repairs.

## LIBRARIES:

**Library Master Plan – Phases II-IV:** This project complements the Library’s Strategic Plan objective to develop facility plans for the Harrison Memorial and Park Branch library buildings. In January 2023, Council awarded a \$55,000 Professional Services Agreement to Jayson Architecture to prepare the Master Plan.

## CIP PLANNING:

**CIP Contingency Fund:** While used by other municipalities, this fund would be a new tool for Carmel. This proposed “project” would provide contingency funds when needed to award construction contracts that may have outdated cost estimates, such as for carry-over projects, the scope of essential work has increased, and/or when construction bids are competitive, but higher than available funds. For example, at the April 4th meeting, Council appropriated an additional \$113,600 from General Fund End Balance to the CIP Fund to be able to award the City Hall Retaining Wall Emergency Repair Project. The proposed fund may be needed in upcoming construction projects in FY 23-24 including: MTNP 3 Drainage Projects, MTNP Well Abandonment and Tank Removal Project, FY 20-21 Paving Project, Sunset Center Cottage Window Repairs, and/or City Hall Roof Replacement. These funds would be appropriated only by Council authorization at the time construction contracts are awarded, and any remaining balance would carry forward to the subsequent year and used when needed.

## KEY PROJECTS AND FUNDING NEEDS FOR THE SUBSEQUENT FOUR (4) FISCAL YEARS OF THE 5-YEAR CAPITAL IMPROVEMENT PLAN (CIP)

A preliminary 5-year Capital Improvement Plan has been developed. Although only the first fiscal year (23-24) 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:

**Streets:** Paving overlays, micro-surfacing treatments, slurry seals, sidewalk repairs, parking lot resurfacing, retaining walls, and bicycle master plan = **\$3.24M City plus \$1.79M external funds.**

**Drainage:** Includes: drainage pipe repairs and upsizing for 20-year storm events, bottleneck reconfigurations, and CDS reconstruction = **\$2.93M.**

**Facilities:** ADA upgrades, electrical panel repairs, painting, critical repairs/code corrections to City Hall, Vista Lobos, Fire Station, and park restrooms, Flanders structural repairs, resilience and energy upgrades, and equipment replacements = **\$2.8M.**

**Forest, Parks, Beach:** Construct MTNP stream stability projects, Scenic Pathway and other Carmel Cares joint projects = **\$0.8M City** plus donations to be determined.

**Environmental:** Shoreline infrastructure repairs, Coastal Engineering Study, Phase 3, and climate action change initiatives = **\$2.0M** plus \$0.5M grants.

**IT:** Equipment replacements, security upgrades, Police records management system, and GIS applications expansion = **\$0.63M**.

**Libraries:** Renovations as prioritized in the Master Plan = **\$1.1M plus \$2.0M donations**. Note: The Library Foundation will be embarking on a fundraising campaign to be able to advance the design and construction of significant improvements to both library buildings based on the Master Planning program.

**Fleet:** Replace outdated heavy equipment, including dump truck, water truck, asphalt patch truck, speed radar trailer, and other vehicles nearing the end of their useful lives with electric vehicles when possible, and fund balances for Police radios lease and ambulance purchase = **\$1.24M** plus \$0.1M grants.

The grand total estimate of \$31.7 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. 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.

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# DEBT SERVICE – 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 23-24 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. Our final payment of \$14,744 will be made FY 23-24.

**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 made significantly lower interest only payments in FY 22-23; however, payments now include principal and have increased the total payment to \$513,300.

## Funding Sources

General Fund revenues are the source of funding for debt service payments. The General Fund (Fund 101) will transfer \$528,044 to Debt Service (Fund 401) in FY 23-24.

**Table 1: FY 23-24 City Total Debt Service**

<b>Debt Service: Total</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY22-23 Amended Budget</b>	<b>FY22-23 Estimated Actual</b>	<b>FY23-24 Recommended</b>
401-411-00-44001	Principal	696,423	696,753	369,744
401-411-00-44002	Interest	176,880	176,880	155,800
401-411-00-44003	Administrative Fees	5,000	3,000	2,500
<b>Total</b>		<b>\$878,303</b>	<b>\$876,633</b>	<b>\$528,044</b>

**Table 2: FY 23-24 Debt Service by Bond**

<b>Debt Service: by Bond</b>				
<b>Bond</b>	<b>Principal</b>	<b>Interest</b>	<b>Admin. Fee</b>	<b>Total</b>
NGEN Radio	14,744	-	-	\$14,744
Sunset Center	355,000	155,800	2,500	513,300
<b>Total</b>	<b>\$369,744</b>	<b>\$155,800</b>	<b>\$2,500</b>	<b>\$528,044</b>

## OTHER FUNDS

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## FUNDS OVERVIEW

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.

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# FUNDS OVERVIEW

## **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.

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.



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# PROJECTED FUND BALANCE

The accompanying tables depicts the Projected Fund Balance for FY 22-23 and FY 23-24.

## **General Fund**

The General Fund is estimated to start FY 23-24 with a fund balance of \$13.1 million and end with \$6.1 million on June 30, 2024 due to the General Fund unassigned balance being utilized and 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 23-24 assumes \$6.8 million in new revenue. New revenue and fund balance for a total of \$10.2 million will be transferred to the General Fund to support citywide operations and CIP projects.

## **Gas Tax (Fund 201)**

Revenue of \$179,934 is anticipated in FY 23-24 to be transferred to Capital Projects for street paving.

## **Transportation Safety (Fund 202)**

Revenue of \$231,779 is anticipated in FY 23-24 to be transferred to Capital Projects for street paving.

## **COPS Grant**

Revenue of \$158,000 is anticipated in FY 23-24 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 23-24.

## **Asset Seizure (Fund 205)**

There is no activity budgeted in this fund for FY23-24.

## **Measure C Sales Tax (Fund 206)**

Measure C has a projected fund balance of \$1.9 million as of June 30, 2023. The FY 23-24 projected revenue of \$5.9 million will be transferred to the Capital Improvement Projects (\$5.07 million) and Vehicle & Equipment Replacement (\$830,000) There is no reserve requirement for Measure C.

## **Capital Projects (Fund 301)**

This fund is projected to end FY 23-24 at \$5,015,998 representing 20% of the 5-Year CIP forecast City Funds total.

## **Debt Service (Fund 401)**

The FY 23-24 debt service activity is \$528,044. Additional details on the bonds is found within the debt service section of this document.

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# PROJECTED FUND BALANCE

## **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 23-24.

## **Vehicle and Equipment Replacement Fund**

The planned activity in this fund for FY 23-24 in the amount of \$1,155,000 will be covered by new revenue and transfers in from Measure C Sales Tax Fund.

*-----accompanying tables on next page---*

# PROPOSED FUND BALANCE AS OF JUNE 30, 2023

## Projected Fund Balances

### Projected Fund Balance June 30, 2023

Fund	Description	Audited Fund Balance June 2022	Revenue and Transfers In	Expenditures and Transfers Out	Estimated Fund Balance June 2023	Change in Fund Balance
101	General Fund	4,594,883	27,464,792	26,088,034	5,971,641	1,376,758
101	General Fund Reserve	6,994,965			6,994,965	-
<b>101</b>	<b>General Fund Total</b>	<b>11,589,848</b>	<b>27,464,792</b>	<b>26,088,034</b>	<b>12,966,606</b>	<b>1,376,758</b>
102	Hostelry	5,422,584	8,038,940	6,667,000	6,794,524	1,371,940
102	Hostelry Reserve	656,856			656,856	-
<b>102</b>	<b>Hostelry Total</b>	<b>6,079,440</b>	<b>8,038,940</b>	<b>6,667,000</b>	<b>7,451,380</b>	<b>1,371,940</b>
201	Gas Tax	71,679	129,053	200,733	(0)	(71,680)
202	Transportation Safety	593,759	179,319	202,100	570,978	(22,781)
203	COPS	3,350	175,917	158,000	21,267	17,917
204	Parking in Lieu	734,015	-	-	734,015	-
205	Asset Seizure	5,432	-	-	5,432	-
206	Local Measure Sales Tax	3,399,710	5,865,000	7,356,906	1,907,804	(1,491,906)
301	Capital Projects	1,596,719	3,988,730	577,918	5,007,531	3,410,812
401	Debt Service	416,577	485,170	876,633	25,115	(391,463)
501	Worker's Comp	64,235	181,007	46,469	198,773	134,538
502	OPEB Reserve	1,845,329	-	-	1,845,329	-
503	Veh & Eq Replacement	366,579	1,167,238	1,287,459	246,357	(120,221)
		<b>26,766,671</b>	<b>47,675,167</b>	<b>43,461,252</b>	<b>30,980,585</b>	<b>4,213,914</b>

# PROPOSED FUND BALANCE AS OF JUNE 30, 2024

## Projected Fund Balances

### Proposed Fund Balance June 30, 2024

Fund	Description	Estimated Fund Balance June 2023	Revenue & Transfers In	Expenditures & Transfers Out	Proposed Fund Balance June 2024	Change in Fund Balance
101	General Fund	5,971,641	29,716,328	33,048,403	2,639,566	(3,332,075)
101	General Fund Reserve	6,994,965	-	2,595,078	4,399,887	(2,595,078)
<b>101</b>	<b>General Fund Total</b>	<b>12,966,606</b>	<b>29,716,328</b>	<b>35,643,481</b>	<b>7,039,453</b>	<b>(5,927,153)</b>
102	Hostelry	6,794,524	6,801,007	10,023,245	3,572,286	(3,222,238)
102	Hostelry Reserve	656,856	23,245	-	680,101	23,245
<b>102</b>	<b>Hostelry Total</b>	<b>7,451,380</b>	<b>6,824,252</b>	<b>10,023,245</b>	<b>4,252,387</b>	<b>(3,198,993)</b>
201	Gas Tax	(0)	179,934	179,934	(0)	-
202	Transportation Safety	570,978	231,779	802,757	(0)	(570,978)
203	COPS	21,267	158,000	158,000	21,267	-
204	Parking in Lieu	734,015	-	-	734,015	-
205	Asset Seizure	5,432	-	-	5,432	-
206	Local Measure Sales Tax	1,907,804	5,926,532	6,145,082	1,689,254	(218,550)
301	Capital Projects	5,007,531	9,769,567	9,761,100	5,015,998	8,467
401	Debt Service	25,115	528,044	528,044	25,115	-
501	Worker's Comp	198,773	-	76,600	122,173	(76,600)
502	OPEB Reserve	1,845,329	-	-	1,845,329	-
503	Veh & Eq Replacement	246,357	1,212,982	1,155,000	304,339	57,982
		<b>30,980,565</b>	<b>54,547,418</b>	<b>64,473,243</b>	<b>21,054,760</b>	<b>(9,925,825)</b>

# FINANCIAL POLICIES

# **FINANCIAL AND BUDGET POLICIES**

## **BUDGET POLICIES AND PROCEDURES**

The budget process for the City of Carmel-by-the-Sea involves the citizens, City Council, and staff. Each person plays a critical role in the development of the budget for the upcoming year. The annual budget and operating plan balances the public service demands of the community with the fiscal resources of the City. It is intended to achieve the goals and objectives established by the City Council.

The goal of the City Administrator is to present a balanced budget to the City Council for review and adoption. A balanced budget is a budget in which sources meet or exceed uses. Available funding sources shall be at least equal to recommended appropriations. As a general rule, the year-end undesignated General Fund balance should not be used to fund ongoing operations.

As set in the Carmel Municipal Code prior to the beginning of each fiscal year, the City Council shall adopt a budget for expenditures and anticipated revenues. On or before February 15th of each year, the City Administrator will present to the City Council a proposed budget schedule. The City Administrator prepares and submits to the City Council a proposed operating and capital budget for the forthcoming fiscal year. The City Council shall adopt the budget by July 1st.

The City Administrator shall have the right to approve the transfer of appropriations within a departmental budget; however, no additional positions shall be created without the authorization of the City Council. All transfers of appropriations between departments or in regards to capital items or projects shall be approved by the City Council. The City Administrator shall be charged with the responsibility of controlling the expenditures for all departments in accordance with the approved budget. A report on current year revenues, expenditures and fund balances shall be maintained.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balanced set of accounts. The minimum number of funds is maintained consistent with legal and managerial requirements. Annually appropriated budgets are legally adopted on a budgetary basis for the governmental fund types (General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund) and are controlled on a fund and departmental level. These funds are used to account for most of the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified-accrual basis of accounting and budgeting. Expenditures are recognized as encumbrances when a commitment is made. Unencumbered appropriations lapse at year-end.

## **FINANCIAL POLICIES**

The City of Carmel-by-the-Sea has strong financial policies that provide City Council direction to allow staff to provide sound fiscal planning and continued management of fiscal integrity. The financial policies are divided into five categories: Capital Budget Policies, Operating Management, Fund Balance Policy, Debt Policies, and Investment Policies. The City has financial policies that are adopted by the City Council with review every two years during the budget development process. The financial policies help ensure that the City maintains a healthy financial foundation into the future.

The goal of these policies is to promote:

- An extended financial planning horizon to increase awareness of future potential challenges and opportunities
- Setting aside reserves for contingencies, replacement of capital equipment, and other similar needs
- Maintaining the effective buying power of fees and charges and increasing cost recovery where directed to do so
- Accountability for meeting standards for financial management and efficiency in providing services
- Planning for the capital needs of the City
- Maintaining manageable levels of debt while furthering quality bond ratings
- Communication to residents and customers on how the community goals are being addressed

## **CAPITAL BUDGET POLICIES**

The City develops an annual five-year plan for capital improvements; it includes project design, development, implementation, and operating and maintenance costs. Each project in the Capital Improvement Plan (CIP) shows the estimated capital and on-going maintenance costs, known and potential funding sources and a design/development schedule. As used in the CIP, projects include land acquisition, buildings and facilities construction; these projects do not have a cost threshold. A capital outlay (fixed asset) purchase is any single item or piece of equipment that costs more than \$10,000 and has an expected useful life exceeding one year. The development of the Capital Improvement Plan is coordinated with the development of the operating budget. The CIP is a planning document; the City Council appropriates funding for capital projects in the annual operating budget. Costs for professional services needed to implement the CIP are to be included in the appropriate year's operating budget.

Annual operating budgets should provide adequate funds for maintenance of the City's buildings and maintenance and replacement of the City's capital equipment. The City will make all capital improvements in accordance with an adopted and funded capital improvement program. Prior to ratification of the capital budget for the forthcoming year by the City Council,

the Planning Commission shall review the capital improvement plan and shall advise the City Council as to its recommendations regarding the proposed capital projects in accordance with the Government Code.

### **Capital (Policy No. C94-01)**

Capital expenditures shall be effectively planned and controlled.

Guidelines:

1. The level of capital improvement expenditures, excluding road maintenance program expenditures and lease payments, is established at three and one-half percent (3.5%) of total revenues.
2. Funding for the road maintenance program should improve the pavement condition index.
3. The City shall maintain a Five-Year Capital Improvement Program (CIP), which shall be updated at least annually as part of the budget review process.
4. The City shall annually establish a phasing calendar for capital improvement expenditures.
5. At least ten percent (10%) of the unrestricted funds designated for capital project expenditures shall be set aside for unanticipated expenditures.
6. The City shall conduct periodic reviews of property and facilities to determine the appropriate use and disposition of said property and facilities.
7. The City shall consider the ongoing impact of operations and maintenance expenses before undertaking any capital improvement expenditure.
8. The City shall maintain a capital reserve policy as described in the Reserve Policy.
9. Public participation in the Capital Improvement Program is a priority concern for the City.
10. All projects included in the Capital Improvement Plan shall be consistent with the City's General Plan.
11. Capital projects that are not encumbered or completed during the fiscal year are required to be rebudgeted to the next fiscal year and subsequently approved by the City Council. All rebudgeted capital projects should be so noted in the proposed budget.

### **OPERATING MANAGEMENT (Policy No. C94-01)**

Operating revenues shall exceed operating expenditures.

Guidelines:

1. The annual operating budget shall contain a current surplus (or "revenue buffer") of at least five percent (5%) of projected expenditures.
2. A balanced budget is a budget in which total funding sources meet or exceed uses.
3. An appropriated City Discretionary Account of at least one-half of one percent (0.5%) of total projected General Fund expenditures shall be maintained.
4. Ongoing expenses shall not be funded with one-time revenues.
5. The City shall establish internal service funds for the repair, operation, and replacement of rolling stock and data processing equipment.
6. The level of capital outlay expenditures is established at three percent (3%) of total revenues.
7. The City shall annually establish a phasing calendar for capital outlay expenditures.



8. The City shall develop a five-year forecast of operating revenue and expenditures.
9. The City shall establish salary adjustments in conjunction with the budget process.
10. The City shall review the relationship between fees/charges and the cost of providing services at least every three years.
11. The City's fees and charges for services shall be adjusted annually, based upon the San Francisco-Oakland Consumer Price Index.
12. The City will seek to comply with suggested criteria of the Government Finance Officer's Association in producing a budget document that meets the Distinguished Budget Presentation criteria.

## **FUND BALANCE POLICY**

The Fund Balance Policy is designed to develop standards for setting reserve levels for various, significant City funds. Adequate fund balance and reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength. The City shall maintain reserves at a prudent level, and shall use reserves appropriately with a focus on contributing to the reserves in good times and drawing on the reserves in times of difficult budget periods to maintain a consistent level of service and quality operations. Use of reserves are to supplement the annual budget.

### **Guidelines:**

1. General Fund and Hostelry Fund reserves shall be maintained at no less than ten percent (10%) of their annual projected revenues.
2. The City shall maintain prudent reserves for identified liabilities
  - a. A Vehicle Replacement reserve will be maintained sufficient to replace vehicles and heavy equipment at the end of their useful lives, with the target being 10% of the total City fleet replacement value.
  - b. Technology equipment replacement reserves will be maintained sufficient to repair covered equipment and for replacement at the end of its useful life.
3. The City will maintain a long-term budget stability reserve consisting of any unassigned General Fund balance. When available, the year-end General Fund operating surplus will be dedicated to the long-term budget stability reserve.
4. A general capital reserve fund will be maintained with a targeted balance of 20% of the estimated total five-year capital improvement plan project expenditure. Net proceeds from the sale of City owned property will be dedicated to the general capital reserve. Funds in the general capital reserve will be allocated through the budget process for capital projects.
5. Reserves shall be used only for established purposes.
6. Depleted reserves shall be restored as soon as possible.
7. A minimum level for each of the reserve funds shall be established (see chart below).
8. The City shall maintain reserves required by law, ordinance and/or bond covenants.

## **DEBT POLICIES**

The City considers the use of debt financing for one-time capital improvements that benefit the residents of Carmel-by-the-Sea when the term of the financing is no longer than the project life, and when specific resources are found to be sufficient to provide for the debt. Use of long-

term debt is limited to capital projects or special projects or obligations that cannot be financed from current revenues. The City has traditionally kept annual debt service payments to less than 5% of the budget.

### **Use of Long-Term Debt Policy**

The City recognizes that it may need to enter into long-term financial obligations to meet the demands of providing a high quality level of government services to our community. The following long-term debt policy sets the considerations for issuing debt and provides guidance in the timing and structuring of long-term debt commitments by the City.

#### General Practices:

1. The City will strive to maintain good relations with credit rating agencies, investors of the City's long-term financial obligations and those in the financial community that participate in the City's financings and demonstrate City officials are following a prescribed financial plan. The City also will strive to maintain and, if possible, improve its current AA+ bond rating in order to minimize borrowing costs and preserve access to credit. The City will follow a policy of full disclosure by communicating with bond rating agencies to inform them of the City's financial condition.
2. Bond issue proposals are to be accompanied by an analysis defining how the new issue, combined with current debt, impacts the City's debt capacity and conformance with City debt policies. Such analysis shall include identification of the funding source, an assessment of the ability to repay the obligation, the impact on the current budget, commitments to future budgets, maintenance and operational impact of the facility or asset and the impact on the City's credit rating, if any.
3. City Council must review such analysis, including existing debt level, ability to pay debt service, impact on City services, and make a finding that use of debt is appropriate.
4. Debt service costs (COP, Lease Purchase Agreements and other contractual debt that are backed by General Fund Operating Revenues) are not to exceed 25% of the City's General Fund operating revenues.
5. The City recognizes that it is of the utmost importance that elected and appointed City officials, and all others associated with the issuance of City debt, not only avoid the reality of a conflict of interest, but the appearance thereof as well. City officials must conduct themselves in a fashion consistent with the best interests of the City and taxpayers.
6. Bonds will be sold on a competitive basis unless it is in the best interest of the City to conduct a negotiated sale. Competitive sales will be the preferred method. Negotiated sales may occur when selling bonds for a defeasance of existing debt, for current or advanced refunding of debt, or for other appropriate reasons.

The City will consider the issuance of long-term obligations under the following conditions:

1. The City will use debt financing for one-time capital improvement projects and specific nonrecurring equipment purchases or refunding of existing liabilities, and only under the following circumstances:
  - a. When the project is included in the City's adopted five-year capital improvement program (CIP) and is in conformance with the City's adopted General Plan.

- b. When the project is not included in the City's adopted five-year capital improvement program (CIP), but the project is an emerging critical need whose timing was not anticipated in the five-year capital improvement program, or it is a project mandated by State or Federal requirements.
  - c. When the project's useful life, or the projected service life of the equipment, will be equal to or exceed the term of the financing.
  - d. When there are designated General Fund revenues sufficient to service the debt, whether from project revenues, other specified and/or reserved resources, or infrastructure cost-sharing revenues.
  - e. Debt financing (other than tax and revenue anticipation notes) is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.
2. The City will follow all State and Federal regulations and requirements related to bonds and debt financing instruments regarding bond provisions, issuance, taxation and disclosure.
  3. Costs incurred by the City, such as bond counsel and financial advisor fees, printing, underwriter's discount, and project design and construction costs, will be charged to the bond issue to the extent allowable by law.
  4. The City will monitor compliance with bond covenants and adhere to federal arbitrage and disclosure regulations.
  5. The City shall continually review outstanding obligations for opportunities to achieve debt service savings through refunding and shall pursue refinancing when economically feasible and advantageous.

### **Debt Limit**

The City will keep outstanding debt within the limits prescribed by State of California statutes and at levels consistent with credit objectives. California Government Code provides that "a city may incur indebtedness for any municipal improvement requiring an expenditure greater than the amount allowed for it by the annual tax levy" (43602). A "city shall not incur an indebtedness for public improvements which exceeds in the aggregate 15 percent of the assessed value of all real and personal property of the city. Within the meaning of this section "indebtedness" means bonded indebtedness of the city payable from the proceeds of taxes levied upon taxable property in the city" (43605). The limit is relative to the principal amount of bonds sold and delivered (43606). The City of Carmel-by-the-Sea, Policy No C94-01 establishes "the City's debt shall not exceed predetermined levels." The guideline in that policy is that "the City's debt service level shall not exceed eight and one-fourth percent (8.25%) of total expenditures.

## **INVESTMENT POLICIES**

This is a time to be particularly cautious. Municipal moneys not required for immediate expenditure will be invested. The City will maintain adequate cash availability and yield on invested idle funds while insuring that invested moneys are protected. The Carmel Municipal Code requires the City Administrator to prepare investment policies and guidelines for adoption by the City Council. The adopted investment policy follows.

## **INVESTMENT POLICY AND GUIDELINES**

### **Policy**

In accordance with the Municipal Code of the City of Carmel-by-the-Sea and under authority granted by the City Council, the City Treasurer is responsible for investing the unexpended cash in the City Treasury.

The investment of the City of Carmel-by-the-Sea funds is directed to the goals of safety, liquidity and yield, in that order. The authority governing investments for municipal government is set forth in the California Government Code, Sections 53601 through 53659.

The primary objective of the investment policy of the City of Carmel-by-the-Sea is SAFETY OF PRINCIPAL. Investments shall be placed in those securities as outlined by type and maturity sector in this document. Effective cash flow management and resulting cash investment practices are recognized as essential to good fiscal management and control. The City's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law. Portfolio management requires continual analysis, and as a result the balance between the various investments and maturities may change in order to give the City of Carmel-by-the-Sea the optimum combination of necessary liquidity and optimal yield based on cash flow projections.

### **Scope**

The investment policy applies to all financial assets of the City of Carmel-by-the-Sea as accounted for in the Annual Financial Report. Policy statements outlined in this document focus on the City of Carmel-by-the-Sea's pooled funds, but will also apply to all funds under the City Treasurer's control unless specifically exempted by statute or ordinance.

### **Prudence**

The standard to be used by investment officials shall be that of a "prudent person" and shall be applied in the context of managing all aspects of the overall portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, direction and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

It is the City's full intent, at the time of purchase, to hold all investments until maturity to insure the return of all invested principal dollars.

### **Safety**

Safety of principal is the foremost objective of the City. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker-dealer default, or from erosion of the market value.

### **Liquidity**

Historical cash flow trends are compared to current cash flow requirements on an ongoing basis in an effort to ensure that the City's investment portfolio will remain sufficiently liquid to enable the City to meet all reasonably anticipated operating requirements.

### **Yield**

The investment portfolio should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified within the financial statements.

### **Performance Evaluation**

Investment performance is continually monitored and evaluated by the City Treasurer. Investment performance statistics and activity reports are generated on a monthly basis for presentation to the City Administrator and City Council.

### **Delegation of Authority**

For short-term investments, the Administrative Services Director has authority to make transfers to and from the City's Local Agency Investment Funds (LAIF) account in order to maximize interest earned and meet cash flow requirements. The transfers are made to and from the City's general checking account to the LAIF account, with a minimum balance maintained in the general checking account to meet daily cash requirements.

The City Treasurer is responsible for investment of all unexpended City funds as per California Government Code section 41000 et seq. The City Treasurer makes long-term investments after review and approval by the Administrative Services Director and the City Administrator.

### **Ethics and Conflict of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with the proper execution of the investment program, or impairs their ability to make impartial investment decisions. Additionally, the City Treasurer and the members of the investment committee are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC).

### **Safekeeping of Securities**

To protect against fraud, embezzlement, or losses caused by a collapse of an individual securities dealer, all securities owned by the City shall be held in safekeeping by a third party bank trust department, acting as an agent of the City under the terms of a custody agreement or PSA agreement (repurchase agreement collateral). The third party bank trust department must have safe keeping as a professional business line with expertise in this particular service area. All trades executed by a dealer will settle Delivery vs. Payment (DVP) through the City's safekeeping agent. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings. All exceptions to this safekeeping policy must be approved by the City Treasurer in written form and included in quarterly reporting to the City Council.

### **Internal Control**

Separation of functions between the City Treasurer's Office and the Administrative Services Department would be an ideal situation. Time and necessity, however, dictate a different approach. Due to the lack of personnel dedicated to the investment function alone, a proper balance must be maintained between Treasury activities and Administrative Services Department functions. The City Treasurer will make the appropriate arrangements to buy and sell securities that are deemed permissible by the Laws of the State of California as time permits. The Administrative Services Director and/or City Administrator will have the power as granted under the section titled Delegation of Authority in the absence of the City Treasurer. The City Administrator will have the authority to enter into agreements on securities so long as written policies set by the City Treasurer and State Legislature are followed.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Administrative Services Director on a monthly basis. An independent analysis by an external auditor shall be conducted annually to review internal control, account activity, and compliance with government policies and procedures.

### **Reporting**

The City Treasurer shall review and render monthly reports to the City Administrator and the City Council, which shall include the face amount of the cash investment, the classification of the investment, the name of the institution or entity, the rate of interest, the maturity date, and the current value and accrued interest to date due for all securities.

### **Qualified Broker/Dealers**

The City shall transact business only with banks and broker/dealers that are properly licensed and in good standing. The Administrative Services Director and the City Treasurer shall investigate dealers who wish to do business with the City to determine if they are adequately capitalized and if they market securities appropriate to the City's needs.

The City Treasurer shall annually send a copy of the current investment policy to all broker/dealers approved to do business with the City. Confirmation of receipt of the City's policy by the broker/dealer shall be considered evidence that the broker/dealer understands the City's investment policies and intends to sell the City only appropriate investments authorized by this investment policy.

### **Collateral Requirements**

Collateral is required for investments in certificates of deposit. In order to reduce market risk, the collateral level will be at least 110% of market value of principal and accrued interest.

In order to conform with the provisions of the Federal Bankruptcy Code that provide for liquidation of securities held as collateral, the only securities acceptable as collateral shall be certificates of deposit, commercial paper, eligible banker's acceptances, medium term notes or securities that are the direct obligations of, or are fully guaranteed as to principal and interest by, the United States or any agency of the United States.

### **Authorized Investments**

Investment of City funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized as further limited herein:

- 1) United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable but current market conditions and interest rate projections may call for shorter terms.
- 2) Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, may be used up to the maximum permitted by the California State Law. LAIF is a demand account so no maturity limitation is required.

Investments detailed in items 3) are further restricted to percentage of the cost value of the portfolio in any one-issuer name to a maximum percentage of 15%. The total value invested in any one issuer shall not exceed 5% of the issuer's net worth. Again, a five-year maximum maturity is applicable unless further restricted by current policy. Market conditions should be evaluated as an important consideration and may indicate a shorter maturity.

- 3) Negotiable certificates of deposit issued by nationally or state chartered bank or state or federal savings institutions. Negotiable certificates of deposit shall be rated in a category of "A" or its equivalent or better by two Nationally Recognized Statistical Rating Organizations. Purchases of negotiable certificates of deposit may not exceed 30% of the total portfolio. A maturity limitation of up to five years is applicable after considered evaluation of the financial markets.

Ineligible investments are those that are not described herein, including, but not limited to, common stocks and long term (over five years maturity) notes, bonds, and time deposits, unless specifically allowed both by state law and City Council approval. It is noted that special circumstances may arise where these methods of investment may become necessary. When this becomes necessary, the City Council will be asked to take the appropriate action to ratify the means of investment necessary, provided that it is allowable by California Code.

### **Legislative Changes**

Any State of California legislative actions that further restrict allowable maturities, investment type, or percentage allocations will supersede any of the material presented herein. In this case, the applicable law will become part and parcel of this investment policy.

### **Interest Earnings**

All moneys earned and collected from investments authorized in this policy shall be allocated monthly to the General Fund and various special funds of the City that legally require interest proration or when City Council action dictates such proration. This distribution will be based on the cash balance in the fund as a percentage of the entire pooled portfolio.

### **Policy Review**

The City of Carmel-by-the-Sea's investment policy shall be approved by resolution of the City Council. This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and yield, and its relevance to current law and financial and economic trends. Any amendments to the policy, other than State and Federal laws that automatically supersede the relevant sections shall be forwarded to the City Council for approval by resolution.