



Fiscal Year 2024-2025

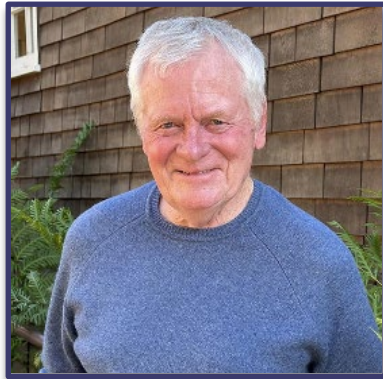
ADOPTED BUDGET

CITY OF CARMEL-BY-THE-SEA



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KAREN FERLITO,
COUNCILMEMBER



ALISSANDRA DRAMOV,
COUNCILMEMBER



CHIP RERIG,
CITY ADMINISTRATOR

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INTRODUCTION

BUDGET MESSAGE

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

In accordance with Carmel Municipal Code Section 3.06.020, I present the City's operating and capital budget for the fiscal year 2024-2025 ("FY 24-25") with tentative adoption on June 4, 2024. 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 risen to a magnitude of challenges over the last year including another season of severe winter storms that absorbed a profound amount of our capacity, and several high interest community projects such as the General Plan Housing Element, and the Police Station Project. Throughout, the City's dedicated staff, volunteer groups and the community at large worked 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 objectives and provides a framework to meet future challenges such as rising operational costs and limited growth in revenues.

As we move forward and plan to implement the Fiscal Year 24-25 operating budget in 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 high interest rates, changes in leisure travel patterns, market distress, and volatility in financial markets. Although far from our backyard, the two major wars currently being fought overseas factor into the overall economic picture. These variables have resulted in a decrease in revenue for many businesses and organizations, and we would be wise to anticipate and prepare for potential impacts on our own financial situation.

At the national level, we have continued to see declines in personal savings which fell from roughly 4.8% in June of 2023 to 3.2% at the time of this document's preparation. This trend 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, so there is also uncertainty around how long [soon] it will be before we see a major change, especially given all of the financial "levers" that have been pulled over the last year by the FED in efforts to affect the economy.

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. Very recently, the Governor has signaled the need to make cuts to the State Budget, which could impact grant funding anticipated to be received by local governments like ours.

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 County-wide tourism industry continues to recover from the pandemic, resulting in a decrease in revenue county-wide. The City's three major sources of General Fund revenue (Property Tax, Sales and Use Tax and Transient Occupancy Tax) continue to increase, but only slightly as the trend of "revenge spending" that was seen coming out of the pandemic continues to flatten. This trend has led to decreased occupancy in our hotels and a remaining uncertainty about travel patterns, impacting two of these three major revenue pillars. It is also worth noting that as Highway 1 through Big Sur more routinely has some sort of annual disaster event, we will continue to see less visitor trade and traffic coming up along the coast from the L.A. area and bringing important visitor dollars to the peninsula.

As I said, the factors identified above may reflect a monetary tightening that could impact the City's revenue pillars into the future. 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 at status quo, and where there may be room to cautiously spend budgetary dollars to enhance services for the Village. Given trends though, it is likely the City will soon need to begin to explore the need for additional sources of revenue to maintain our financial stability or adopt a position of significantly reducing costs in future fiscal years.

The adopted budget is not operationally balanced, meaning the total projected incoming revenue does not fully compensate for our projected expenditures. The adopted budget is, however, structurally balanced – balanced by strategically using "unrestricted fund balance". As discussed at the budget hearings this year, "unrestricted fund balance" is different than our "restricted fund balance" and "reserved fund balance". The "unrestricted fund balance" is not required to be set aside or used for a specific purpose each year, since it comes from revenue that was not spent over past fiscal years as planned (e.g.: unspent Capital Improvement Program dollars). The use of these "unrestricted fund balance" dollars makes it possible to address past and current direction of Council, which is to maintain core services, invest heavily in deferred infrastructure maintenance, natural resource management, community character and of course the Police Building Project. We are fortunate to have an available "unrestricted 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 total \$12,060,795. Using this amount will consume roughly 80% of our current unassigned fund balance, the remainder of which will continue to be saved.

STAFFING

After no increase in the previous Fiscal Year, we will see an increase in the number of City staff. This will be accomplished in part by a restructuring of some existing positions to meet the changing operational needs of the City and to respond to the City Council and Community's desires for additional services. At face value in the FY24-25 budget, it appears that only 1 FTE is being added to the entire workforce, but this number does not reflect the full story, which is the addition of approximately 6 new FTE staff members. In the Library, a total of 1.25 new Library Assistant FTEs are included, which could allow for additional weekend hours; In Community Planning and Building, 1 Principal Planner FTE is included, which will allow for implementation of the General Plan Housing Element; and in Public Works a total of the following 4 new FTEs are included: 1 Maintenance Worker, which will increase capacity to complete deferred maintenance around the Village, 1 Project Manager, which will help with accomplishing more CIP projects without contractors, 1 Assistant City Forester, which will help with response time for development plan review and implementation of the forthcoming Urban Forest Management Plan, and 1 Tree Permit Technician, which will help with processing tree permits and inspection requests.

These new positions are offset in the total count of FTEs by a few things: 1) reclassification of some existing vacant positions which no longer support operational needs such as the Library Circulation Supervisor, and the Public Works Natural Resource Manager; and, 2) The removal of 4 Police Department positions still listed on the City roster which should have been removed after the major restructuring that took place in FY 22-23.

CAPITAL IMPROVEMENT AND MAINTENANCE

On March 4, March 26, and again on May 21, 2024, the City Council reviewed the FY 24-25 Capital Improvement Program. Comprised of 20 CIP projects and 6 Vehicle and Equipment projects, the combined total CIP investment for carry-over plus new projects would be \$12,184,000 – a figure that includes both internal and external funding. Capital projects included in the adopted budget consist of rehabilitation of City facilities, sidewalk and street improvements, enhanced public safety, Citywide ADA improvements, and protection and preservation of the natural environment. More generally speaking, the FY 24-25 budget recognizes the importance of investing in our “green” infrastructure (Mission Trails Nature Preserve, Carmel Beach and Coastline, etc.), and includes funding for continuation of the Police Building project, Library Master planning, and improvements at Sunset Center and other City facilities.

Vehicle & Equipment Fund

The total vehicle acquisition costs for FY 24-25 are budgeted at \$570,000 and the City's 10% replacement reserve target is approximately \$500,000. Currently, the Vehicle & Equipment Fund balance is estimated at \$1,060,000 for FY 23-24 and will be utilized for FY 24-25 acquisitions. The City will continue to maintain the Vehicle & Equipment replacement reserve at 10% of the estimated replacement value of the City's vehicles and equipment, adjusted annually based on CPI.

FISCAL YEAR 24/25 BUDGET AT A GLANCE

FY 24-25 Adopted 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	12,184,000
Workers Compensation Expenditures	127,000
FY 24-25 Total Adopted Expenditures	\$43,492,044
Use of Fund Balance for Capital Projects	\$12,060,795
Funded Full Time Equivalent (FTE) positions	97.25

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 future 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 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,

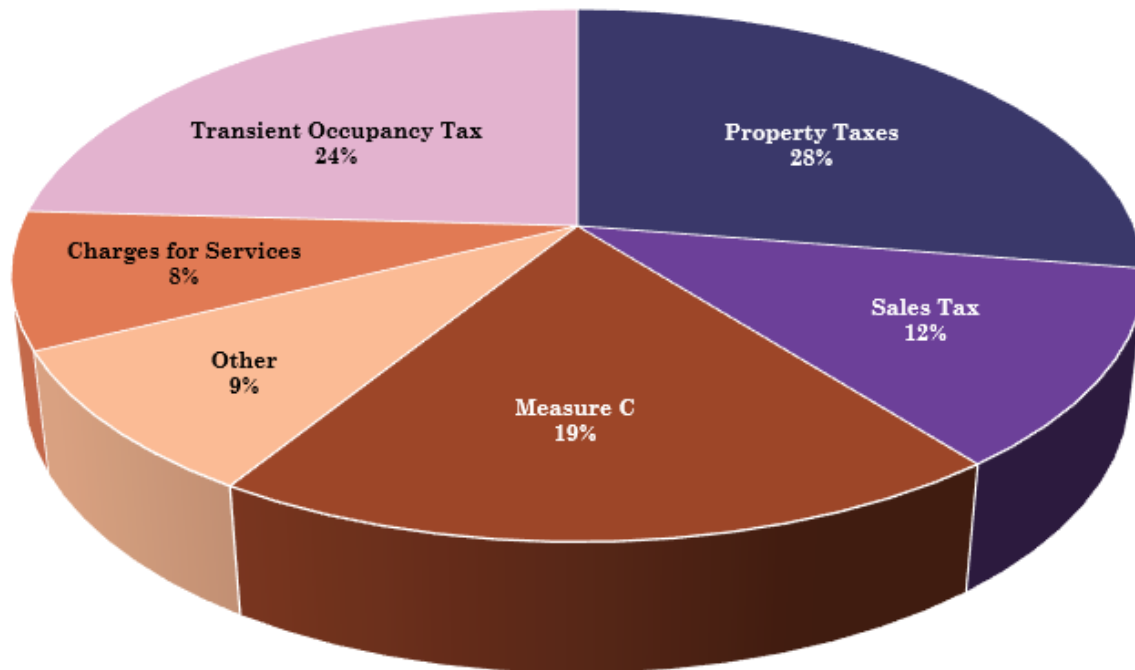


Chip Rerig
City Administrator

REVENUE

The FY 24-25 Adopted Budget includes \$31.4 million in estimated new revenue. As illustrated in the chart below, statewide sales tax (Sales Tax) and local Measure C district tax, contribute 31% and is the largest City revenue source. This reveals the importance and impact of the voter approved of Measure C in 2020. Property Tax reflects its customary stable growth accounting for 28% of the budgeted revenue. Hotel Tax (TOT) increases 2% over last fiscal year to 24% of budgeted revenue, followed by Other Revenues and Charges for Services combined at 17%, a 2% decrease over prior FY 23-24.

FY 24-25 Citywide Revenue Sources



Source	Budget
Property Taxes	\$8,634,384
Sales Tax	3,738,511
Measure C	6,045,063
Other	2,920,028
Charges for Services	2,550,029
Transient Occupancy Tax	7,543,234
Total	\$31,431,249

Property taxes are estimated at \$8.6 million, reflecting a 2% projected growth over the previous year's adopted budget. The City's portion of the Sales Tax is \$3.7 million and Measure C is \$6 million, which remains at 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. Amid COVID-19, Measure C provided a financial lifeline allowing for the continuance of core City services and still factors significantly in funding both operational and capital needs. Sales Tax has also fared well. This FY 24-25 Adopted Budget projects a continuation of status quo in Measure C and Sales Tax trends as consumers remain cautious of inflation and overall price increases of goods and services.

Transient Occupancy Tax ("TOT") is levied at 10% of the rent charged by a hostelry operator within the City. TOT has slowed over the FY 22-23 high. Adopted at \$7.5 million, TOT accounts for 24% of revenues, a 2% increase over FY 23-24. 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 \$2.6 million, or 8% 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 Adopted Budget for Major Revenue Sources

Key Revenues	FY 21-22 Actual	FY 22-23 Actual	FY 23-24 Estimated Actual	FY 24-25 Adopted 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

The City's three major sources of revenue include Property Tax, Sales and Use Taxes, and Transient Occupancy Tax (As detailed in Table 1 above entitled "Estimated Performance and Recommended Budget for Major Revenue Sources").

PROPERTY TAXES

The desirability of Carmel-by-the-Sea as a place to reside, coupled with its limited housing stock, contribute to a strong local real estate market. Property tax revenue has been increasing on average by 6% over the past 9 years, reaching \$8.14 million in fiscal year 2022-2023.

The State median home price is expected to rise 6.2% to \$860,300 in 2024, after dropping 1.5% to \$810,000 in 2023 from \$822,300 in 2022. The City has budgeted Property Tax

revenue to increase 2% over last fiscal year's adopted budget, as it has done in prior years. This budget conservatively projects growth yet remains confident in the stability of Carmel's property tax performance.

SALES AND USE TAXES

The majority of the City's sales and use taxes are attributed to businesses within the categories known as general consumer goods and restaurants. The City receives a portion (1%) of the statewide sales tax, known as Bradley-Burns tax, as well as revenue from a local sales tax. On March 3, 2020, the Carmel electorate voted and approved Measure C to increase the sales tax rate to 1.5%. The timing of Measure C helped minimize the effects of reduced sales tax revenue suffered during the pandemic, allowing the City to survive and recover to pre-pandemic levels by fiscal year 2020-2021. In fiscal year 2021-2022, the City of Carmel-by-the-Sea experienced a peak increase in sales and use tax revenue, a reflection of the "revenge" consumer spending and relief from consumer goods shortages and logistic headaches brought out during COVID-19. Fiscal year 2022-2023 sales and use tax revenue finished slightly under the prior year's high of \$9.6 million at \$9.3 million, a 2.69% decrease.

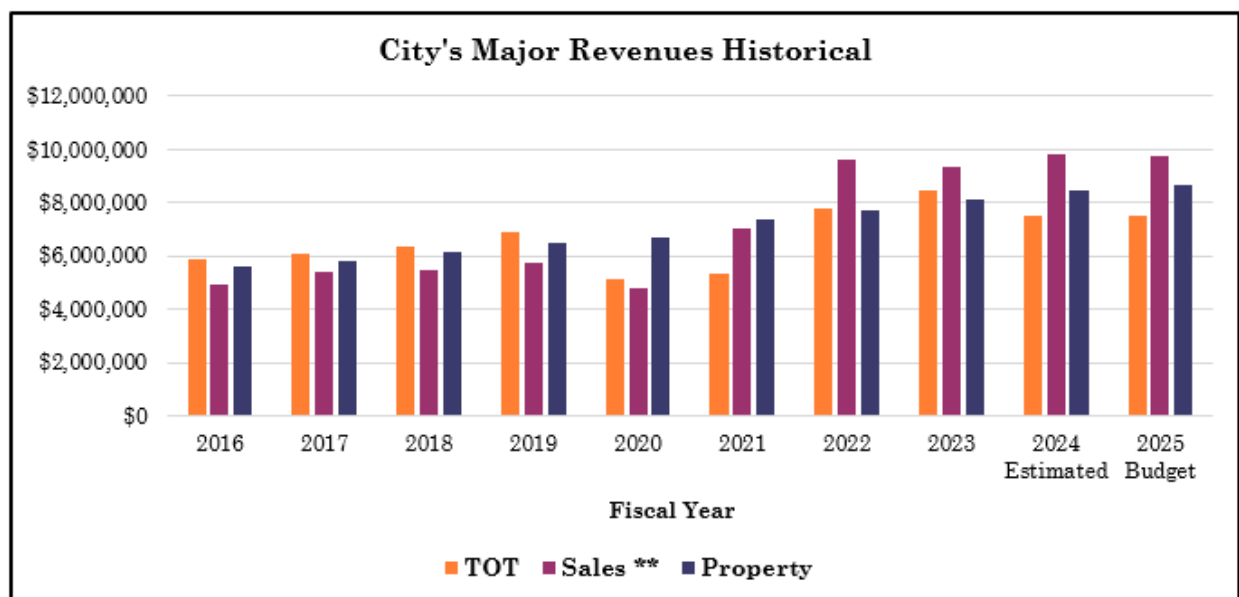
The City remains conservative and vigilant to the current trends, as we are aware that geopolitical tensions, inflation concerns, and interest rates drive consumer spending patterns even at the local level. Consumer spending for certain goods and services remains high, particularly for online shopping and dining. General consumer goods spending slowed by the end of FY 22-23, hitting outlets, galleries and gift shops the hardest. We project stagnant sales tax activity in FY 24-25 and estimate \$3.7 million for local sales tax and \$6 million for Measure C, for a total of \$9.7 million. We also anticipate \$9.7 million in sales tax for FY 23-24.

TRANSIENT OCCUPANCY TAX

The FY 24-25 Adopted Budget for TOT revenue is \$7.5 million, which assumes continued occupancy at the current fiscal year's rate. In FY 23-24, daily occupancy rates have been lower while the daily room rates are higher over prior fiscal year. For the reasons noted above under Sales and Use Taxes, as well as Highway 1 Big Sur closures, we remain guarded in our TOT revenue projections due in large part to consumer travel trends.

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 charts below depicts the performance of the City's three major revenue sources over the last 10 years.

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%			



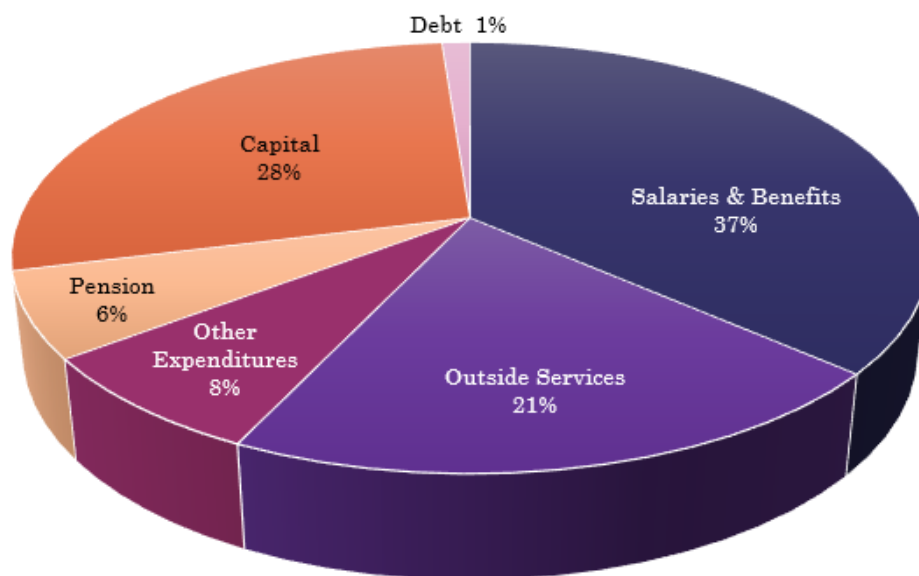
EXPENDITURES

The FY 24-25 Adopted Budget totals \$43.5 million, which consists of the following:

- Operating Budget, or General Fund, totals \$30.7 million, or 71%, of the citywide budget
- Debt service totals \$519,100, or 1% of the citywide budget
- Capital outlay, including Capital Improvement Projects (\$11,614,000) and Vehicles and Equipment (\$580,000), makes up 28% of the adopted budget

The Operating Budget consists of the City's 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 24-25 Expenditure by Type*, the FY 24-25 Budget includes the Operating Budget and Debt Service. The Operating Budget is further categorized by types of expenditure including salaries and benefits, outside services, and other expenditures as explained below.

FY 24-25 Expenditure by Type



Type of Expenditure	Budget
Salaries & Benefits	\$16,016,392
Outside Services	9,044,941
Other Expenditures	3,352,260
Pension	2,375,351
Capital Outlay	12,184,000
Debt Service	519,100
Total	\$43,492,044

The City's largest expenditure is related to the cost of personnel. Salaries and benefits total \$16 million and account for 36% of the citywide budget. Capital Outlay is the second largest type of expenditure at \$12.2 million, or 28% 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 (\$3.3 million); support for the operations of the Sunset Center and other marketing activities (\$1.2 million); legal services (\$517,000); tree care and landscape maintenance (\$1.5 million) and janitorial service (\$280,000).

Other expenditures total \$3.3 million and account for 8% of the citywide budget. This category includes various line-item accounts such as retiree healthcare and citywide operational expenses like property tax assessments and utilities. Also included here are the City's general liability and property insurance premiums (\$1.1 million) 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 \$2.4 million, or 6%, of the budget and only include the annual required unfunded pension liability (\$2.4 million). The City will also make its annual funding transfer to the City's Section 115 trust (\$1.0 million) for pension mitigation, which is intended to help reduce the long term liability of pensions. This transfer is represented as part of Fund 101 (see page 76). After the FY 24-25 transfer, the balance is estimated to be approximately \$4.06M on June 30, 2025.

The citywide budget is rounded out with Debt Service (\$519,100) accounting for 1% of the citywide budget.

Another way to view operating expenditures is by function, as depicted in the *FY 24-25 Expenditures by Function* illustration below. Capital Outlay makes up 28% of operating expenditures. The public safety functions of Ambulance, Fire and Police make up 24% of the budget. The Public Works Department is the next largest operating expenditure at 15% followed by Citywide at 9% 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 23% of the Operating Budget.

FY 24-25 Expenditures by Function



Expenditures	Budget	% of Budget
Administration	\$3,409,232	8%
Citywide	4,115,351	9%
Council	252,934	2%
Legal	517,000	1%
Planning	2,211,584	5%
Ambulance	1,755,492	4%
Fire	3,441,874	8%
Police	5,377,455	12%
Marketing	406,297	1%
Sunset Center	750,000	2%
Library	1,886,724	4%
Public Works	6,538,001	15%
Operating Budget	\$30,661,944	71%
Debt	519,100	1%
Capital	12,184,000	28%
Workers Comp	127,000	0%
Total	\$43,492,044	100%



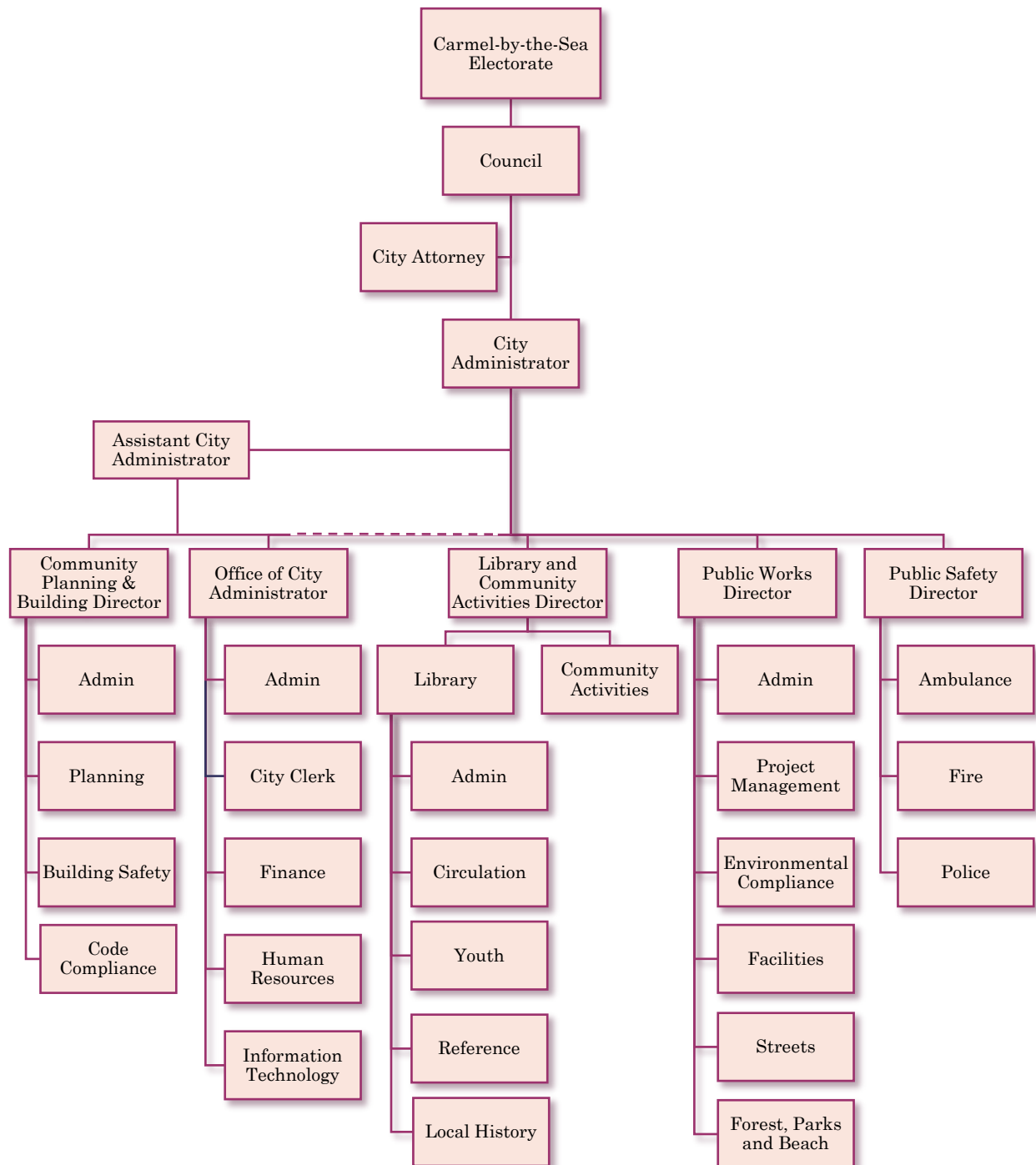
FY 24-25 AUTHORIZED POSITIONS

Department and Title	FY 23/24 Adopted	FY 24/25 Adopted	FY 24/25 Change
Council			
Councilmember	4.00	4.00	0.00
Mayor	1.00	1.00	0.00
City Council Total	5.00	5.00	0.00
Administration			
City Administrator	1.00	1.00	0.00
Assistant City Administrator	1.00	1.00	0.00
Administrative Coordinator	0.50	1.00	0.50
Administrative Analyst	1.00	1.00	0.00
City Clerk	1.00	1.00	0.00
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
Finance Specialist	1.50	1.00	-0.50
Accountant	1.00	1.00	0.00
Retired Annuitant - Extra help (480 hrs)	0.23	0.00	-0.23
Finance Analyst	1.00	1.00	0.00
Administration Total	12.23	12.00	-0.23
Community Activities			
Community Services Assistant	1.00	1.00	0.00
Executive Assistant	0.50	0.50	0.00
Community Activities Total	1.50	1.50	0.00
Library			
Circulation Supervisor	1.00	0.00	-1.00
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	4.00	1.00
Hourly Library Assistant	2.00	3.25	1.25
Executive Assistant	0.50	0.50	0.00
Library Total	12.50	13.75	1.25
Community Planning & Building			
Administrative Coordinator	1.00	1.00	0.00
Assistant Planner	1.00	1.00	0.00
Associate Planner	2.00	2.00	0.00
Building Inspector	1.00	1.00	0.00
Building Official	1.00	1.00	0.00
Code Compliance Coordinator	2.00	2.00	0.00
Permit Technician	1.00	1.00	0.00
Planning & Building Services Director	1.00	1.00	0.00
Principal Planner	1.00	2.00	1.00
Community Planning & Building Total	11.00	12.00	1.00

Department and Title	FY 23/24 Adopted	FY 24/25 Adopted	FY 24/25 Change
Public Works			
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
Maintenance Worker I/II	7.00	8.00	1.00
Public Works Superintendent	1.00	1.00	0.00
Maintenance Worker III	2.00	2.00	0.00
Street Supervisor	1.00	1.00	0.00
Project Manager	1.00	2.00	1.00
Facilities Maintenance Supervisor	1.00	1.00	0.00
Facilities Maintenance Specialist	1.00	1.00	0.00
Natural Resources Manager	1.00	0.00	-1.00
Assistant City Forester	0.00	1.00	1.00
City Forester	1.00	1.00	0.00
Administrative Analyst	2.00	2.00	0.00
Tree Permit Technician	0.00	1.00	1.00
Tree Climber & Care Specialist	1.00	1.00	0.00
Public Works Total	22.00	25.00	3.00
Police			
Community Services Officer	1.00	1.00	0.00
Community Services Officer/Animal Control	1.00	1.00	0.00
Community Services Officer - 2 year limited term*	2.00	0.00	-2.00
Corporal	2.00	0.00	-2.00
Police Commander	1.00	1.00	0.00
Police Officer	5.00	5.00	0.00
Police Officer/Detective	1.00	1.00	0.00
Police Officer/FTO	2.00	2.00	0.00
Police Services Supervisor	0.00	1.00	1.00
Police Services Officer	6.00	6.00	0.00
Police/Patrol Officer	1.00	1.00	0.00
Police Officer - 2 year limited term*	1.00	0.00	-1.00
Public Safety Director	1.00	1.00	0.00
Sergeant	2.00	2.00	0.00
Police Total	26.00	22.00	-4.00
Ambulance			
Paramedic/Firefighters	6.00	6.00	0.00
Ambulance Total	6.00	6.00	0.00
Citywide Total Funded Positions	96.23	97.25	1.02



ORGANIZATIONAL CHART



OPERATING BUDGET

GENERAL FUND - 101
(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 INITIATIVES AND ACCOMPLISHMENTS

- Develop Telecommunication Ordinance consistent with federal law
- Stormwater Ordinance Update
- Car Week Safety and Impacts
- Review barriers to construction of affordable housing (Housing Element Adoption)

2024-2025 PRIORITIES

- Continued oversight of the implementation of the strategic plan and updating of City priorities to include some of the following: plan for natural areas, reduce fire risk, review opportunities for enhanced fire/ambulance service; develop forest management plan and update tree ordinance; update zoning code & design guidelines; ADU ordinance; wireless ordinance; increase beautification effort; review barriers to affordable housing; explore street addresses, develop a facilities master plan; underground utilities rule 20A; explore reinstatement of design review board; explore opportunities for Flanders Mansion and Scout House.
- 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

- Community Promotions includes \$36,000 for the Council discretionary grant program, \$3,000 for United Way 211, \$3,000 for the Monterey County Film Commission, and \$86,600 for the cost of courier service for the mail delivery program for a total budget of \$122,600.

City Council				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-110-00-41008	Salaries -Elected	\$9,600	\$9,600	\$9,600
101-110-00-41101	Retirement	80	80	88
101-110-00-41104	Health Insurance	36,210	36,210	52,517
101-110-00-41105	Social Security	484	484	484
101-110-00-41106	Medicare	139	139	139
101-110-00-41108	Worker's Comp	133	133	160
	Salaries & Benefits Subtotal	\$46,646	\$46,646	\$62,988
101-110-00-42005	Community Promotions	\$105,793	\$105,796	\$128,600
101-110-00-42007	Regional Memberships	48,996	48,996	50,546
101-110-00-42101	Office Supplies	450	0	450
101-110-00-42302	Conferences & Meetings	8,350	7,100	10,350
	Services & Supplies Subtotal	\$163,589	\$161,892	\$189,946
	Total	\$210,235	\$208,538	\$252,934

Regional Memberships				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-110-00-42007	Transportation Agency of Monterey County	\$1,295	\$1,295	\$1,295
101-110-00-42007	Association of Monterey Bay Area Governme	3,950	3,950	3,950
101-110-00-42007	Monterey Peninsula Chamber of Commerce	900	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	1,900	1,900
101-110-00-42007	League of CA Cities	3,380	3,380	3,380
101-110-00-42007	League of CA Cities- Monterey Bay Division	300	300	300
101-110-00-42007	LAFCo	16,796	16,796	16,796
101-110-00-42007	Community Human Services	17,625	17,625	19,175
101-110-00-42007	CoastWalks/Coastal Trail Association	300	300	300
101-110-00-42007	Carmel Chamber of Commerce	475	475	475
	Total	\$48,996	\$48,996	\$50,546



ASSOCIATION OF
MONTEREY BAY AREA
GOVERNMENTS



CITY ATTORNEY

The City Council appoints the City Attorney. The City Attorney represents the City as legal counsel 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 24-25 contract services budget totals \$442,000 and consists of \$360,000 for general legal services and \$75,000 for other specialized legal assistance from the City attorney's office, including labor negotiations and personnel. The budget also includes \$7,000 for the City attorney's annual performance evaluation. There are no changes from FY 23-24 adopted budget.
- \$75,000 is budgeted for supplementary specialized legal costs, such as wireless communications and labor negotiations.

City Attorney				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-112-00-42001	Contract Services	\$442,000	\$442,000	\$442,000
101-112-00-42004	Legal Costs	75,000	20,000	75,000
Total		\$517,000	\$462,000	\$517,000



ADMINISTRATION

The City Administrator is appointed by the City Council and is ultimately 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 of all City Departments. The Assistant City Administrator serves at the behest of the City Administrator to assist in managing the activities and operations of the City, act in the absence of the City Administrator, and serve as the Director of the centralized administrative city functions of City Clerk, Finance, Human Resources, and Information Technology.

2023-2024 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
- Pursued collaborative relationships with USPS and the Postmaster and through staff research produced four next step options in exploring street addresses
- Awarded Certificate of Achievement for Excellence in Financial Reporting for the City's Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2022
- Continued execution of the City's multi-pronged financial strategy to address pension liability
- Updated the City's Purchasing Policy
- Refreshed the City's website
- Completed public engagement phase through public meetings and outreach for the Parking and Traffic Management Program

2024-2025 PRIORITIES

- Explore Opportunities for Flanders Mansion
- Explore Street Addresses
- Develop and Implement a Social Media Plan
- Explore Parking and Traffic Management Program
- Review and update reserve and financial policies
- Transient Occupancy Tax (TOT) increase: Explore a ballot measure for 2024 election
- Carmel Area Wastewater District (CAWD) Bridge to Everywhere Project
- Board and Commissioner Training



BUDGET SUMMARY AND SERVICE IMPACTS

Office of the City Administrator				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-111-00-41001	Salaries	\$1,550,992	\$1,364,837	\$1,849,792
101-111-00-41003	Salaries -Part time	36,806	0	0
101-111-00-41005	Overtime	0	486	0
101-111-00-41101	Retirement	95,751	85,547	125,810
101-111-00-41103	Deferred Compensation	45,363	51,773	48,261
101-111-00-41104	Health Insurance	294,986	211,286	363,609
101-111-00-41106	Medicare	25,560	19,839	26,821
101-111-00-41107	LTD/STD/Life	1,823	1,199	1,691
101-111-00-41108	Worker's Comp	34,130	29,762	40,958
101-111-00-41109	Benefits-MOU Obligations	10,400	5,665	10,400
Salaries & Benefits Subtotal		\$2,095,811	\$1,770,394	\$2,467,342
101-111-00-42001	Contract Services	\$512,150	\$360,446	\$213,715
101-111-00-42002	Recruiting Services	41,100	35,000	71,100
101-111-00-42003	Auditing Services	51,650	57,990	87,000
101-111-00-42006	Records Management	6,000	7,333	7,000
101-111-00-42009	Advertising and Legal Notices	22,000	20,932	22,900
101-111-00-42015	Other Services	12,000	26,362	24,800
101-111-00-42101	Office Supplies	8,325	6,775	10,375
101-111-00-42102	Publications & Subscriptions	301,210	302,140	269,480
101-111-00-42106	Small Tools and Equipment	0	0	1,200
101-111-00-42202	Equipment Maintenance	42,500	4,045	24,600
101-111-00-42301	Training & Education	10,700	10,365	10,200
101-111-00-42302	Conferences & Meetings	14,400	14,777	16,125
101-111-00-42304	Dues & Memberships	4,470	3,035	8,550
101-111-00-42305	Mileage Reimbursement	50	0	0
101-111-00-42306	Employee Programs	2,950	2,950	3,000
101-111-00-42307	Employee Appreciation	20,700	16,200	18,500
101-111-00-42403	Printing	14,100	11,107	9,800
101-111-00-42404	Shipping/Postage/Freight	18,700	18,130	24,545
101-111-00-42405	Telephone & Communications	118,000	117,815	80,000
101-111-00-42406	Bank & Merchant Fees	17,500	1,850	4,000
101-111-00-42407	Computer Non Capital	32,000	17,400	32,000
101-111-00-42410	Pre-employment Costs	3,000	1,500	3,000
Services & Supplies Subtotal		\$1,253,505	\$1,036,152	\$941,890
Total		\$3,349,316	\$2,806,546	\$3,409,232



ADMINISTRATION

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.

Administration				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-111-10-42001	Contract Services	\$115,550	\$37,595	\$60,000
101-111-10-42015	Other Services	12,000	26,362	24,800
101-111-10-42101	Office Supplies	6,375	6,465	6,375
101-111-10-42102	Publications & Subscriptions	650	320	540
101-111-10-42302	Conferences & Meetings	7,400	8,079	5,325
101-111-10-42304	Dues & Memberships	1,350	900	1,350
101-111-10-42307	Employee Appreciation	1,200	1,200	0
101-111-10-42403	Printing	100	0	100
101-111-10-42404	Shipping/Postage/Freight	18,500	18,130	24,545
Services & Supplies Subtotal		\$163,125	\$99,051	\$123,035

CITY CLERK

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. The Clerk Records the City's legislative history through approved minutes and maintaining City Ordinances and the Municipal Code; facilitates applications for appointments to boards and commissions and coordinates Statements of Economic Interest as well as campaign and other financial disclosure-related filings.

City Clerk				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-111-11-42001	Contract Services	\$50,600	\$50,600	\$52,300
101-111-11-42006	Records Management	6,000	6,000	7,000
101-111-11-42009	Advertising and Legal Notice	15,000	15,000	15,000
101-111-11-42101	Office Supplies	0	0	1,000
101-111-11-42302	Conferences & Meetings	2,000	1,500	2,000
101-111-11-42304	Dues & Memberships	385	385	500
101-111-11-42403	Printing	11,000	11,000	5,500
Services & Supplies Subtotal		\$84,985	\$84,485	\$83,300

FINANCE

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. The Finance Department also provides treasury services, invests revenue, and issues and manages debt.

Finance				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-111-12-42001	Contract Services	\$227,000	\$216,420	\$47,710
101-111-12-42003	Auditing Services	51,650	57,990	87,000
101-111-12-42102	Publications & Subscriptions	28,315	34,680	21,000
101-111-12-42301	Training & Education	900	695	2,500
101-111-12-42304	Dues & Memberships	635	0	600
101-111-12-42305	Mileage Reimbursement	50	0	0
101-111-12-42403	Printing	2,600	2,262	3,800
101-111-12-42406	Bank & Merchant Fees	17,500	1,850	4,000
Services & Supplies Subtotal		\$328,650	\$313,897	\$166,610

HUMAN RESOURCES

Human Resources (HR) 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. HR Staff is responsible for negotiating Memorandums of Understanding with the City's three labor 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 in the budget under Employee Appreciation.

HR				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-111-13-42001	Contract Services	\$8,000	\$8,000	\$8,100
101-111-13-42002	Recruiting Services	41,100	35,000	71,100
101-111-13-42009	Advertising & Legal Notice	7,000	7,000	7,900
101-111-13-42101	Office Supplies	450	310	500
101-111-13-42102	Publications & Subscriptions	6,000	1,200	1,700
101-111-13-42301	Training & Education	9,500	9,500	1,500
101-111-13-42302	Conferences & Meetings	4,800	4,800	8,800
101-111-13-42304	Dues & Memberships	1,600	1,400	6,100
101-111-13-42306	Employee Programs	2,950	2,950	3,000
101-111-13-42307	Employee Appreciation	19,500	15,000	18,500
101-111-13-42403	Printing	400	400	400
101-111-13-42404	Shipping/Freight/Postage	200	0	0
101-111-13-42410	Pre-employment Costs	3,000	1,500	3,000
Services & Supplies Subtotal		\$104,500	\$87,060	\$130,600

INFORMATION TECHNOLOGY

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, Councilmembers, and the community. In addition, IT supports and continuously improves essential technology infrastructure for enabling day-to-day operations of the City.

IT				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-111-14-42001	Contract Services	\$111,000	\$62,825	\$45,605
101-111-14-42101	Office Supplies	1,500	0	2,500
101-111-14-42102	Publications & Subscriptions	266,245	265,940	246,240
101-111-14-42106	Small Tools and Equipment	0	0	1,200
101-111-14-42202	Equipment Maintenance	42,500	4,045	24,600
101-111-14-42301	Training & Education	300	170	6,200
101-111-14-42302	Conferences & Meetings	200	132	0
101-111-14-42304	Dues & Memberships	500	400	0
101-111-14-42405	Telephone and Communications	118,000	117,815	80,000
101-111-14-42407	Computer Non capital	32,000	17,400	32,000
Services & Supplies Subtotal		\$572,245	\$468,727	\$438,345

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 increases by \$432,584, or 22%, in FY 24-25 compared to the FY 23-24 Adopted Budget. The FY23-24 lump sum payment was paid in July 2023 for a savings of \$65,000 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.
- On September 7, 2021, Council authorized the adoption of a Section 115 Trust known as the Public Agencies Post Employment Benefits Trust administered by the Public Agency Retirement Service (PARS). Since then, City staff has deposited three (3) \$1 million annual contributions into the Trust, which were approved by Council to be made over a period of five years. The City will be contributing the fourth annual \$1 million tranche into the Section 115 Trust in FY 24-25.
- The City's liability insurance premiums are budgeted to increase by \$155,535, or 16%.
- The utility expenses for the Forest Theater are separated out for tracking purposes, as required by the lease with the Pacific Repertory Theater.

Non-Departmental				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-130-00-42501	Liability Insurance Premium	\$946,965	\$946,010	\$1,102,500
101-130-00-42503	PERS Unfunded Accrued Liability Payment	2,942,767	1,942,767	2,375,351
101-130-00-42504	Insurance Claims Paid	30,000	42,500	50,000
101-130-00-42505	Utilities	245,000	307,003	269,500
101-130-00-42506	Property Tax Assessments	91,755	90,910	100,000
101-130-00-42508	Unemployment Costs	15,000	5,000	15,000
101-130-00-42510	Retiree Health Share	84,980	84,850	95,000
101-130-00-42511	County Property Tax Admin Fees	89,335	89,335	98,000
101-130-00-42512	Forest Theater Utilities	10,000	0	10,000
Total		\$4,455,802	\$3,508,375	\$4,115,351

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 Pacific Repertory Theater (Pac Rep) 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 two organizations, *Visit Carmel* and *See Monterey* to manage visitors. Visit Carmel, as the City's destination marketing organization (DMO), maintains the City's official travel website (www.carmelcalifornia.com) and develops targeted and seasonal marketing campaigns to encourage visitors to stay overnight, dine, and shop within the Village. See Monterey, as the DMO for all of Monterey County, works to manage and educate visitors coming to the broader County who may also choose to visit Carmel-by-the-Sea.

In addition to supporting these visitor management 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 See Monterey 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 (CRID) and remits these funds to Visit Carmel for marketing efforts to increase food and beverage sales within the City. An ordinance of the City Council renewed the CRID for a term of nine years and six months beginning January 1, 2024 and ending on June 30, 2033.

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”.

BUDGET SUMMARY AND SERVICE IMPACTS

Funding for Visit Carmel has and continues to be budgeted in the amount of \$120,000 annually. Funding to See Monterey is \$226,297, which equates to 3% of the FY 24-25 Transient Occupancy Tax revenue budget of \$7,453,000.

Marketing & Economic Development				
Account Number	Details	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-122-00-42008	SCC- Sunset Center Operating Grant	\$750,000	\$750,000	\$750,000
101-122-00-42008	See Monterey	204,030	204,030	226,297
101-122-00-42008	Visit Carmel	120,000	120,000	120,000
101-122-00-42008	Carmel Chamber of Commerce	60,000	60,000	60,000
		\$1,134,030	\$1,134,030	\$1,156,297



LIBRARY AND COMMUNITY ACTIVITIES

LIBRARY

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

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



2023-2024 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- 15,722 reference and information questions were answered.
- 2,088 library cards were issued.
- 85,223 library items were circulated.
- 5,006 people attended library programs.
- 120,194 visits were made to the library.
- 9,390 log-ins were made to library wi-fi.
- 84,485 digital items (e-books, audios, magazines, films, music) were accessed.
- 5 new oral history interviews were captured.

2023-2024 INITIATIVES AND ACCOMPLISHMENTS

- Worked with the Community Activities Department, Police Department, and Carmel CERT to launch the Carmel Prepares initiative to communicate with the community on a regular basis on regional agency preparedness efforts and to encourage citizens to be prepared for disasters and emergencies.

- With funds from the Harrison Memorial Library Board of Trustees purchased equipment to turn the Park Branch Library into a charging station for the community during power outages.
- Created space in Park Branch Library for ongoing Friends of the Library book sales.
- Began working with the Carmel-by-the-Sea Rotary to launch Dolly Parton Imagination Library countywide to provide free books to children aged 5 and under.

2024-2025 PRIORITIES

- Restore Saturday hours.
- Complete a new Library's Strategic Plan.
- Continue to work on moving the Library Facilities Master Plan project forward.

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				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-120-00-41001	Salaries	\$796,461	\$842,840	\$920,168
101-120-00-41003	Salaries -Part time	228,106	88,985	301,662
101-120-00-41101	Retirement	46,077	52,706	58,669
101-120-00-41103	Deferred Compensation	15,000	6,885	15,600
101-120-00-41104	Health Insurance	129,079	126,000	158,212
101-120-00-41105	Social Security	11,142	5,294	18,703
101-120-00-41106	Medicare	14,856	13,395	17,718
101-120-00-41107	LTD/STD/Life	1,311	1,200	1,205
101-120-00-41108	Worker's Comp	25,204	22,032	30,324
101-120-00-41109	Benefits-MOU Obligations	16,640	16,904	16,640
Salaries & Benefits Subtotal		\$1,283,876	\$1,176,241	\$1,538,901
101-120-00-42001	Contract Services	\$5,530	\$4,884	\$6,530
Services & Supplies Subtotal		\$5,530	\$4,884	\$6,530
Total		\$1,289,406	\$1,181,125	\$1,545,431



COMMUNITY ACTIVITIES

The Community Activities Department encourages and supports 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 special events, beach events, and filming, in addition to organizing 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).



2023-2024 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- Planned and facilitated twelve City special events.
- An estimated 6,000 people attended City Special Events.
- Issued 46 event, beach, and film permits.



2023-2024 INITIATIVES AND ACCOMPLISHMENTS

- Worked with the Library, Police Department, and Carmel CERT to launch the Carmel Prepares initiative to communicate with the community on a regular basis on regional agency preparedness efforts and to encourage citizens to be prepared for disasters and emergencies, which will be a biannual event going forward.
- Collaborated with Public Works on a combined Community, Earth, and Arbor Day celebration, in addition to the annual Community Day event in the Fall.
- Continue to work with Car Week event organizers to build Car Week in Carmel back to something like it was pre-pandemic.

2024-2025 PRIORITIES

- Holding beloved annual special events and always looking for ways to make them safer and more fun.
- Building and sustaining community partnerships for current special events and future smaller events.
- Soliciting community input on new small community-oriented events and initiatives through surveys, Farmers' Market outreach, and work with community partners.
- Continuing to facilitate community gatherings and special events, and ensure that processes are streamlined and conducive to encouraging events within the bounds of current city regulations.
- Continue to keep the Council informed on new initiatives and provide report outs on items like Car Week and the Farmers' Market.



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.

Community Activities				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-121-00-41001	Salaries	\$143,756	\$46,680	\$154,116
101-121-00-41101	Retirement	11,314	3,290	14,672
101-121-00-41103	Deferred Compensation	2,100	0	2,100
101-121-00-41104	Health Insurance	33,257	3,700	35,379
101-121-00-41106	Medicare	2,084	650	2,235
101-121-00-41107	LTD/STD/Life	195	60	205
101-121-00-41108	Worker's Comp	8,269	7,228	9,948
101-121-00-41109	Benefits-MOU Obligations	2,080	0	2,080
Salaries & Benefits Subtotal		\$203,055	\$61,608	\$220,735
101-121-00-42001	Contract Services	\$35,975	\$34,169	\$88,245
101-121-00-42005	Community Promotions	56,567	56,567	23,465
101-121-00-42009	Advertising and Legal Notice	7,350	7,350	8,300
101-121-00-42101	Office Supplies	300	200	250
101-121-00-42403	Printing	1,050	1,012	300
Services & Supplies Subtotal		\$101,242	\$99,298	\$120,560
Total		\$304,297	\$160,906	\$341,295

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.

PLANNING

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.

BUILDING SAFETY

The Building Safety Division is responsible for plans examination and inspections of City and private development projects to ensure compliance with building codes.

CODE COMPLIANCE

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.



2023-2024 INITIATIVES AND ACCOMPLISHMENTS

- Began work on Phase 2 update of the City's Historic Context Statement.
- Adopted and certified an update to the City's General Plan Housing Element for the 6th Cycle of the Regional Housing Needs Allocation (RHNA).
- Adopted a full update to the City's Wireless Ordinance, including robust public participation and complete redraft to all 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: expanding the online payment system, simplifying CPB's website portal, refreshing SOPs for the Building and Planning processes.
- Certified an update to the City's Timeshare Ordinance with the California Coastal Commission.
- Multiple community workshops and meetings for the Design Traditions 1.5 Project, following the release of a first draft update to the Commercial and Residential Guidelines.
- Conducted citywide code compliance effort to bring excess outdoor seating/guest amenities still remaining from the Covid-19 emergency proclamation into conformity or to gain the required permits.
- Conducted complete fee study on department wide permit fees, adjusted amounts, and implemented new fees.
- Completed first draft of ADU ordinance, held public workshop with Planning Commission, and worked with Coastal Commission and HCD staff to refine policy language.
- Purchased and rolled-out of two (2) electric bicycles for Planning, Building, and Code Compliance inspections.

2024-2025 PRIORITIES

- Continued implementation of the CPB 2019 strategic plan, with a focus on customer service, technology, and streamlining processes.
- Begin year one of eight to implement the General Plan Housing Element and utilize State grant funding through the Regional Early Action Planning (REAP) 2.0 program.
- Adopt the General plan Safety Element updates by December 2024.
- Adopt Phase 2 (final phase) of the Historic Context Statement update.
- Adoption of: (1) updated Accessory Dwelling Unit Ordinance; (2) updated Beach Fire Ordinance.
- Formalize a Long-Range Planning work plan to help with planning and tracking ordinance related tasks.
- Update the City's Mills Act Policy and bring it to City Council for Consideration.

- Complete the 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.
- Complete a successful recruitment to install a new Director of Community Planning and Building
- 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

Community Planning & Building				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-115-00-41001	Salaries	\$1,298,806	\$1,042,408	\$1,408,426
101-115-00-41005	Overtime	3,452	9,025	3,623
101-115-00-41101	Retirement	63,654	51,025	81,116
101-115-00-41103	Deferred Compensation	9,900	7,748	10,200
101-115-00-41104	Health Insurance	276,527	215,812	348,542
101-115-00-41106	Medicare	18,832	14,751	20,423
101-115-00-41107	LTD/STD/Life	1,613	1,124	1,664
101-115-00-41108	Worker's Comp	25,245	22,032	30,330
101-115-00-41109	Benefits-MOU Obligations	18,720	14,335	20,800
Salaries & Benefits Subtotal		\$1,716,749	\$1,378,260	\$1,925,124
101-115-00-42001	Contract Services	\$468,400	\$437,600	\$241,900
101-115-00-42009	Advertising and Legal Notice	500	500	500
101-115-00-42101	Office Supplies	6,400	6,400	6,400
101-115-00-42102	Publications & Subscriptions	1,425	1,425	1,425
101-115-00-42104	Safety Equipment and Supplies	800	200	2,700
101-115-00-42107	Gas and Oil	250	100	250
101-115-00-42115	Other Supplies	2,900	2,900	3,950
101-115-00-42301	Training & Education	9,805	5,500	11,305
101-115-00-42302	Conferences & Meetings	8,350	2,500	8,350
101-115-00-42304	Dues & Memberships	7,980	2,600	8,680
101-115-00-42403	Printing	1,000	1,000	1,000
Services & Supplies Subtotal		\$507,810	\$460,725	\$286,460
Total		\$2,224,559	\$1,838,985	\$2,211,584

Planning contract services (\$136,010 total) includes items such as \$82,500 for General Plan Housing Element implementation and Safety Element updates; \$40,000 for scanning rolled plans stored at Vista Lobos, and \$40,000 for the completion of Phase 2 update of the Historic Context Statement. The City will receive a total of \$82,500 in various State grant awards to offset some of the contract services associated with the Housing Element and the Historic Context Statement Update.

The State has signaled that potential housing program budget cuts will be made to balance the overall State budget. Due to this, it is likely that the previously awarded REAP 2.0 Grant from last fiscal year (\$85,000), will be reduced by 50% to \$42,500 in this coming fiscal

year. This reduction has been reflected in the FY 2024/24 budget. The REAP 2.0 Grant funds are used for Housing Element implementation.

In an effort to continue professionalizing and growing the Board and Commission members along with the Community Planning and Building Department staff, the overall budget for training and education has been increased to include training for boards and commissions.

The Planning Department is seeking to add one (1) new position, which would effectively be the Housing Element implementation planner. This position would be created at the Principal Planner level. With the 6th Cycle Housing Element now adopted, the task at hand is an 8-year implementation plan. This complex and detailed plan will require a full-time effort, that will be undertaken and managed by this new position. The addition of this new Planning Position will also greatly reduce the need to utilize costly contract support for the implementation of the Housing Element.

PLANNING

Community Planning & Building: Planning				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-115-20-42001	Contract Services	\$367,600	\$367,600	\$136,100
101-115-20-42009	Advertising and Legal Notice	500	500	500
101-115-20-42101	Office Supplies	6,400	6,400	6,400
101-115-20-42102	Publications & Subscriptions	1,425	1,425	1,425
101-115-20-42104	Safety Equipment and Supplies	800	200	2,700
101-115-20-42115	Other Supplies	2,900	2,900	1,750
101-115-20-42301	Training & Education	5,325	3,000	6,825
101-115-20-42302	Conferences & Meetings	4,000	1,000	4,000
101-115-20-42403	Printing	1,000	1,000	1,000
Services & Supplies Subtotal		\$393,050	\$385,625	\$164,500

BUILDING SAFETY

Community Planning & Building: Building				
101-115-21-42001	Contract Services	\$90,800	\$60,000	\$90,800
101-115-21-42107	Gas and Oil	250	100	250
101-115-21-42115	Other Supplies	0	0	2,200
101-115-21-42301	Training & Education	4,480	2,500	4,480
101-115-21-42302	Conferences & Meetings	3,350	1,500	3,350
101-115-21-42304	Dues & Memberships	2,080	1,000	2,080
Services & Supplies Subtotal		\$100,960	\$65,100	\$103,160

CODE COMPLIANCE

Community Planning & Building: Code Compliance				
101-115-22-42001	Contract Services	\$10,000	\$10,000	\$15,000
101-115-22-42301	Training & Education	1,000	0	1,000
101-115-22-42302	Conferences & Meetings	2,800	0	2,800
Services & Supplies Subtotal		\$13,800	\$10,000	\$18,800

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

The Administration Division prepares Council agenda reports, monthly status reports, and annual 5-year Capital Improvement Plan, make presentations, serves as Executive Team liaison to the Forest and Beach Commission and on the Transportation Agency for Monterey County Technical Advisory Committee (TAMC TAC) and Traffic Safety Committees, liaison to volunteer groups throughout the City, performs engineering services, and provides administrative support, budgeting, scheduling, and performance oversight of the operating divisions.

STREET MAINTENANCE

The Street Maintenance Division supervises Public Works field personnel, prioritizes and allocates equipment, tools, and material 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.



FACILITIES MAINTENANCE

The Facilities Maintenance Division maintains and repairs 20 City-owned buildings and facilities with 137,000 square feet, including 8 historic buildings nearly 100 years old, supports facility renovation capital improvements, oversees janitorial contract, obtains quotes and manages building trade contractors, implements ADA projects, and performs annual fire safety apparatus, generators, and backflow inspections.

ENVIRONMENTAL COMPLIANCE

The Environmental Compliance Division 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 ReGen



Monterey and Monterey Regional Stormwater Management Program TAC committees, manages sensitive projects in the North Dunes and Mission Trail Nature Preserve (MTNP), evaluates energy reduction initiatives, and coordinates with partners on resiliency, environmental, and sustainability-focused projects.

FORESTRY, PARKS AND BEACH

The Forestry, Parks and Beach Division performs tree management for 10,000+ City trees, including planting, pruning, and removal services, prepares reports and presentations for 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 private development applications, manages multiple on-call tree care and landscape maintenance service contractors, and provides emergency response during storms.



PROJECT MANAGEMENT

The Project Management Division implements planning, engineering, design, public bidding, and construction- of capital improvement projects, including transportation, drainage, and facility renovation projects, performs condition assessments, manages consultants and contractors, coordinates with utilities and other City departments, prepares special conditions of approval for major encroachment permits, checks technical reports and plans, obtains permits, and prepares specifications, contract documents, and cost estimates.

2023-2024 INITIATIVES AND ACCOMPLISHMENTS

- Facilitated community volunteer organizations in obtaining permits for projects such as Leadership Carmel's Forest Hill Park "Nature Play" project and Carmel Cares' Scenic Road Barrier Rails
- Continued developing the Urban Forest Master Plan and completed technical studies
- Planted new trees following removal of dozens of dead, diseased, and hazardous trees that were removed via task orders by our on-call tree services contractors
- Coordinated emergency response and clean up of tree incidents from February 2024 storms
- Established 48 sites which receive ongoing landscaping maintenance by our on-call landscaping contractor

- Updated the City's Stormwater Ordinances
- Issued two Emergency Coastal Development Permits to repair six beach access stairways
- Completed Phase I of the Coastal Engineering Study, including the Shoreline Assessment and Beach Change Analysis, Erosion Exposure Modeling, Coastal Hazards, and Sea Level Rise Vulnerability Assessment
- Awarded a \$500,000 Coastal Commission Local Coastal Program Grant to perform Phase 2
- Held the 2nd-Annual Earth Day/Arbor Day celebration
- Installed new split rail fencing at Forest Hill Park and the North Dunes Habitat Restoration area
- Implemented waste management compliance with organics and recycling regulations, and implemented a new waiver application process
- Installed new dual, ribbon style, trash and recycling cans throughout downtown and residential areas
- Supported the re-formed Climate Committee
- Remodeled the Police Dispatch Office
- At Sunset Center, installed new bollards, a recirculating fire pump system, and replaced the heater for Carpenter Hall
- Completed other Facility Renovation Projects: Fire Station back patio resurfacing, Police evidence locker installation, and Park Branch Library dumbwaiter decommissioning
- Updated the "StreetSaver" Pavement Management System database
- Used 30 tons of asphalt to fill potholes and street repairs and 70 gallons of traffic paint to update pavement markings
- As a Public Works team building project, rebuilt a foot bridge in MTNP and installed new roadway surfacing and new gate at the Preserve entrance at Eleventh Avenue
- Began using the all-electric Street Sweeper and received a \$250,000 rebate from 3CE
- Auctioned 7 surplus vehicles for a total of \$36,000
- Completed construction of the following Capital Improvement Projects:
 - City Hall Retaining Wall Repair Project
 - MTNP – Well Abandonment, and Removal of Tank and Pump House



- Completed construction of the FY 22 Paving Project, which included the City's first application of micro-surfacing and establishment of the first official bike route along San Carlos Street
 - Hazardous materials remediation and painting the exterior of Sunset Center and Harrison Memorial Libraries
- Electrical panel assessments at four sites: Public Works, City Hall, and Fire Station, and Ocean Avenue median
- Completed engineering, design, and environmental review of the following Capital Projects:
 - MTNP – 3 Drainage Improvements for Stream Stability
 - Four Drainage System repairs and bottlenecks
 - FY 23 Concrete Street Repair Project
 - FY 23-24 Street Resurfacing Project
 - San Antonio Pathway Repairs (Second to Fourth Avenues)
 - Sunset Center Retaining Wall Repairs
 - Electrical Panel Upgrade at Vista Lobos
 - Police Building - completed building condition assessment and Police Department space needs
 - Developed a conceptual design for Sunset Center Portico

2024-2025 PRIORITIES

- Adopt and implement the Urban Forest Master Plan, which will kick off a 3-year “catch up” plan with the goal of resolving the backlog of Stump Removals and Tree Removals for dead, dying, or diseased trees. The backlog is anticipated to be reduced by 1/3 by the end of FY 24-25. A “catch up” plan will also be implemented to plant trees equal to the number of trees which fell in recent years’ storms, all the while continuing to replant 1-for-1 for non-storm removals. All progress on these efforts will be reported monthly at Forest & Beach Commission meetings.
- Establish an Underground Utility District utilizing PG&E Rule 20A funds.
- Develop adaptation strategies and launch public outreach for Coastal Engineering Study, Phase 2
- Continue North Dunes Restoration Improvements and Reporting Implement updates to the Monterey Regional StormWater Management Program and Reporting
- Construct the FY 24 Street Resurfacing Project, including 4 bid additives from the FY 22 paving project and the San Antonio/Ocean Avenues intersection reconstruction from the FY 23 concrete streets project
- Construct four Drainage System repairs and bottleneck improvements
- Complete construction of the MTNP – 3 Drainage Improvements for Stream Stability
- Construct the Electrical Panel Upgrade and EV Chargers at Vista Lobos

- Implement beautification projects, notably the re-landscaping of the Ocean Avenue Medians
- Construct the City Hall Roof Replacement and Sunset Center Cottage Window Repairs
- Reconstruct the San Antonio Pathway
- Repair retaining walls at Sunset Center
- Remove and replace 167 trees and remove 200 stumps

BUDGET SUMMARY AND SERVICE IMPACTS

Public Works Department Total				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-119-00-41001	Salaries	\$2,285,627	\$1,928,611	\$2,702,652
101-119-00-41101	Retirement	127,616	125,586	174,564
101-119-00-41103	Deferred Compensation	23,223	18,433	26,523
101-119-00-41104	Health Insurance	437,009	364,480	631,333
101-119-00-41106	Medicare	34,189	27,845	39,190
101-119-00-41107	LTD/STD/Life	3,201	2,395	3,287
101-119-00-41108	Worker's Comp	108,118	94,697	130,340
101-119-00-41109	Benefits-MOU Obligations	33,280	30,452	39,520
Salaries & Benefits Subtotal		\$3,067,263	\$2,609,865	\$3,762,409
101-119-00-42001	Contract Services	\$2,216,450	\$1,395,427	\$2,369,162
101-119-00-42009	Advertising and Legal Notice	2,500	67	5,000
101-119-00-42101	Office Supplies	5,000	2,317	3,000
101-119-00-42102	Publications & Subscriptions	6,500	7,670	5,000
101-119-00-42104	Safety Equipment and Supplies	10,000	8,487	10,000
101-119-00-42105	Materials and Supplies	242,000	124,241	247,550
101-119-00-42106	Small Tools and Equipment	2,000	1,063	14,500
101-119-00-42107	Gas and Oil	48,000	23,477	30,000
101-119-00-42202	Equipment Maintenance	20,000	6,775	10,000
101-119-00-42203	Vehicle Maintenance	27,000	25,424	38,000
101-119-00-42301	Training & Education	12,000	10,712	15,000
101-119-00-42304	Dues & Memberships	3,500	475	3,180
101-119-00-42403	Printing	2,000	250	2,000
101-119-00-42408	Permits and Licenses	13,000	10,884	13,200
101-119-00-42409	Rentals	9,200	5,732	10,000
Services & Supplies Subtotal		\$2,619,150	\$1,623,001	\$2,775,592
Total		\$5,686,413	\$4,232,866	\$6,538,001

ADMINISTRATION

The Administration Division budget includes funding for Contract Services (\$32,200), including uniforms and software contracts, training (\$15,000), subscriptions (\$5,000), and office supplies (\$3,000). Line item increases reflect all field positions being filled.

PW Administration				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-119-40-42001	Contract Services	\$22,500	\$19,124	\$32,200
101-119-40-42009	Advertising and Legal Notice	2,500	67	5,000
101-119-40-42101	Office Supplies	5,000	2,317	3,000
101-119-40-42102	Publications & Subscriptions	6,500	7,670	5,000
101-119-40-42104	Safety Equipment and Supplies	10,000	8,487	10,000
101-119-40-42301	Training & Education	12,000	10,712	15,000
101-119-40-42304	Dues & Memberships	3,500	475	3,180
101-119-40-42403	Printing	2,000	250	2,000
Services & Supplies Subtotal		\$64,000	\$49,102	\$75,380

STREET MAINTENANCE

The Street Maintenance Division budget includes funding for Materials and Supplies (\$71,000) for black and pick mutt mitts (\$30,000), asphalt, sidewalk pavers, and traffic paint, Equipment and Vehicle Maintenance (\$10,000), Fuel (\$30,000), and Contract Services (\$46,200) including reconstruction of the San Antonio Pathway, between Second and Fourth Avenues damaged by January storms and subject to FEMA reimbursement.

PW Street				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-119-41-42001	Contract Services	\$78,000	\$24,845	\$46,200
101-119-41-42105	Materials and Supplies	67,000	33,993	71,000
101-119-41-42106	Small Tools and Equipment	2,000	1,063	14,500
101-119-41-42107	Gas and Oil	48,000	23,477	30,000
101-119-41-42202	Equipment Maintenance	20,000	6,775	10,000
101-119-41-42203	Vehicle Maintenance	27,000	25,424	38,000
101-119-41-42409	Rentals	9,200	5,732	10,000
Services & Supplies Subtotal		\$251,200	\$121,309	\$219,700

FACILITIES MAINTENANCE

The budget for the Facilities Maintenance Division includes funding for Contract Services (\$571,762) including janitorial (\$280,412), alarm monitoring, and generator services, HVAC, plumbing, roofing, and electrical repairs, and Materials & Supplies (\$94,350) for doors, hardware, lighting, filters, plumbing, and first aid supplies.

PW Facilities				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-119-42-42001	Contract Services	\$615,000	\$442,536	\$571,762
101-119-42-42105	Materials and Supplies	109,000	63,140	94,350
Services & Supplies Subtotal		\$724,000	\$505,676	\$666,112

ENVIRONMENTAL COMPLIANCE

The Environmental Compliance Division budget includes funding for Contract Services (\$292,800), including SB1383 implementation, recycling containers, and waste hauler oversight (\$8,000), stormwater quality enforcement and watershed monitoring (\$26,000). Cleaning of storm drains, on-call environmental consultants, and climate change initiatives, and Permits and Licenses (\$13,200) for stormwater and Air Resources District permits and MTNP invasive removals and North Dunes habitat monitoring services.

PW Environmental Compliance				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-119-43-42001	Contract Services	\$272,250	\$108,956	\$292,800
101-119-43-42408	Permits and Licenses	13,000	10,884	13,200
Services & Supplies Subtotal		\$285,250	\$119,840	\$306,000

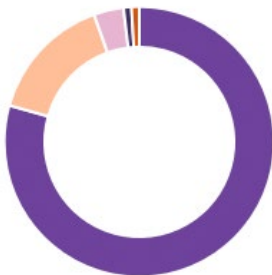
FORESTRY, PARKS AND BEACH

The Forestry, Parks, and Beach Division budget includes funding for Contract Services (\$1,426,200), including tree contractors for removals, pruning, stump grinding, MTNP tree work, beautification projects (\$25,000), landscape maintenance contract (\$179,200), and materials and supplies (\$82,200). Contract service budget increases reflect dead/unsafe tree removals and the backlog of stumps, all part of a 3-year tree maintenance catch-up plan.

PW Forest & Beach				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
Salaries & Benefits Subtotal		\$774,432	\$442,635	\$1,229,136
101-119-45-42001	Contract Services	\$1,228,700	\$799,966	\$1,426,200
101-119-45-42105	Materials and Supplies	66,000	27,108	82,200
Services & Supplies Subtotal		\$1,294,700	\$827,074	\$1,508,400
Total		\$2,069,132	\$1,269,709	\$2,737,536

FY 24-25 FORESTRY, PARKS & BEACH EXPENDITURE DETAIL

■ Tree Related Services 79% ■ Landscaping Services 15% ■ New trees/plants 4% ■ Equipment 1% ■ Landscaping & Irrigation Materials 1%



Type of Expenditure	Budget	Percentage
Tree Related Services	\$ 1,197,000	79%
Landscaping Services	229,200	15%
New trees/plants	54,000	4%
Equipment	14,200	1%
Landscaping & Irrigation Materials	14,000	1%
Total	\$ 1,508,400	100%

PUBLIC SAFETY

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

POLICE DEPARTMENT

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 (VIPs) that assists with daily clerical activities, errands, public outreach and special events and the City Community Emergency Response Team (CERT) of volunteers ready to assist the community during an emergency situation.



FIRE DEPARTMENT

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

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.

2023-2024 INITIATIVES AND ACCOMPLISHMENTS

- Vacancies were filled to include, (1) Police Chief/Director of Public Safety, (1) Police Officer, and (2) Dispatchers.
- Began developing new contract language for Fire services with the City of Monterey.
- A new radio tower was purchased in conjunction with Monterey County and a grant through the Bay Area Urban Areas Security Initiative (UASI). The installation of the tower is in its final stages and should allow the police department the ability to transition to the digital network used by all county law enforcement agencies.
- A new Ambulance and Fire Engine were ordered to replace aging vehicles.

- The police department is working to convert a majority of its fleet to fully electric vehicles. The department purchased two fully electric vehicles, one administrative vehicle and an electric pick-up, which will be used for patrol operations.
- Volunteer groups like (VIPS) volunteers in policing and (CERT) Community Emergency Response Team were utilized during essential situations such as storms and flooding.
- In January 2024, in Conjunction with City Departments, including Fire, Public Works, Library, Forestry, VIP's, CERT, and County Agencies including, Monterey County Department of Emergency Management and CalFire, began a planned series of educational forums for the public called Carmel Prepares. The series will include bi-annual training for our village on how to prepare for emergencies in our village.
- 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. The VIP's provide a variety of services for the village, including acting as ambassadors for the village by helping to direct and educate visitors. Our VIP's play an important role during emergencies, including traffic control and operating and maintaining our Temporary Assistance Center.



- Our Carmel CERT (Community Emergency Response Team) was also integral to our safety in the community and was activated multiple times during the storm emergencies 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 disaster related know-how. They need to be self-sufficient and support others until further help can arrive.

2024-2025 PRIORITIES

- Continue recruitments to fill additional Police Officer positions and be fully staffed.
- Continue work towards the completion of the Police Department Remodel Project.
- Upgrade outdated computer equipment in police vehicles and parking scooters.
- Increase efforts in retention of police officers through positive leadership and training in preparation for promotional advancement and growth.

- Increase transparency and education of the use and placement of the Flock camera system.

BUDGET SUMMARY AND SERVICE IMPACTS

POLICE DEPARTMENT

- The FY 24-25 Budget reflects a total decrease of \$404,964 from the FY 23-24 Budget.
- The Department will continue to focus on patrol and response to public safety needs.
- The FY 24-25 Budget reflects an increase of \$21,023 in services and supplies over FY 23-24. The increase is primarily the result of upgrading aging equipment, and an increased ammunition prices, providing CERT team uniforms and equipment, and training and supplies needed to fill vacant positions. Training expenses were increased to add Critical Incident Training, De-escalation and Racial Bias Training for all department members. Contract services include expenses critical to operations including dispatch, jail booking and animal services provided by Monterey County; tasers, body and surveillance cameras and associated maintenance costs.

Police				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-116-00-41001	Salaries	\$841,462	\$556,210	\$706,786
101-116-00-41002	Salaries -Safety	2,488,403	1,752,210	2,173,856
101-116-00-41006	Overtime -Safety	205,000	386,000	205,000
101-116-00-41009	Holiday in Lieu	188,251	158,800	160,018
101-116-00-41101	Retirement	53,829	39,830	56,159
101-116-00-41102	Retirement -Safety	373,000	289,300	364,915
101-116-00-41103	Deferred Compensation	141,617	164,800	176,051
101-116-00-41104	Health Insurance	519,944	354,900	531,906
101-116-00-41106	Medicare	54,507	42,700	47,397
101-116-00-41107	LTD/STD/Life	4,108	2,475	3,117
101-116-00-41108	Worker's Comp	156,971	137,214	188,860
101-116-00-41111	Uniform Allowance	36,000	28,800	23,040
Salaries & Benefits Subtotal		\$5,063,092	\$3,913,239	\$4,637,105
101-116-00-42001	Contract Services	\$411,707	\$350,000	\$416,555
101-116-00-42005	Community Promotions	1,500	1,200	4,500
101-116-00-42101	Office Supplies	8,800	7,700	8,800
101-116-00-42102	Publications & Subscriptions	420	130	420
101-116-00-42104	Safety Equipment and Supplies	114,000	79,000	101,000
101-116-00-42107	Gas and Oil	50,000	45,600	45,000
101-116-00-42201	Building Maintenance	15,000	320	2,000
101-116-00-42202	Equipment Maintenance	31,675	32,500	81,200
101-116-00-42203	Vehicle Maintenance	28,000	20,120	25,000
101-116-00-42301	Training & Education	30,550	18,500	28,000
101-116-00-42304	Dues & Memberships	1,775	1,200	1,475
101-116-00-42403	Printing	7,300	5,300	6,300
101-116-00-42404	Shipping/Postage/Freight	600	500	600
101-116-00-42405	Telephone and Communications	9,000	4,000	9,500
101-116-00-42415	Other Expenditures	9,000	8,400	10,000
Services & Supplies Subtotal		\$719,327	\$574,470	\$740,350
Total		\$5,782,419	\$4,487,709	\$5,377,455

FIRE DEPARTMENT

- The FY 24-25 Budget reflects a total increase of \$235,815 from the FY 23-24 Amended Budget.
- Contract services include fire services provided by the City of Monterey (\$3,253,597).
- The FY 24-25 Budget also includes funding for fuel (\$19,000) and vehicle maintenance (\$40,000) as Carmel is responsible for vehicle repair and replacement under the contract with Monterey.



Fire				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-117-00-42001	Contract Services	\$3,078,609	\$3,078,609	\$3,346,924
101-117-00-42005	Community Promotions	1,000	0	1,000
101-117-00-42103	Medical Supplies	3,000	0	3,000
101-117-00-42104	Safety Equipment and Supplies	27,500	2,000	27,500
101-117-00-42107	Gas and Oil	19,000	10,000	19,000
101-117-00-42202	Equipment Maintenance	6,950	2,700	4,450
101-117-00-42203	Vehicle Maintenance	70,000	70,000	40,000
Total		\$3,206,059	\$3,163,309	\$3,441,874

CARMEL FIRE AMBULANCE

- The FY 24-25 Budget reflects a total decrease of \$36,108 from the FY 23-24 Amended Budget.
- Overtime reflects an anticipated decrease from FY 23-24 Estimated Actual due to being fully staffed.
- Contract services include station coverage by the City of Monterey as needed (\$85,000), ambulance billing (\$48,000), Monterey Fire management of Ambulance personnel (\$27,222). Other major expenses include medical supplies (\$48,150), fuel and vehicle maintenance (\$21,000 and \$37,000 respectively), safety equipment (\$17,500) and required training to maintain credentials (\$19,150).



Ambulance				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
101-118-00-41002	Salaries -Safety	\$826,109	\$677,292	\$828,493
101-118-00-41006	Overtime -Safety	140,000	231,533	140,000
101-118-00-41009	Holiday in Lieu	75,401	74,040	53,920
101-118-00-41102	Retirement -Safety	107,640	80,654	118,036
101-118-00-41103	Deferred Compensation	5,400	5,100	5,400
101-118-00-41104	Health Insurance	93,642	75,265	133,767
101-118-00-41106	Medicare	15,154	14,056	14,903
101-118-00-41107	LTD/STD/Life	858	644	791
101-118-00-41108	Worker's Comp	84,013	73,438	101,080
101-118-00-41111	Uniform Allowance	3,600	3,000	5,400
Salaries & Benefits Subtotal		\$1,351,817	\$1,235,022	\$1,401,790
101-118-00-42001	Contract Services	\$275,483	\$180,000	\$195,902
101-118-00-42101	Office Supplies	1,000	0	1,000
101-118-00-42103	Medical Supplies	48,150	27,400	48,150
101-118-00-42104	Safety Equipment and Supplies	37,000	18,600	17,500
101-118-00-42107	Gas and Oil	21,000	11,000	21,000
101-118-00-42201	Building Maintenance	7,000	1,600	10,000
101-118-00-42202	Equipment Maintenance	4,000	850	4,000
101-118-00-42203	Vehicle Maintenance	27,000	2,600	37,000
101-118-00-42301	Training & Education	19,150	480	19,150
Services & Supplies Subtotal		\$439,783	\$242,530	\$353,702
Total		\$1,791,600	\$1,477,552	\$1,755,492

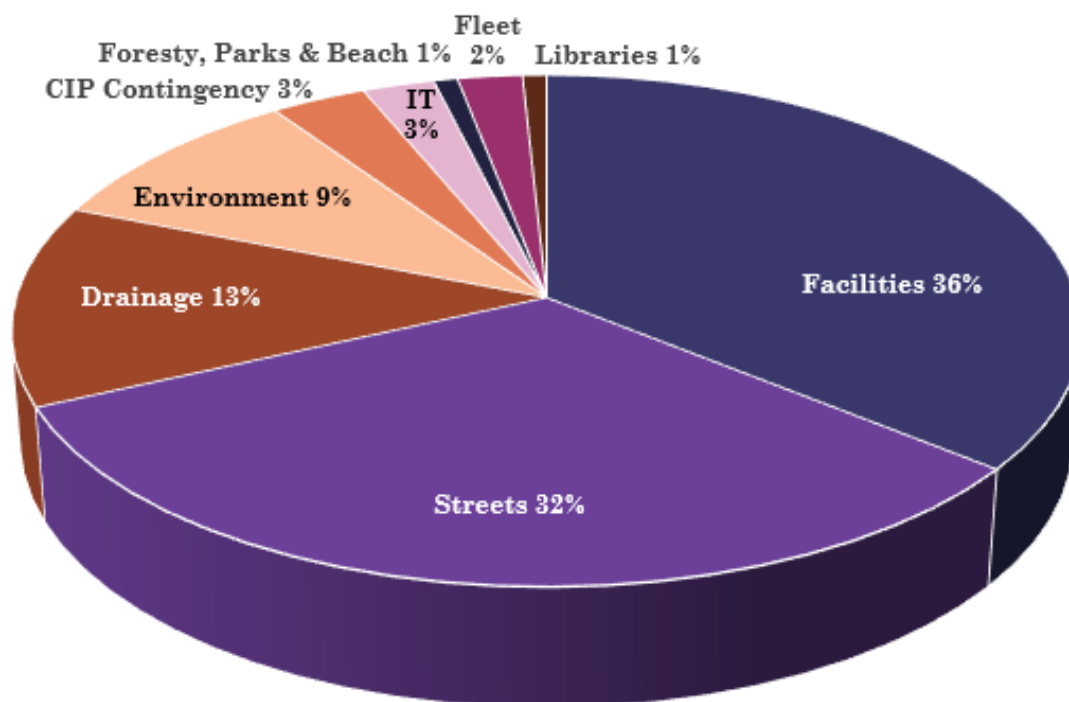
CAPITAL IMPROVEMENT PLAN (CIP)

CAPITAL IMPROVEMENT PLAN

The FY 24-25 Adopted Budget includes \$12.2 million for capital projects. This level of capital spending represents 29% of the total citywide budget of \$43.5 million and requires the use of \$12.1 million of the City's unassigned fund balance. Sales tax revenue generated by Measure C, the City's local sales tax, also plays a pivotal role in providing 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 below in the "FY 24-25 CIP Funding by Category" chart. Streets account for 32% of capital expense, with a proposed budget of \$3.95 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 carryover for Police Department renovations. Also included in facilities are deferred facility maintenance items equaling \$1.1 million that addresses Sunset Center North Electrical Lot Panel, Vista Lobos EV charging stations and Electrical Panel, City Hall roofing and Sunset Center Cottage Window Repairs.

FY 24-25 CIP Funding by Category



Drainage projects reach \$1.6 million, 13% of the CIP budget, and include drainage system repairs and MTNP Streams 3 Drainage project. Included in this fiscal year's budget is a \$400,000 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 \$570,000 for the projects listed in Table 1, FY 24-25 Adopted Vehicle and Equipment Acquisitions and Funding Source.

VEHICLE AND EQUIPMENT FUND

Table 1: FY 24-25 Adopted Vehicle and Equipment Acquisitions and Funding Source

Vehicle and Equipment Fund			
Account Number	Account Description	FY24-25 Recommended	Funding Source
503-513-00-43005	Public Works Dump Truck	\$150,000	V&E Fund Balance
503-513-00-43005	Police EV Patrol Vehicle	90,000	V&E Fund Balance
503-513-00-43006	Police Radios Lease (Year 4 of 6)	30,000	V&E Fund Balance
503-513-00-43007	Council Chambers AV Upgrade	70,000	V&E Fund Balance
503-513-00-43007	Core Networks	50,000	V&E Fund Balance
503-513-00-43007	Network Firewalls	180,000	V&E Fund Balance
Total		\$570,000	

Funding for vehicles and equipment 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.

Ambulance

A contract to build the new ambulance and furnish equipment for \$410,000 was executed last fiscal year. Delivery is anticipated in late 2025. Funding of \$275,000 from the Vehicle and Equipment Fund and a \$50,000 donation will be carried forward into FY 24-25 until the invoice is due. The estimated \$85,000 balance for the ambulance will be programmed in FY 25-26.

Fire Engine

In October 2022, Council appropriated \$880,000 and added the fire engine into the Fiscal Year (FY) 22-23 Capital Improvement Program (CIP). The Pierce Manufacturer Enforcer diesel fire engine has been ordered with delivery anticipated by late 2025. Although the purchase is complete, the project is being carried forward until delivery of the fire engine.

Public Works Dump Truck

In October 2022, Public Works' 5-yard dump truck, a 1995 F700, broke down with a seized transmission, was towed to the Vista Lobos parking lot, and still remains there. Due to its

age and the unavailability of a new transmission, the truck needs to be replaced. In the interim, dump trucks have been rented periodically for certain tasks, but this approach is not sustainable.

A dump truck is needed year-round by all divisions in the Public Works Department. The dump truck is often used for hauling materials such as debris, wood chips, tree-rounds, logs, sand, gravel, decomposed granite, and asphalt.

The estimated cost for a 2024 or 2025 Ford F650 chassis (or similar) and a 5-yard dump bed is \$150,000. Preliminary research has not yet resulted in a cost-effective electric vehicle alternative, but research will continue. With proper maintenance, a new truck should have a life expectancy of another 20+ years.

Police Electric Vehicle (EV) Patrol Vehicle

The Police EV Patrol Vehicle will replace a gas-powered 2017 Dodge Charger that has reached the end of its useful life. This vehicle continues to have mechanical issues, which require increasingly expensive repairs, and it is no longer reliable for emergency response.

The estimated cost of \$90,000 includes the purchase of the EV and outfitting it for Police use. Grants from Central Coast Community Energy (3CE) will be pursued for all new EVs. While the amount of any potential grants is unknown at this time, staff estimates that up to \$15,000 in rebates or incentives may be funded by 3CE. The existing gas-powered vehicle will ultimately be sold pursuant to the City's surplus equipment policies.

Police Radios Lease (Years 4 of 6)

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

Council Chambers AV Upgrade

In 2017, the Council Chambers' Audio Visual (A/V) system was upgraded from standard to high definition. However, some of the equipment has reached the end of its useful life, and IT staff and vendors have determined that it needs to be replaced to be functional.

Upgrades are crucial to ensure smooth facilitation of hybrid meetings, accommodating both in-person and remote participation, especially via Zoom. Reliable audio and video systems are essential for seamless remote engagement and comprehensive meeting recordings. Therefore, allocating resources for timely A/V infrastructure upgrades aligns with modern communication demands and demonstrates the City's commitment to inclusive civic engagement. The estimated cost is \$70,000.

Core Networks

The existing Arista switches that connect our computer server locations together were purchased in November 2016 and have reached the end of their useful life. The manufacturer no longer provides updates or support for these switches. The budget for new core networks is \$50,000.

Network Firewalls

Purchased in April 2017, the existing network firewalls, which protect the City from costly and disruptive cyber attacks have reached the end of their useful life and must be replaced as soon as possible. The budget for new network firewalls is \$180,000.

CAPITAL PROJECTS FUND

Table 2: FY 24-25 Capital Projects and Funding Source

Capital Projects Fund			
Fund 301 Account 43008			
Category	Description	FY 24/25 Adopted	Funding Source
Streets	Conglomerate Paving Project FY 24-25	1,373,306	General Fund/RSTIP
Streets	Conglomerate Paving Project FY 24-25	1,436,694	TAMC: Gas Tax, RMRHA
	Grants Streets	2,810,000	
Streets	San Antonio Pathway Reconstruction	550,000	General Fund
Streets	Sunset Center Retaining Wall	550,000	General Fund
Streets	Lincoln/Fourth Trestle Bridge	40,000	General Fund
Streets	Ocean Avenue, Carpenter to Highway 1- Monterey County Project	-	Monterey County
Drainage	MTNP 3 Stream/Drainage Projects	335,000	General Fund/Grant
Drainage	Drainage System Repairs	1,218,000	General Fund
Facilities	Police Building Project	3,239,000	General Fund
Facilities	ADA Upgrades Year 7	20,000	General Fund
Facilities	Norton Court Garage Security Access	15,000	General Fund
Facilities	Sunset Center - North Lot Electrical Panel	100,000	General Fund
Facilities	Vista Lobos: 3 EV Charging Stations and Building Electrical Panel	460,000	General Fund
Facilities	Facility Renovations	527,000	General Fund
Frst/Parks/Bch	Scenic Pathways - Hardscape Renovations	100,000	General Fund
Environmental	Coastal Engineering Study - Phase II	500,000	General Fund/Grant
Environmental	Shoreline Infrastructure Repairs	400,000	General Fund/Grant
Environmental	Shoreline Wall: Fourth Avenue Outfall	250,000	General Fund
Environmental	PG&E Rule 20A Undergrounding	-	PG&E
Libraries	Library Master Plan - Phases II-IV	100,000	General Fund
Contingency	CIP Contingency	400,000	General Fund
	Total	\$ 11,614,000	

STREETS

Paving Project : Conglomerate Paving Project FY 24-25

Annual Paving Project, FY 23-24: In April 2023, Council adopted a list of streets to be included in the FY 23-24 Annual Paving Project. The City's annual Maintenance of Effort funding (\$674,000 for FY 24-25) leverages external funds via TAMC from Measure X, Gas Tax, SB 1 - the Road Maintenance and Rehabilitation Account (RMRHA), and the Regional Surface Transportation Program (RSTIP). This project includes 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 treatment on 21 road segments predominately in residential neighborhoods, and replacing broken sidewalks with permeable pavers along five road segments in the downtown area.

All of these improvements, which have a construction cost estimate of \$1.68 million, will be included in the Conglomerate Paving Project for FY 2024-25. However, several of the most expensive roadways may be included in the construction bid documents as additive bids and awarded if sufficient funding is available upon receiving the bid proposals.

Annual Paving Project, FY 21-22: Construction of this Project is substantially complete. This project included paving overlays along Junipero Street, between Third and Fourth Avenues, at the Junipero-Camino del Monte intersection, and along Santa Fe Street between Fifth and Sixth and Avenues. Also, the City's first application of a micro-surfacing pavement treatment was completed along Junipero Street, between Fourth and Ocean Avenues, and along San Carlos Street, between Eighth and Thirteenth Avenues. Four large downtown sidewalk repairs were also completed. No budget remains from this project.

Due to higher than anticipated construction bids received for this Annual Paving Project for FY 21-22, four additive bid items were not awarded for the construction contract. The bid items were for paving overlays along San Antonio Avenue, between Fourth and Ocean Avenues, San Antonio, between Ocean and Eighth Avenues, Monte Verde Street, between Fourth and Ocean Avenues, and along Torres Street, from Third to Fifth Avenues. All four of these bid additives, which have a construction cost estimate of \$835,000, will be merged into the Conglomerate Paving Project FY 24-25.



Concrete Street Repairs, FY 22-23: The design of this project is complete and “shovel ready” for construction; however, the construction cost estimate is nearly \$3 million. Therefore, the majority of this project will be shelved until future capital funding becomes available. The project includes repairs and resurfacing of concrete intersections at Ocean-San Antonio, San Carlos-Fifth, San Carlos- Sixth, and ADA ramps and bulb out improvements at the Junipero-Seventh intersection. Also, structural repairs and resurfacing are included along Ocean Avenue, between Monte Verde and San Antonio, as well as the three intermittent side streets, up to the sidewalks, on both sides of Ocean Avenue. In addition, the project includes repairs and resurfacing of San Carlos Street between Fifth and Sixth Avenues.

The project balance of \$792,000 is being reallocated into the Conglomerate Paving Project for FY 24-25. Only one portion of this project will be included in the Conglomerate Paving Project – Reconstruction of the San Antonio-Ocean Avenue intersection – which has a cost estimate of \$293,000.

San Antonio Pathway Reconstruction

The San Antonio Avenue Pathway, located on the west side between Second and Fourth Avenues, was damaged by winter storms in early 2023. FEMA funding was promptly applied for reconstruction costs, but this effort was not successful.

Funded out of the Public Works/Streets and Forestry operating budgets for FY 23-24, a structural engineering firm designed the repairs to restore the pathway. The design process revealed that the original construction was deficient in that while the original buried concrete piers were fine, the wooden lagging supporting the pathway did not accommodate proper drainage, and the wooden posts supporting the grape stake fencing were not properly connected to the piers. Consequently, stormwater traveled along the west edge of the fencing, rotting the bottom of the posts, which resulted in the fence falling down.

The repair involves excavating around 44 concrete piers, constructing concrete pier caps to support new column posts, replacing the wood lagging, installing a drainage facility, restoring the Pathway, and installing grape stake fence to match the original fence. The FY 24-25 budget of \$550,000 will cover the cost of construction and construction management.

Sunset Center Retaining Wall Repairs

In FY 23-24, \$40,000 was allocated to the project to prepare structural engineering evaluations and repair plans for deteriorated walls surrounding Sunset Center. The design was completed for five retaining walls. In the north lot, a 100-foot long, Carmel stone wall along Eighth 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 a rotted wooden wall on top of a granite retaining wall. These and other walls require various structural repairs, restoration treatments, and replacement of fencing and railings. The FY 24-25 budget for construction and project management oversight is \$550,000.

Lincoln/Fourth Trestle Bridge Assessment

Originally built in the 1930s, the Lincoln Street/Fourth Avenue wooden trestle bridge was last formally inspected in 1998 when the footbridge was modified to provide parking for two homes adjacent to the bridge. Since then, Public Works crews have made numerous repairs to damaged boards, posts, and railings. Currently, there are some rotten deck boards, loose posts, and noticeable settling of concrete pier blocks on the east side of the bridge.

This project consists of hiring a structural engineering firm to assess the condition of the bridge, identify needed repairs and their urgency, and prepare cost estimates. The budget is \$40,000. Depending on the condition findings, the design plans, CEQA review, and construction of the repairs would be programmed in subsequent fiscal year CIP budgets.

DRAINAGE

Mission Trail Nature Preserve 3 Stream/Drainage Projects

This carry-over project consists of the first three of eight stream restoration and drainage improvements recommended in the 2019 MTNP Stream Stability Study. Acquisition of environmental permits from the U.S. Army Corps of Engineers, California Department of Fish and Wildlife Service, and Water Quality Control Board delayed the project for one year. The remaining funding of approximately \$60,000 will be carried over into FY 24-25 for construction.

Construction includes three projects: 1) Drainage improvements along the Doolittle Trail, 2) swale reconstruction on the Willow Trail: and 3) an elevated boardwalk on the Willow Trail. A construction contract was awarded in May 2024 in the amount of \$394,380. Funding is available from a \$178,000 California State Parks Per Capita Grant, the remaining balance of \$163,169 from the FY 23-24 CIP Contingency Fund account, and \$67,599 from FY 24-25 CIP funds. Construction is scheduled to be completed by late 2024.

Drainage System Repairs

The 2023 City-wide Drainage Master Plan Update identified numerous spot repairs needed for our existing underground storm drainpipes, as well as reconfigurations to eliminate significant "bottlenecks" in the drainage system. The Master Plan divided these repairs into 6 high priority repairs valued at \$3.7M, 9 medium priority improvements at \$7.7M, and 8 low priority projects at \$3.3M. This Project, and subsequent projects programmed in the 5-year CIP, are intended to address these high priority issues.

In July 2023, Neill Engineers was issued a \$159,100 Amendment to their Professional Services Agreement to design four of these high priority drainage system repairs at: 1) Eleventh Avenue (Carmelo to San Antonio Streets), 2) along Lincoln Street, from First to Second Avenues, and along Second Avenue, from Lincoln to Monte Verde Streets, 3) along Santa Fe Street from Eighth Avenue south to the MTNP outfall, and 4) a new headwall at Acacia Way/Flanders Way. The design plans are substantially complete, as are the required

CEQA documents for two locations, and the acquisition of one small drainage easement is in progress.

The remaining FY 23-24 funding of approximately \$414,000 will be carried over into FY 24-25. However, the revised construction cost for all four drainage projects is \$1.052M, and supplemental funding of \$638,000 is required to complete this project.

FACILITIES

Police Building Project

This is a carry-over project advancing approximately \$2.6M from the FY 23-24 CIP Budget. In 2023, Council formed an Ad Hoc Committee and awarded a \$300,000 Professional Services Agreement to an architectural firm. In FY 23-24, the architectural team and their engineering consultants prepared a Condition Assessment Report of the Police Building which is available on the City's website. The architect also developed a Police space programming needs assessment to accommodate modern police operations and standards.

In January 2024, the results of these tasks were discussed with Council and the community. As part of these discussions, Council considered advancing the project only into the "schematic design phase"(concept design) to obtain more information regarding several project alternatives. These alternatives included: 1) significantly renovating the Police/Public Works building at the existing site; 2) Completely reconstructing the building at the existing site, and 3) Constructing a new Police Building at a different site and subsequently renovating and repurposing the existing building. Prior to deciding whether or not to advance the project into schematic design, Council held a series of public meetings to solicit public input, and tours were conducted of the Carmel station and a new police station in Salinas.



Throughout this major project, a number of urgent safety repairs have already been completed in the Police Building, including electrical panels, steel doors, security systems, lighting, evidence lockers, dispatch room renovation, and others. These repairs were funded as part of this CIP project.

The FY 23-24 project balance of approximately \$2.6M which is being carried over into FY 24-25 will cover remaining costs for schematic design, and potentially commencing design development of a selected alternative. Funding will also be earmarked to continue with a

consultant project management firm, and to continue making necessary safety repairs in the building. Additional public outreach will continue throughout FY 24-25.

ADA Upgrades, Year 7

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 improve access to the disabled. Last year, the City increased its annual allocation from \$15,000 to \$20,000 to continue to demonstrate good faith efforts to implement these improvements and to reflect higher costs due to inflation.

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 ADA-compliant railings, drinking fountains, restroom facilities, and signage.

Norton Court Garage Security Access System

The Norton Court parking garage access control system provides security for the underground parking garage. The outdated system no longer has the ability to program new access cards and is in disrepair. The new system will have the ability to be programmed by staff, rather than only by the vendor, and includes replacing two card readers at the pedestrian access points into the garage. The cost estimate is \$15,000.

Sunset Center – North Lot Electrical Panel

In July 2023, Council awarded a Professional Services Agreement to an electrical engineering consultant for three projects, including this project for a fee of \$18,240. Based on the 60% design plans and consultations with PG&E and Sunset Center, this project will allow the City to install additional EV charging stations to cover the entire west wall of the parking lot.

A two-pronged approach is being pursued. First, the existing, undersized electric panel along the Eighth Avenue ramp will be relocated down into the parking lot and rebuilt. This relocated panel will contain a new commercial service meter for the parking lot lights and a separate meter for the existing and future EV chargers. A new PG&E transformer, which will be installed by PG&E at no cost to the City, will provide power to all of the EV charging stations at discounted energy rates.

This project was initially funded at \$100,000 in the FY 23-24 CIP, and the remaining funds will be rolled over into the FY 24-25 CIP. It is anticipated that 3CE will provide a rebate or other incentives for EV charging stations, but for an amount currently unknown.

Vista Lobos - 3 EV Charging Stations and Building Electrical Panel

This is a follow-on project to the \$75,000 Electrical Panel Assessments Project which was funded and completed in FY 23-24.

In July 2023, Council awarded a Professional Services Agreement to an electrical engineering consultant for three projects, including the design of this project, for a fee of \$24,110. The design is currently 90% complete. This “new” \$400,000 project for FY 24-25 will cover the cost for construction of a new electrical system to allow for the expansion of three more EV charging stations along the south wall of the Vista Lobos parking lot, tying into a new transformer to be set by PG&E at no cost to the City. Funding will also cover the cost to reconstruct and upsize the electrical service at a new electrical panel located on the south wall of the Vista Lobos building.

One of the three new EV stations will be high capacity to charge the City’s electric street sweeper. The other stations will be available to the public. Rebates from 3CE are anticipated to partially cover the cost of the EV charging stations. Staff anticipates up to \$60,000 from 3CE, but the actual amount is unknown at this time.

Facility Renovation Projects

Two carry-over facility renovation projects remain in the Capital Improvement Plan: The City Hall Roof Replacement Project and the Sunset Center Cottage Window Repairs Project.

- **City Hall Roof Replacement:** The City Hall roof was last replaced in 1984 and is 16 years past its warranty. Several roof leaks have been repaired by contractors and staff over the past few years as the roof progressively deteriorates. Contract documents for this project were extracted from a larger, bundled facilities renovation project which resulted in very high bids which were subsequently rejected by Council. This “shovel ready” project is anticipated to be constructed by Fall 2024. The cost estimate has increased to \$350,000, and supplemental funding is being programmed to cover the construction shortfall in FY 24-25.
- **Sunset Center Cottage Window Repairs:** The Cottage Window Repairs will be advertised for bids following the City Hall Roof Replacement. Contract documents for this project have also been extracted from the larger facility renovation project. Unlike the original bidding documents in which all work had to be done at the jobsite, this time, the contractor will have the option of physically removing affected windows, performing hazardous materials remediation, wood framing repairs, and painting at their own shop, and replacing them back at the site. The cost estimate has increased to \$200,000, and supplemental funding is being programmed to cover the construction shortfall in FY 24-25.

FOREST, PARKS AND BEACH

Scenic Pathway Hardscape Renovations

In FY 23-24, the City appropriated \$100,000, and City support group Carmel Cares committed to matching these funds, to further improve the Scenic Pathway. City expenses

to date from this fund in FY 23-24 has been minimal and include additional lumber and hardware for barrier rail and pathway widening improvements. All remaining funds will be carried over into FY 24-25.

Proposed additional improvements along the pathway include: signage, irrigation repairs, pathway trim edging, decomposed granite repairs, barrier rail extensions, and other hardscape amenities.

ENVIRONMENTAL

Coastal Engineering Study, Phase II

This study was identified in the City Council-adopted 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. All five primary tasks in Phase I are complete, including the Shoreline Infrastructure Condition Evaluation, Shoreline and Beach Exposure Modeling, Coastal Hazard and Sea Level Rise Vulnerability Assessment, and Policy Review. Key findings were presented to the Forest and Beach Commission, Climate Committee, and City Council in 2023 and 2024.

Phase II is a carry-over project that is now underway, and will focus on hazards policy review and revisions, public outreach and engagement, socio-economic analysis, adaptation strategies, pathway development, and development of the City's Local Coastal Program Amendment. This project is fully funded under a recently-executed, \$500,000 Local Coastal Program Grant Agreement awarded by the California Coastal Commission.

Shoreline Infrastructure Repairs

The first phase of the Coastal Engineering Study included a Shoreline Infrastructure Condition Assessment. The Assessment concluded that 2-4 existing seawalls need repairs, with the highest priority repair being the Fourth Avenue Outfall. Eleven coastal access stairs were assessed with 9 stairs needing repairs, and two stairs are currently closed due to structural damage resulting from winter storms. In addition, of the 6 rock revetments, 4 are high priority in need of repair; one in its entirety and others in some portions. 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 5-Year CIP.



This Shoreline Infrastructure Repair Project will initiate the engineering and design of the highest priority repairs, as well as repairing the remaining damaged beach access stairs with similar materials as a “maintenance project”. This approach is expected to streamline the regulatory approval process. This initial project will also allow the City to better estimate costs and phasing to complete future shoreline infrastructure repairs. A Request for Proposal has been prepared to retain a consultant with expertise in environmental permitting, coastal and structural engineering, and cost estimating.

Project funding for FY 23-24 was initially set at \$250,000. An additional \$100,000 previously budgeted for the Coastal Engineering Study, Phase 2 was reallocated to the Shoreline Infrastructure Project, and a FEMA grant of approximately \$50,000 was received for beach stair repairs. All funds will be carried over into FY 24-25.

Shoreline Wall- Fourth Avenue Outfall

The Fourth Avenue Outfall is located on Carmel Beach west of the North Dunes Habitat Restoration site and north of Ocean Avenue. This seawall was identified as the highest priority seawall repair in the 2023 Carmel Beach Coastal Infrastructure Condition Assessment Report, prepared as part of the Coastal Engineering Study, Phase I. The seawall foundation is partially undermined, there are a number of significant structural cracks, and reinforcing steel bars have been exposed by spalling concrete and are corroded. The seawall is at the end of its service life and poses a potential risk to beach users, particularly during a major storm or a seismic event. The Condition Assessment Report recommended complete reconstruction of the seawall including the drainage box culvert outfall.

This is a new FY 24-25 project with an initial budget of \$250,000 for engineering design and environmental permitting. For efficiency and cost-effectiveness, the design and environmental review are proposed to be completed in conjunction with the Shoreline Infrastructure Repairs Project described above. Construction of the project is currently estimated at \$900,000 and is included in the 5-Year CIP for FY 25-26.

PG&E Rule 20A Undergrounding

In 1967, in response to local government interest in enhancing the aesthetics of their communities, the California Public Utilities Commission (CPUC) established electric tariff Rule 20 which includes various programs for undergrounding existing overhead utility lines. Rule 20A is the primary program for municipalities to underground utilities in urban areas that meet certain criteria. Since Rule 20A funding is primarily from ratepayer electric bills, proposed undergrounding projects must provide a benefit to the public at large.

Currently, the City is inactive in the program but has a work credit balance of \$667,639. As the Rule 20A program phases out from aesthetic-based projects to wildfire risk-based programs, a portion of the City’s credits have already been reallocated to shovel ready projects in other cities. In order to freeze and retain the remaining credits, the City would need to formally establish an Underground Utility District(s) by December 31, 2024.

Two potential undergrounding projects/districts have been proposed by staff and considered by the City Council as follows:

- North side of Ocean Avenue, from San Antonio Avenue, extending 800 feet west to the end of the Del Mar Parking Lot.
- In the Mission Trails Nature Preserve, along the west side of the Willow Trail extending 1,100 feet south from the entrance gate at Eleventh Avenue.

Both districts would ultimately result in the removal of up to 10 power poles and associated overhead electric, telephone, and cable tv lines. Both districts also would require 7 to 8 property owners to convert their homes from overhead to underground services at the time the utility lines are undergrounded. Upon Council's adoption of a Resolution selecting a District(s), a formal application is submitted to PG&E to commence the design, utility coordination, and easements, environmental permits, and funding agreement processes. Currently, PG&E estimates a 10-year lead time until actual construction begins.



This has long been a carry-over project as funds have accumulated over many years. The project is listed in the FY 24-25 CIP since adoption of the Underground Utility District for Rule 20A in this fiscal year would upgrade the City's program from inactive to active status – the first key milestone for this long-range project.

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. The Master Plan was completed in mid-2023 and presented to the Library Board of Trustees and City Council in early 2024.

The Harrison Memorial Library is 96 years old, and the Park Branch Library was last significantly remodeled 35 years ago. Phases II-IV will encompass community outreach, conceptual designs, and construction documents for the renovation of the first building – tentatively the Harrison Memorial Library. Renovations to the facilities are intended to ensure that both library facilities are able to continue to serve the community well into the future. A request for proposals (RFP) is being prepared to retain an architect to design the

proposed renovations. The Carmel Public Library Foundation will be embarking on a significant fundraising campaign to support proposed renovations to both library buildings.

In FY 23-24, \$100,000 was allocated for this Project and will be carried over into the FY 24-25 CIP.



CIP PLANNING

CIP Contingency Fund

In FY 23-24, a \$500,000 Contingency Fund was established. This account was used during the fiscal year as follows: \$262,779 to award the construction contract for the FY 21/22 Paving Project, \$163,169 to award the contract for the MTNP 3 Stream/Drainage Project, \$42,378 to award the contract for the MTNP Tank and Pump House Removal and Well Decommissioning Project, \$17,860 for the Urban Forest Master Plan to cover unanticipated funding shortfalls from the CalFire Grant, and final payment of \$13,814 for the electric Street Sweeper following the 3CE rebate. This was the first year for this contingency fund account and has proven to be successful in completing the above-named projects.

Similarly, for FY 24-25, \$400,000 will be budgeted to cover any shortfalls to award construction contracts or to close out projects. Any balance should be carried over into FY 25-26.

KEY PROJECTS AND FUNDING NEEDS FOR YEARS 2 THROUGH 5 OF THE CAPITAL IMPROVEMENT PLAN (CIP)

The 5-year CIP has been updated and is available on the City’s website. Although only the first year (Fiscal Year 24-25) is funded as part of this Adopted Budget, the remaining four years serve as an advance planning tool to identify anticipated future projects.

The 5-year CIP is a “snapshot” in time of anticipated needs for future infrastructure revitalization funding in coming years. As a dynamic planning document, the CIP for years 2 through 5 is subject to change as updated information becomes available. A multi-year plan also accommodates scheduling larger projects into multiple years to allow more projects to be underway concurrently, and to allocate construction funding only when those funds are needed.

It should be noted that the needs for infrastructure renewal and facility repairs far exceed the anticipated revenue over the subsequent four years as well.

The following are key projects and preliminary budget estimates, by asset category, for years 2 through 5 of the CIP:

Drainage: Includes highest priority drainage repairs and upsizing for 20-year storm events as identified in the 2023 Storm Drain Master Plan Update, bottleneck reconfigurations, and CDS reconstruction = **\$3.33M**.

Streets: Annual paving Maintenance of Effort (MOE) and Transportation Agency for Monterey County (TAMC) match funding for years 2 and 3 are earmarked for the FY 23 Concrete Street Repair Projects. For years 4 and 5, traditional paving overlays, micro-surfacing treatments, slurry seals, sidewalk repairs, parking lot resurfacing, and a bicycle master plan are proposed = **\$4.1M City plus \$1.7M external funds via TAMC**.

Facilities: As a placeholder, a total allocation of \$22M is included to cover final design and construction of a Police Building Project (whether a new station or renovation of the existing building) plus launching the design of the Public Works building renovations. This major project will obviously require a dedicated funding source once a project concept is approved, and these “plug in” numbers need to be adjusted as more information and scheduling becomes available.

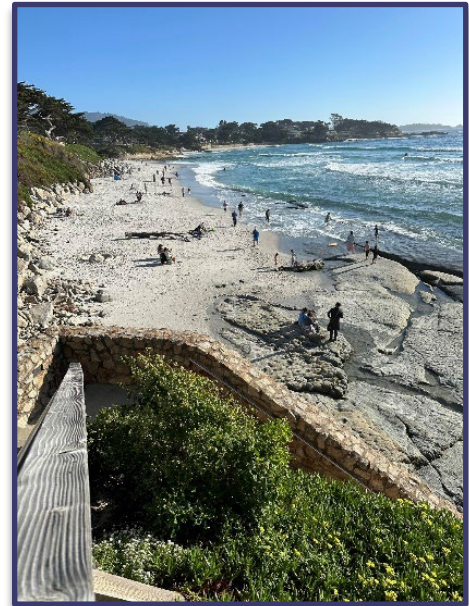
Additional facility renovation projects include relocation and renovation of the Scout House wherein the sale of the existing parcel may offset the costs for renovation, critical repairs and to City Hall and the Fire Station, the Sunset Center Portico, repairs to park restrooms, and facility condition assessments, painting, and railing repairs = **\$25.9M**.

Forestry Parks, and Beach: Design and construction of the remaining five (5) Mission Trail Nature Preserve (MTNP) stream stability projects, and construction of the MTNP Doolittle Bridge = **\$1.50M**.

Fleet and Equipment: Replace aging Police, Fire, and Public Works vehicles with Electric Vehicles where possible. Replace broken and outdated heavy equipment, including Streets Department asphalt patch truck, Forestry Department bucket truck and water truck, Police Department speed radar trailer and animal control vehicle, and other vehicles and equipment nearing the end of their useful lives. This category includes full funding for the Police radios lease and the ambulance purchase = **\$1.48M plus \$0.12M 3CE rebates.**

Environmental and Climate Change: Shoreline infrastructure repairs, notably reconstruction of the Fourth Avenue outfall/wall, as well repairs to structurally-damaged beach access stairs and revetments, and Climate Action Plan projects and energy upgrade initiatives = **\$3.85M**

IT: Equipment replacements, security upgrades, Police records management system, and GIS applications expansion = **\$0.58M.**



Library: It is difficult to estimate costs for the library as major renovations proposed under the Library Master Plan are largely subject to donor funding. As a placeholder, for Years 2 through 5, the CIP assumes the design and construction of the first major renovation project with a cost to the City of \$800,000, supplemented by significant private donations, = **\$0.8M plus donations of millions of dollars. (These “plug in” numbers will be adjusted as more information and scheduling becomes available.)**

Years 2 Through 5 Needs Summary

The total estimated investment of City funds identified for years 2 through 5 is **\$42M**. This amount exceeds anticipated CIP fund revenues over those four years plus any ending fund balance that may be available in those future years. However, without proper investment, the condition of the City's infrastructure will decline and worsen, eventually requiring more costly repairs. Therefore, additional revenue sources should be considered.

DEBT SERVICE

FUND 401

DEBT SERVICE – FUND 401

Debt Service includes payments for the 2020 Refunding Lease Revenue Bonds. These payments total \$519,100 as shown in Table 1, *FY 24-25 Debt Service*, below.

2020 Refunding Lease Revenue Bonds

On September 10, 2010, City Council approved issuance and sale of certificates to finance improvements and 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 Certificate of Participation (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 the pandemic on the City's revenues. The 2020 Refunding Lease Revenue Bond of approximately \$3.9 million matures on November 1, 2032. The City made its first principal payment in FY 23-24 after two years of interest only payments.

Funding Sources

General Fund revenue is the source of funding for debt service obligations. The General Fund (Fund 101) will transfer \$519,100 to Debt Service (Fund 401) in FY 24-25 with approximately 72% of that going to the principal.

Table 1: FY 24-25 City Total Debt Service

Debt Service: Total				
Account Number	Account Description	FY23-24 Amended Budget	FY23-24 Estimated Actual	FY24-25 Adopted
401-411-00-44001	Principal	\$369,744	\$370,033	\$375,000
401-411-00-44002	Interest	155,800	155,800	141,600
401-411-00-44003	Administrative Fees	2,500	2,035	2,500
Total		\$528,044	\$527,868	\$519,100

FY 24-25 Debt Service by Bond				
Bond	Principal	Interest	Fee	Total
Sunset Center	\$375,000	\$141,600	\$2,500	\$519,100
Total	\$375,000	\$141,600	\$2,500	\$519,100

OTHER FUNDS

OTHER FUNDS OVERVIEW

The City uses what is known as a “fund” accounting structure, which house and track resources (i.e.: money) that are limited in their use by law or governing agency. The major governmental funds are the General Fund, Measure D and Capital Projects.

DISCRETIONARY FUNDS

The first set of funds listed below are “discretionary”, meaning there are no legal 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 financial policy recommends maintaining a 15% Reserve of the total amount, which the City will continue to do in FY 24-25.

Hostelry Fund (102)

This fund is used to house the Transient Occupancy Tax (TOT) which is collected 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 TOT revenues, which the City will continue to do in FY 24-25.

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. Fund 206 is used to house revenue from these tax sources.

RESTRICTED FUNDS

The next set of funds are “restricted”, meaning 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 house revenues collected in accordance with California Streets and Highway Code.

Transportation Safety (Fund 202)

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

COPS Grant

This fund houses dollars for 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 house dollars for activities associated with parking in-lieu fees as prescribed by Carmel Municipal Code Section 17.38.040.

Asset Seizure (Fund 205)

This fund houses dollars for expenditures related to asset seizures.

CAPITAL PROJECTS FUND

Capital Projects (Fund 301)

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

DEBT SERVICE FUND

Debt Service (Fund 401)

This fund houses dollars related to the repayment of the Certificate of Participation, Pension Obligation Bond and capital lease obligations.

INTERNAL SERVICE FUNDS

Workers Compensation (Fund 501)

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

Other Post-Employment Benefits (OPEB) Liability Reserve Fund

This fund houses dollars for other post-employment benefits.

Vehicle and Equipment Replacement Fund

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

AGENCY FUNDS

Refundable Deposits

This fund houses monies received that are unearned at the time of acquisition, and required to be returned by the City unless they are earned.



PROJECTED FUND BALANCES

PROJECTED FUND BALANCES AS OF JUNE 30, 2024

Projected Fund Balances						
Projected Fund Balance June 30, 2024						
Fund	Description	Audited Fund Balance June 2023	Revenue & Transfers In	Expenditures & Transfers Out	Estimated Fund Balance June 2024	Change in Fund Balance
101	General Fund	7,538,207	30,641,138	31,501,490	6,677,855	(860,352)
101	General Fund Reserve	6,994,965	3,066,671	2,596,535	7,465,102	470,137
101	General Fund Total	14,533,172	33,707,809	34,098,025	14,142,957	(390,215)
102	Hostelry	7,211,326	7,531,004	10,023,245	4,719,085	(2,492,241)
102	Hostelry Reserve	656,856	23,245	0	680,101	23,245
102	Hostelry Total	7,868,182	7,554,249	10,023,245	5,399,186	(2,468,996)
201	Gas Tax	536,346	179,934	179,934	536,346	0
202	Transportation Safety	856,226	231,779	302,757	785,248	(70,978)
203	COPS	10,817	144,492	155,309	0	(10,817)
204	Parking in Lieu	738,592	0	0	738,592	0
205	Asset Seizure	5,466	0	0	5,466	0
206	Local Measure Sales Tax	1,911,499	6,147,450	6,145,082	1,913,867	2,368
301	Capital Projects	3,676,973	8,890,335	1,973,367	10,593,941	6,916,968
401	Debt Service	26,805	528,044	527,868	26,981	176
501	Worker's Comp	259,716	59,219	33,643	285,292	25,576
502	OPEB Reserve	1,768,710	0	0	1,768,710	0
503	Veh & Eq Replacement	462,820	1,343,660	747,306	1,059,174	596,354
		32,655,324	58,786,971	54,186,536	37,255,759	4,600,435

PROJECTED FUND BALANCES AS OF JUNE 30, 2025

Projected Fund Balances

Projected Fund Balance June 30, 2025

Fund	Description	Estimated Fund Balance June	Revenue & Transfers In	Expenditures & Transfers Out	Estimated Fund Balance June 2025	Change in Fund Balance
101	General Fund	6,677,855	34,621,601	40,222,809	1,076,647	(5,601,208)
101	General Fund Reserve	4,398,431	195,311		4,593,742	195,311
101	Section 115 Pension Trust	3,066,671	1,000,000		4,066,671	1,000,000
101	General Fund Total	14,142,957	35,816,912	40,222,809	9,737,060	(4,405,897)
102	Hostelry	4,719,085	7,543,234	11,456,298	806,021	(3,913,064)
102	Hostelry Reserve	680,101	74,222		754,323	74,222
102	Hostelry Total	5,399,186	7,617,456	11,456,298	1,560,344	(3,838,842)
201	Gas Tax	536,346	169,695	574,678	131,363	(404,983)
202	Transportation Safety	785,248	238,421	862,016	161,653	(623,595)
203	COPS	0	158,000	158,000	0	0
204	Parking in Lieu	738,592			738,592	0
205	Asset Seizure	5,466			5,466	0
206	Local Measure Sales Tax	1,913,867	6,045,063	7,000,000	958,930	(954,937)
301	Capital Projects	10,593,941	10,478,459	11,614,000	9,458,400	(1,135,541)
401	Debt Service	26,981	519,100	519,100	26,981	0
501	Worker's Comp	285,292		127,000	158,292	(127,000)
502	OPEB Reserve	1,768,710			1,768,710	0
503	Veh & Eq Replacement	1,059,174		570,000	489,174	(570,000)
		37,255,759	61,043,106	73,103,901	25,194,964	(12,060,795)
	Unassigned	14,995,292	(12,153,695)		2,841,597	Unassigned
	Reserved	15,047,161	248,478		15,295,639	Reserved
	Restricted	7,213,306	(155,578)		7,057,728	Restricted

FINANCIAL 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 revenue sources meet or exceed expected revenue use. Available funding sources shall be at least equal to recommended appropriations. As a general rule, the year-end Undesignated General Fund Balance should only be used for one-time costs, not to fund ongoing operations such as full time employees.

As set forth 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 AND PROCEDURES

The City of Carmel-by-the-Sea has strong financial policies, based on City Council direction, which guide staff to carry out 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; and,
- Communication to residents and customers on how the community goals are being addressed.

CAPITAL BUDGET POLICY

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 5-year 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 CIP 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 conformity with the City's General Plan in accordance with the Government Code.

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 re-budgeted to the next fiscal year and subsequently approved by the City Council. All re-budgeted capital projects should be so noted in the proposed budget
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OPERATING MANAGEMENT POLICY

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 is meant 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.
3. 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.
4. Technology equipment replacement reserves will be maintained sufficient to repair covered equipment and for replacement at the end of its useful life.
5. 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.
6. 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.
7. Reserves shall be used only for established purposes.
8. Depleted reserves shall be restored as soon as possible.
9. A minimum level for each of the reserve funds shall be established (see chart below).
10. The City shall maintain reserves required by law, ordinance and/or bond covenants.

DEBT POLICY

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 financing 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 non-recurring 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 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 POLICY

The City will maintain adequate cash availability and yield on invested idle funds while insuring that invested monies are protected. Municipal monies not required for immediate expenditure will be invested. 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.

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.

