



Fiscal Year 2024-2025 Recommended Budget

Overview

May 21, 2024



Budget Process

- ~~May 7, 2024: FY 24-25 Budget Overview Presentation~~
- May 7 – May 24, 2024: Submit budget questions
- FY 24-25 Budget Workshop on May 21, 2024 @ 4:30pm
 - Details provided on revenue, expenditures, staffing
 - Responses to budget questions received as of May 17
- FY 24-25 Budget Adoption scheduled for June 4, 2024
 - Inclusive of revisions per direction received on May 7 and May 21
 - Responses to budget questions received through May 24



Purpose and Next Steps

- Provide an overview of the FY 24-25 Recommended budget
 - Projected Revenue
 - Projected Expenditures: General Fund, Capital, Debt
 - Projected Fund Balance
- Receive Council direction for any changes



FY 24-25 Budget at-a-Glance

FY 24-25 Recommended Revenues	\$31,431,249
General Fund Operating Expenditures	28,286,593
Debt Service Expenditures	519,100
Pension Unfunded Liability Mitigation Expenditures	2,375,351
Capital Outlay Expenditures	12,579,000
Workers Compensation Expenditures	127,000
FY 24-25 Total Recommended Expenditures	\$43,887,044
Use of Fund Balance for Capital Projects	\$12,455,795
Funded Full Time Equivalent (FTE) positions	97.25

Updated since May 7, 2024 City Council meeting to reflect the following changes:

1. \$6K added to City Council “Community Promotions” for 2 additional discretionary grants
2. \$31K added to Liability Insurance Premiums per updated estimated received May 16, 2024



CITY OF CARMEL-BY-THE-SEA

Fiscal Year 2024-2025 Recommended Budget

Revenue

May 21, 2024



2024-2025 Revenue Objectives

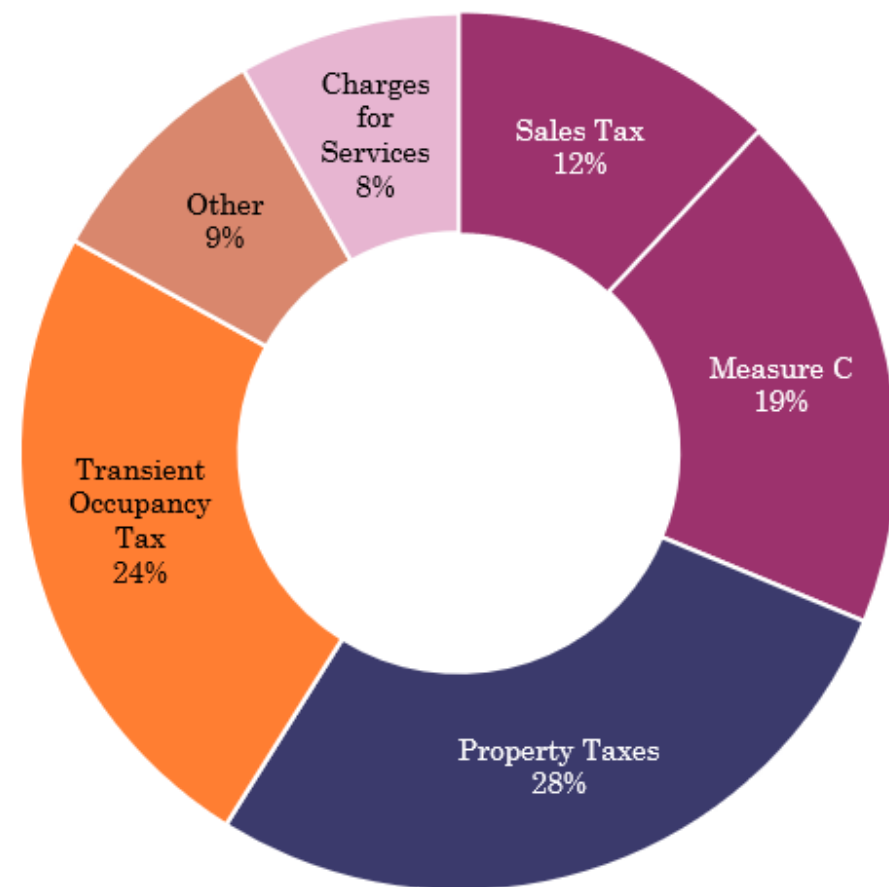
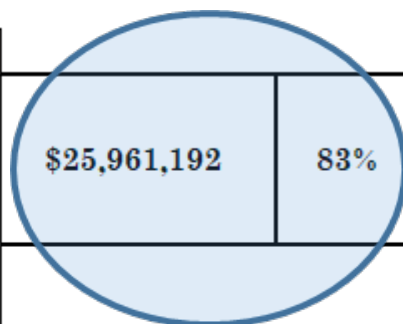
- Discuss where the City's money comes from
- Discuss overall revenue trends
- Focus on major revenue streams
- Project revenues going forward into 2024-2025



Revenues at-a-Glance - \$31.4 M

FY 24-25 Citywide Revenue Sources

Source	Budget	% of Budget
Sales Tax	\$3,738,511	12%
Measure C	6,045,063	19%
Property Taxes	8,634,384	27%
Transient Occupancy Tax	7,543,234	24%
Other	2,920,028	9%
Charges for Services	2,550,029	8%
<i>Building</i>	1,016,714	40%
<i>Ambulance</i>	824,043	32%
<i>Planning</i>	369,561	14%
<i>Other Departmental Charges for Service</i>	339,711	13%
Total	\$ 31,431,249	100%





Revenues: Historical Trends

City's Major Revenues Historical



Fiscal Year *	TOT	Sales **	Property
2016	\$5,890,538	\$4,897,325	\$5,598,743
2017	\$6,112,347	\$5,373,800	\$5,825,889
2018	\$6,329,074	\$5,476,123	\$6,163,959
2019	\$6,882,015	\$5,719,521	\$6,496,558
2020	\$5,115,277	\$4,766,313	\$6,690,948
2021	\$5,339,285	\$7,028,041	\$7,389,656
2022	\$7,787,643	\$9,596,727	\$7,694,722
2023	\$8,455,742	\$9,338,107	\$8,136,928
2024 Estimated	\$7,531,004	\$9,812,657	\$8,481,385
2025 Budget	\$7,543,234	\$9,783,574	\$8,634,384
*ending June 30th			
** Combination of Bradley Burns & Measure C 1.5%			



In the News

Source: MBA Forecast Commentary – April 2024

SUPRISINGLY PERSISTENT INFLATION

Inflation is still too high. CPI showed an annual growth of 3.5%, the strongest annual gain since September 2023. Most of the March 2024 increase was driven by price increases in the service providing industries.

GRADUAL GROWTH EXPECTED IN 2024 FOR HOME SALES
5% INCREASE IN EXISTING HOME SALES

First rate cut from the Fed expected in September 2024. Mortgage rates will remain higher for longer.

JOB MARKET IS STILL QUITE STRONG
Unemployment rate down to 3.8%, March 2024
Although job openings decreased from the peak in 2022, there is still a strong demand from employers. Wages are up 4.1% over the past year.



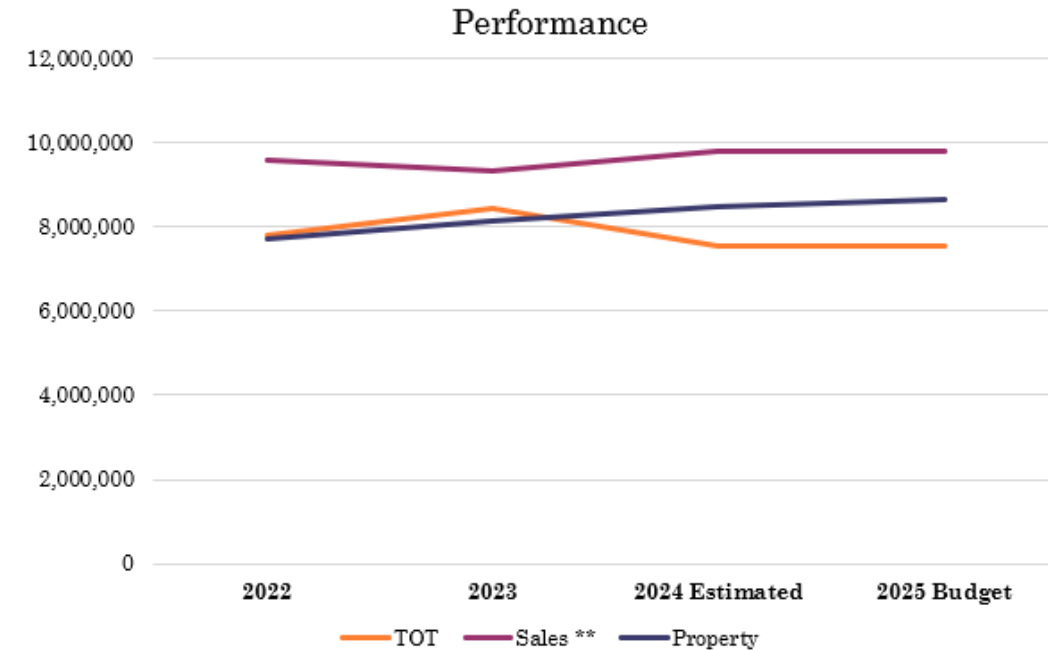
Major Revenues - Performance

Key Revenues	FY 21-22 Actual	FY 22-23 Actual	FY 23-24 Estimated Actual	FY 24-25 Budget
Property Taxes	\$7,694,722	\$8,136,928	\$8,481,385	\$8,634,384
Sales Tax	\$3,626,263	\$3,469,412	\$3,665,207	\$3,738,511
Measure C	\$5,970,464	\$5,868,695	\$6,147,450	\$6,045,063
TOT	\$7,787,643	\$8,455,742	\$7,531,004	\$7,543,234
Total	\$25,079,092	\$25,930,777	\$25,825,046	\$25,961,192

Property tax: Reliable, steady growth for FY24-25

Sales & Measure C taxes: Consumer spending is likely to remain stagnant due to elevated inflation and interest rates causing higher prices at the register. Restaurant sales remain steady, trending slightly towards casual over fine dining.

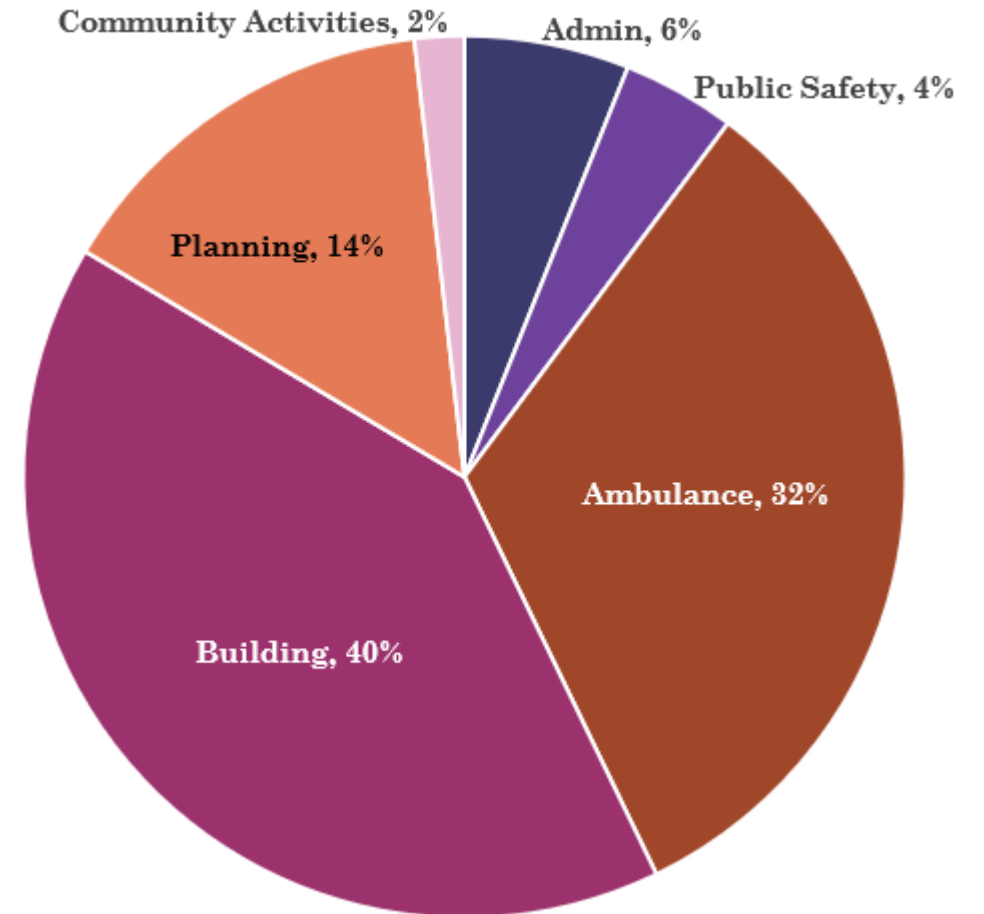
TOT: Guarded FY24-25 projections due to uncertainty of travel and consumer spending as well as lower average occupancy rates and higher average room rates.





Charges For Services - \$2.6 M

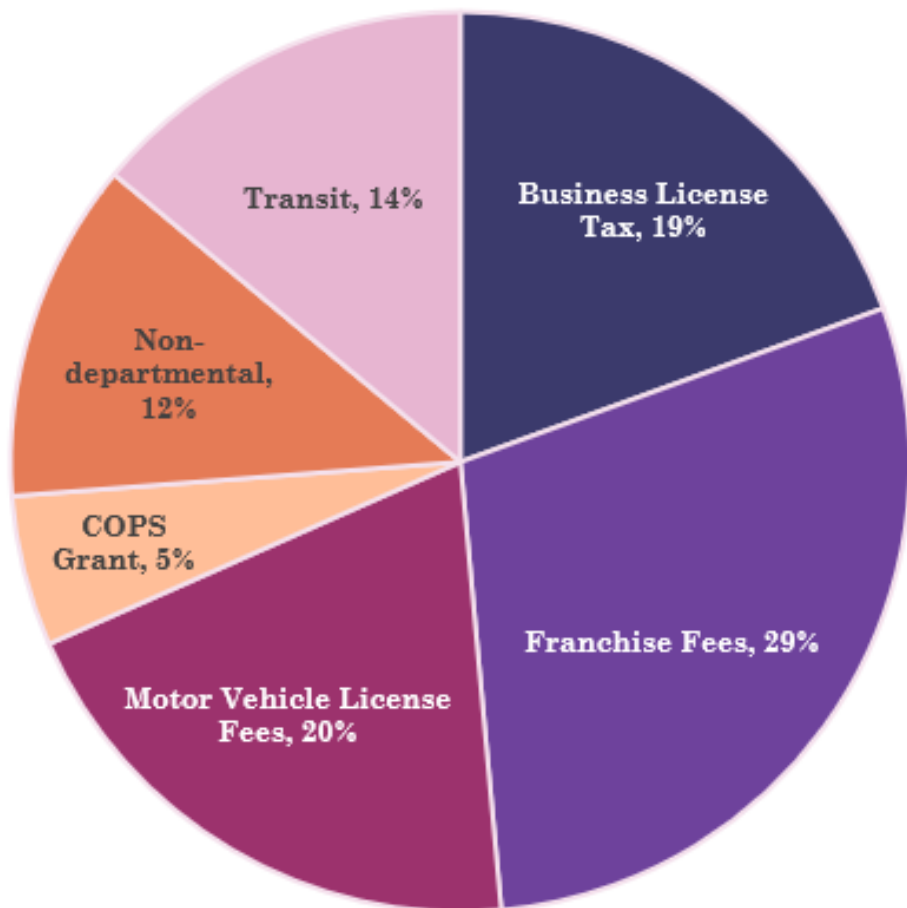
Category	FY 24-25 Budget	% of Budget
Admin	\$152,549	6%
Public Safety	130,282	4%
Ambulance	824,043	32%
Building	1,027,707	40%
Planning	369,561	14%
Community Activities	45,887	2%
Total	\$2,550,029	100%





Other Revenue - \$2.9 M

Other Revenue



Category	FY 24-25 Budget	% of Budget
Business License Tax	\$568,164	19%
Franchise Fees	849,515	29%
Motor Vehicle License Fees	579,091	20%
COPS Grant	158,000	5%
Non-departmental	357,142	12%
Transit	408,116	14%
Total	\$2,920,028	100%



General Revenue Outlook

- We will end FY23-24 in good form fiscally.
- We remain diligent and cautious as we face economic uncertainty and instability due to rising interest rates and market volatility.
- The new reality / new normal remains to be seen:
 - Is decreased hotel occupancy and travel pattern uncertainty temporary?
 - Will trends continue as an indication of permanently modified habits?
 - Fiscally, we should not rely too heavily on either extreme.
- Our tact is to remain conservative and prudently take the middle-ground.
- Mid-Year is an opportunity to make course corrections.



CARMEL-BY-THE-SEA

Revenue Questions...?
Expenditures to follow