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Fiscal Year 2025-2026

# PROPOSED BUDGET

CITY OF CARMEL-BY-THE-SEA

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# CITY LEADERSHIP

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DALE BYRNE,  
MAYOR



BOB DELVES,  
MAYOR PRO TEMPORE



JEFF BARON,  
COUNCILMEMBER



HANS BUDER,  
COUNCILMEMBER



ALISSANDRA DRAMOV,  
COUNCILMEMBER



CHIP RERIG,  
CITY ADMINISTRATOR

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## INTRODUCTION

# BUDGET MESSAGE

Honorable Mayor Byrne, 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 2025-2026 ("FY 25-26") with tentative adoption on June 3, 2025. This budget reflects a conservative view of revenues in the face of increased economic uncertainties while continuing to maintain service levels at those of prior years. During the year, City has invested significant resources addressing high interest community projects such as the General Plan Housing Element, the Police Station Project and tree maintenance throughout the City, and there is more work to be done. This work is reflected in the proposed budget. 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 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 25-26 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. Ambiguity in national public policy leads to delays and curtailment in capital investment. Tariff impositions fluctuate daily, often lacking specificity. Other sources of volatility include global events, inflation concerns, and potential reductions in the Fed Funds rate. Pressures on the consumer result in prioritized day-to-day expenditures which erode discretionary spending due to weakened consumer confidence. We would be wise to anticipate and prepare for potential impacts on the City's financial situation.

At the national level, the personal savings have decreased from roughly 5.4% in February of 2024 to 4.6% in February of 2025. This trend could add to a greater sell-off of investments and potentially steep market declines. Helping to hold this trend in check, home prices on the national level remain strong but could be overvalued.

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 its own set of challenges: aging infrastructure, affordable housing shortage, and rising healthcare costs. Our County-wide tourism industry continues to remain below pre-COVID levels. 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 economic factors and international relations make for uncertainty. This trend has led to a flattening of occupancy in our hotels, running at a 66% annual occupancy rate over the past three fiscal years. It is also worth noting that as Highway 1 through Big Sur is routinely impacted by natural disaster events, 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

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, the City needs 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 budget is, however, structurally balanced – balanced by strategically using “unrestricted fund balance”. As discussed at the budget hearings, “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 or increased revenues received). The use of these “unrestricted fund balance” dollars makes it possible to address the past and current direction of Council, which is to maintain core services, invest heavily in deferred infrastructure maintenance, natural resource management and community character. 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 equal \$5,079,719. Using this amount will consume roughly 22% of our current year operational reserve and unassigned fund balances, the remainder of which will continue to be saved.

## *POLICY CHANGES TO BUDGETARY GUIDELINES*

The Council's newly in-stated budget guidelines limit the operating costs to be no more than 90% of budgeted revenue. For FY25-26, the City is budgeting \$34.9 million of revenues, \$31.9 million of operating expenditures and \$7.9 million of capital project expenditures. Operating expenditures represent 91% of budgeted revenues, which is \$572 thousand in excess of the 90% budgetary guideline. Capital Project expenditures represent 23% of budgeted revenues, which is \$4.5 million in excess of the 10% budgetary guideline. In order to get to the newly initiated 90% budget guideline, additional changes to the budget would be required.

## *STAFFING*

After an increase in the previous Fiscal Year, we will see a decrease in the number of City staff in FY25-26. 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. In total in the FY25-26 budget, it appears that 6.75 FTE is being eliminated from the entire workforce, but this number does not reflect the full story. Six of the eliminated positions are the Ambulance Paramedics, who will be transferred to the Monterey Fire Department after Council approved to move Ambulance Services to the City of Monterey. The budget adds two Police Officers, while shifting hours and responsibilities offset these increases with 0.5 and 2.25 reductions to the staffing in Community Activities and the Library as previously unfilled position are eliminated. Within other areas of the City, currently vacant positions in Finance, Planning, Police, Project Management and Forestry and Beach are budgeted to remain untitled for several months in the 2025-2026 fiscal year.

## *CAPITAL IMPROVEMENT AND MAINTENANCE*

### *Capital Improvement Projects*

In its Priorities Workshop on February 27, 2025, and again on March 24, 2025, the City Council reviewed the FY 25-26 Capital Improvement Plan. Comprised of 32 CIP projects and 9 Vehicle and Equipment projects, the combined total CIP investment for new projects would be \$6,789,000 – 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 25-26 budget recognizes the importance of investing in our “green” infrastructure (Mission Trails Nature Preserve, Sand Ramp at Eighth Avenue, Scenic Pathway and Shoreline Repairs, forest maintenance, etc.) and includes funding for continuation of the Paving project, Library Master planning, and improvements at Sunset Center, Forest Theatre and other City facilities.

### *Vehicle & Equipment Fund*

The total vehicle acquisition costs for FY 25-26 are budgeted at \$1,210,000, including the cost of new ambulance as well as other vehicles. These expenditures exceed the City's annual replacement reserve target of 10% or approximately \$500,000. 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 25/26 BUDGET AT A GLANCE

<b>FY25-26 Proposed Revenues</b>	<b>\$34,915,081</b>
General Fund Expenditures	28,778,542
Debt Service Expenditures	509,100
Pension Unfunded Liability Mitigation Expenditures	2,708,158
Capital Outlay Expenditures	7,999,000
<b>FY25-26 Proposed Expenditures</b>	<b>\$39,994,800</b>
<b>Use of Fund Balance for Capital Projects</b>	<b>\$5,079,719</b>
<b>Funded Full Time Equivalent (FTE) positions</b>	<b>90.50</b>

Many of you know the level of respect I have for the lessons one can learn by studying the past. And while much of my message may seem dour, history teaches us that economic cycles are intrinsic to local government. Consequently, as clear as I can be about the likelihood of an unavoidable 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,



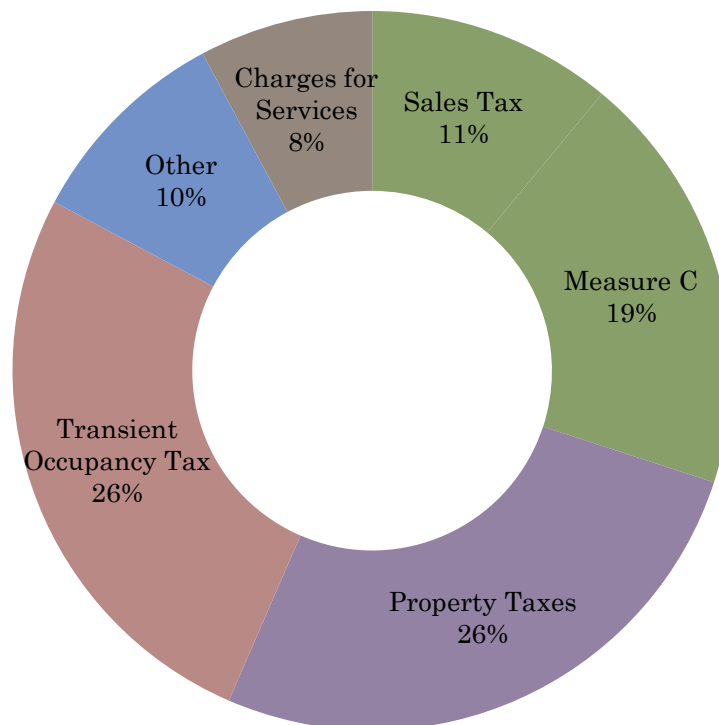
Chip Rerig  
City Administrator



## REVENUE

The FY 25-26 Budget includes \$34.7 million in estimated new revenue. As illustrated in the chart below, statewide sales tax (Sales Tax) and local Measure C district tax, contribute 30% 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 26% of the budgeted revenue. Hotel Tax (TOT) remains at 26% of budgeted revenue, followed by Other Revenues and Charges for Services combined at 18%.

FY 25-26 Citywide Revenue Sources



Source	Budget
Property Taxes	\$9,198,405
Sales Tax	3,828,119
Measure C	6,595,056
Other	3,272,484
Charges for Services	2,911,901
Transient Occupancy Tax	9,109,116
Total	\$34,915,081

Property taxes are estimated at \$9.2 million, reflecting a 4% projected growth over the previous year's adopted budget and 2.5% growth over forecast actual. The City's portion of the Sales Tax is \$3.8 million and Measure C is \$6.6 million, which represent 11% and 19% of total 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. This FY 25-26 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. Adopted at \$9 million, TOT accounts for 26% of revenues, a 2% increase over FY 24-25 budget and a -2% decrease over forecast actual. 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 \$2.9 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 Recommended Budget for Major Revenue Sources**

<b>Key Revenues</b>	<b>FY 21-22 Actual</b>	<b>FY 22-23 Actual</b>	<b>FY23-24 Actual</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
Property Taxes	\$7,694,722	\$8,136,928	\$8,770,848	\$8,974,083	\$9,198,405
Sales Tax	\$3,626,263	\$3,469,412	\$3,692,470	\$3,753,350	\$3,828,119
Measure C	\$5,970,464	\$5,868,695	\$6,386,122	\$6,484,814	\$6,595,056
TOT	\$7,787,643	\$8,455,742	\$8,579,344	\$9,295,016	\$9,109,116
<b>Total</b>	<b>\$25,079,092</b>	<b>\$25,930,777</b>	<b>\$27,428,783</b>	<b>\$28,507,264</b>	<b>\$28,730,696</b>

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.

The State median home price is expected to rise 2% from FY 24-25 to FY 25-26. The City has budgeted Property Tax revenue to increase 2.5% over last fiscal year's estimated actual, unlike it has done in prior years due to a softening in the housing market. 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. The City estimates FY 24-25 sales and use tax revenue at \$10.2 million, just a 2% increase over FY 23-24 actual revenue of \$10 million.

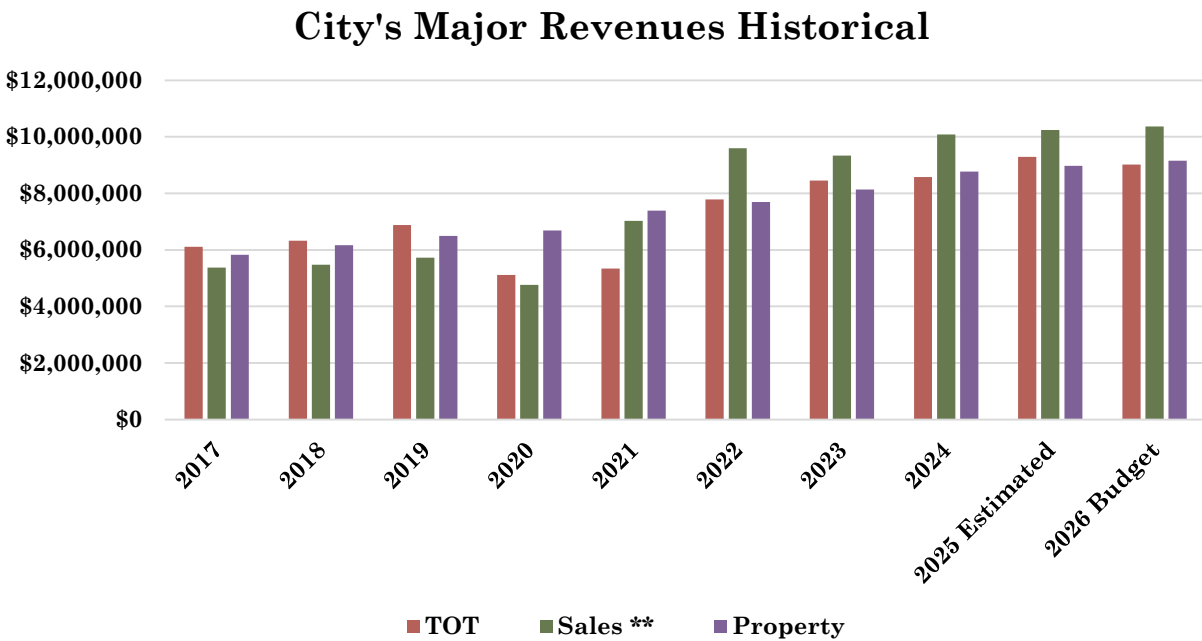
The City remains conservative and vigilant to the current trends, as we are aware that geopolitical tensions, inflation concerns, and interest rates drive consumer spending patterns even at the local level. Consumer spending for certain goods and services remains high, particularly for online shopping and dining. General consumer goods spending is expected to slowly increase by the end of FY 25-26, with limited 1.1% growth over prior fiscal year. We project stagnant sales tax activity in FY 25-26 and estimate \$3.8 million for local sales tax and \$6.6 million for Measure C, for a total of \$10.4 million, a 1.8% increase over the prior year.

## TRANSIENT OCCUPANCY TAX

The FY 25-26 Budget for TOT revenue is \$9.1 million, which assumes continued occupancy at the current fiscal year's rate. In FY 24-25, 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 and slowing international travel, we remain guarded in our TOT revenue. We anticipate a 3% decrease in FY 25-26 TOT over FY 24-25 estimated actuals.

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 depict the performance of the City's three major revenue sources over the last 10 years.

Fiscal Year *	TOT	Sales **	Property
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	\$8,579,344	\$10,078,592	\$8,770,848
2025 Estimated	\$9,295,016	\$10,238,164	\$8,974,083
2026 Budget	\$9,109,116	\$10,423,175	\$9,198,405
*ending June 30th			
** Combination of Bradley Burns & Measure C 1.5%			



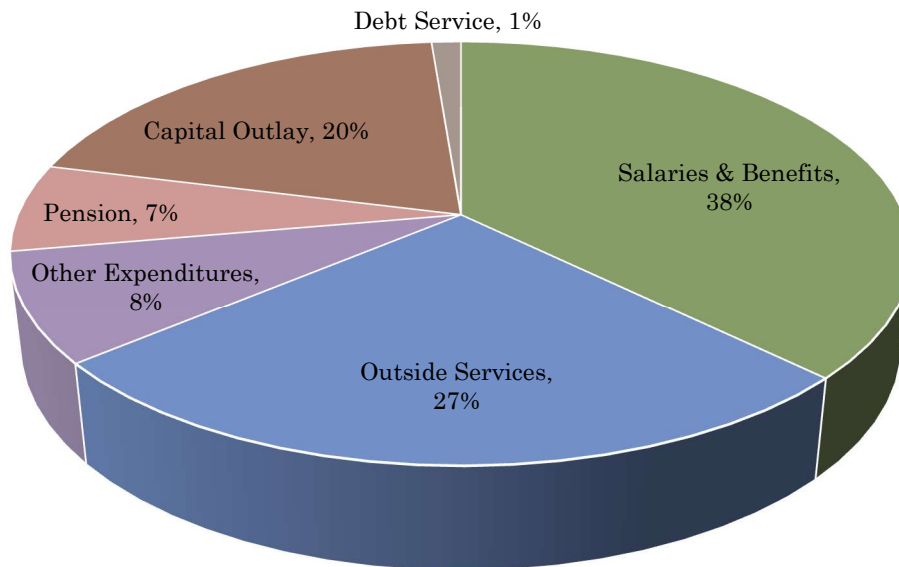
## EXPENDITURES

The FY 25-26 Budget totals \$40 million, which consists of the following:

- Operating Budget, or General Fund, totals \$31.5 million, or 79%, of the citywide budget
- Debt service totals \$509,100, or 1% of the citywide budget
- Capital outlay, including Capital Improvement Projects (\$6.7 million) and Vehicles and Equipment (\$1.2 million), makes up 20% of the 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, the FY 25-26 Budget includes the Operating Budget, Pension UAL payments, Capital Outlay 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 25-26 Expenditure by Type



Type of Expenditure	Budget
Salaries & Benefits	\$15,069,084
Outside Services	10,730,711
Other Expenditures	2,978,747
Pension	2,708,158
Capital Outlay	7,999,000
Debt Service	509,100
<b>Total</b>	<b>\$39,994,800</b>



The City's largest expenditure is related to the cost of personnel. Salaries and benefits total \$15 million and account for 38% of the citywide budget. The second 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 and ambulance service provided by the City of Monterey (\$3.3 million, \$2.1 million respectively); support for the operations of the Sunset Center and other marketing activities (\$1.2 million); legal services (\$517,000); tree care and landscape maintenance (\$473,000) and janitorial service (\$289,000). Capital Outlay is the third largest type of expenditure at \$8 million, or 20% of the budget.

Other expenditures total \$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 \$2.7 million, or 7%, of the budget and only include the annual required unfunded pension liability. The City will also make its final 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.

The citywide budget is rounded out with Debt Service (\$509,100) accounting for 1% of the citywide budget.

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Another way to view operating expenditures is by function, as depicted in the FY 25-26 Expenditures by Function illustration below. Capital Outlay makes up 20% of operating expenditures. The public safety functions of Ambulance, Fire and Police make up 29% of the budget. The Public Works Department is the next largest operating expenditure at 1% followed by Citywide at 12% of the budget, as it includes the City's unfunded actuarial pension liability. In total, Administration, Council, Planning, Legal, Marketing (including the Sunset Center), and Library and Community Activities represent the remaining 25% of the Operating Budget.

## FY 25-26 Expenditures by Function



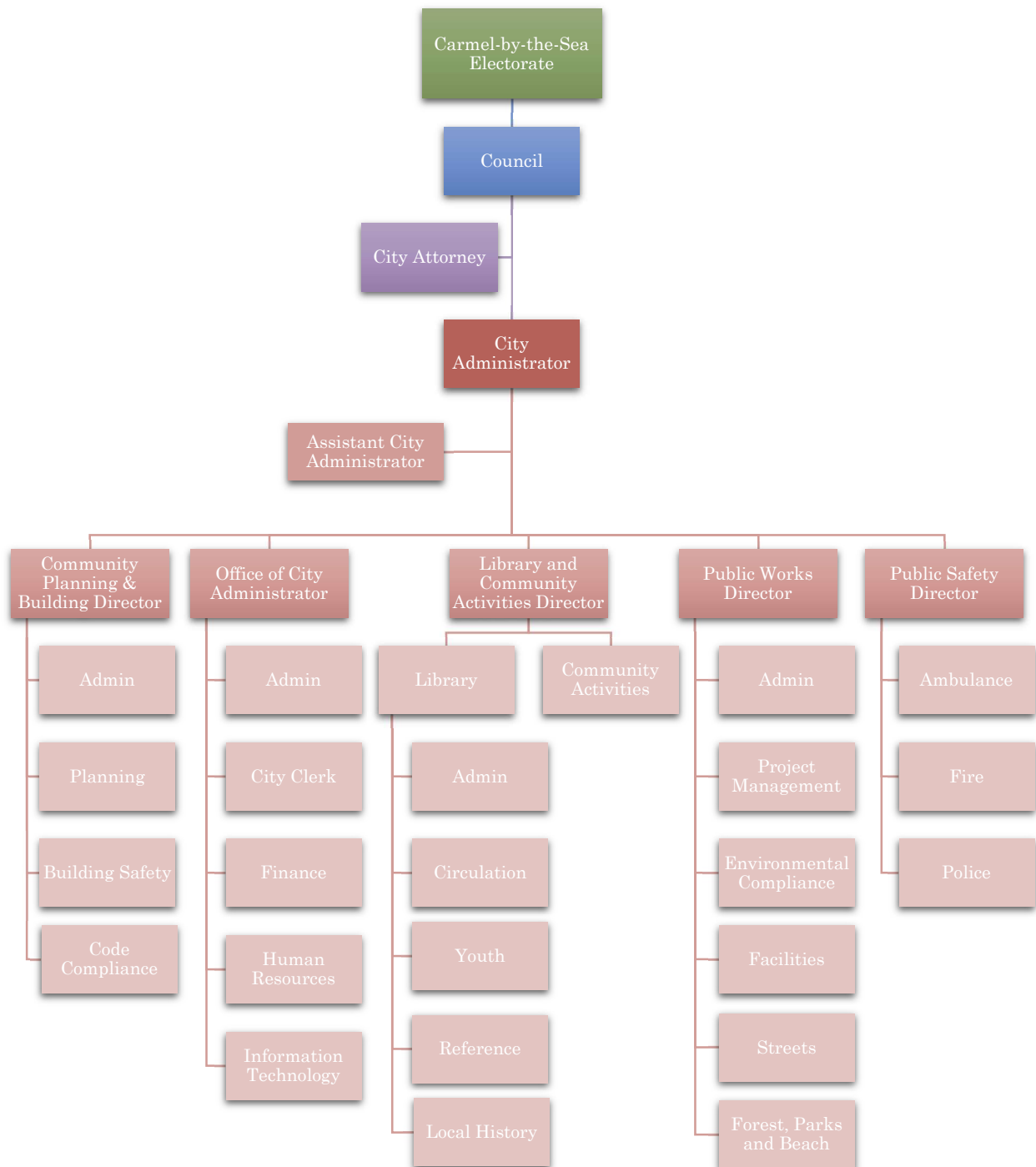
Total Expenditures	Budget	%
Administration	\$3,755,017	9%
Citywide	4,814,943	12%
Council	248,752	1%
Debt	509,100	1%
Legal	517,000	1%
Planning	2,356,051	6%
Ambulance	2,359,760	6%
Fire	3,417,424	9%
Police	5,555,440	14%
Marketing	1,167,981	3%
Library	1,491,904	4%
Community Activities	246,400	1%
Public Works	5,556,028	14%
<b>Operating Budget</b>	<b>\$31,995,800</b>	<b>80%</b>
<b>Capital</b>	<b>7,999,000</b>	<b>20%</b>
<b>Total</b>	<b>\$39,994,800</b>	<b>100%</b>

## FY25-26 AUTHORIZED POSITIONS

	FY 24/25	FY 25/26	
Department and Title	Adopted	Proposed	Change
<b>Council</b>			
Councilmember	4.00	4.00	0.00
Mayor	1.00	1.00	0.00
<b>City Council Total</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>
<b>Administration</b>			
City Administrator	1.00	1.00	0.00
Assistant City Administrator	1.00	1.00	0.00
Administrative Analyst	1.00	1.00	0.00
Administrative Coordinator	1.00	1.00	0.00
City Clerk	1.00	1.00	0.00
Finance Manager	1.00	1.00	0.00
Accountant	1.00	1.00	0.00
Finance Analyst	1.00	1.00	0.00
Finance Specialist	1.00	1.00	0.00
Human Resources Manager	0.00	1.00	1.00
Senior Human Resources Analyst	1.00	0.00	-1.00
Information Services / Network Manager	1.00	1.00	0.00
IT Help Desk/Technician	1.00	1.00	0.00
<b>Administration Total</b>	<b>12.00</b>	<b>12.00</b>	<b>0.00</b>
<b>Community Activities</b>			
Community Services Assistant	1.00	0.50	-0.50
Executive Assistant	0.50	0.50	0.00
<b>Community Activities Total</b>	<b>1.50</b>	<b>1.00</b>	<b>-0.50</b>
<b>Library</b>			
Director of Library and Community Services	1.00	1.00	0.00
Supervising Librarian	2.00	2.00	0.00
Librarian	1.00	1.00	0.00
Library Associate	0.00	3.00	3.00
Library Assistant (full-time)	4.00	1.00	-3.00
Executive Assistant	0.50	0.50	0.00
Librarian II (Local History)	1.00	0.00	-1.00
Hourly Librarian I	1.00	1.00	0.00
Hourly Library Assistant	3.25	2.00	-1.25
<b>Library Total</b>	<b>13.75</b>	<b>11.50</b>	<b>-2.25</b>
<b>Community Planning &amp; Building</b>			
Planning & Building Services Director	1.00	1.00	0.00
Principal Planner	2.00	2.00	0.00
Senior Planner	0.00	1.00	1.00

Associate Planner	2.00	2.00	0.00
Assistant Planner	1.00	0.50	-0.50
Administrative Coordinator	1.00	1.00	0.00
Building Official	1.00	1.00	0.00
Building Inspector	1.00	1.00	0.00
Permit Technician	1.00	1.00	0.00
Code Compliance Coordinator	2.00	1.50	-0.50
<b>Community Planning &amp; Building Total</b>	<b>12.00</b>	<b>12.00</b>	<b>0.00</b>
<b>Public Works</b>			
Director of Public Works	1.00	1.00	0.00
Administrative Coordinator	1.00	1.00	0.00
Public Works Superintendent	1.00	1.00	0.00
Street Supervisor	1.00	1.00	0.00
Streets Maintenance Worker III	2.00	2.00	0.00
Streets Maintenance Worker I/II	5.00	5.00	0.00
Facilities Maintenance Supervisor	1.00	1.00	0.00
Facilities Maintenance Specialist	1.00	1.00	0.00
Environmental Compliance Manager	1.00	1.00	0.00
Administrative Analyst	1.00	1.00	0.00
Project Manager	2.00	2.00	0.00
City Forester	1.00	1.00	0.00
Assistant City Forester	1.00	1.00	0.00
Tree Climber & Care Specialist	1.00	1.00	0.00
Administrative Analyst	1.00	1.00	0.00
F&B Maintenance Worker I/II	3.00	3.00	0.00
Tree Permit Technician	1.00	1.00	0.00
<b>Public Works Total</b>	<b>25.00</b>	<b>25.00</b>	<b>0.00</b>
<b>Police</b>			
Public Safety Director	1.00	1.00	0.00
Police Commander	1.00	1.00	0.00
Sergeant	2.00	3.00	1.00
Police Officer	9.00	10.00	1.00
Police Services Supervisor	1.00	1.00	0.00
Police Services Officer	6.00	6.00	0.00
Community Services Officer/Animal Control	2.00	2.00	0.00
<b>Police Total</b>	<b>22.00</b>	<b>24.00</b>	<b>2.00</b>
<b>Ambulance</b>			
Paramedics	6.00	0.00	-6.00
<b>Ambulance Total</b>	<b>6.00</b>	<b>0.00</b>	<b>-6.00</b>
<b>Citywide Total Funded Positions</b>	<b>97.25</b>	<b>90.50</b>	<b>-6.75</b>

# 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.

### 2024-2025 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)

### 2025-2026 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, \$4,000 for the Monterey County Film Commission, \$7,500 for the Central Coast Small Business Development Center and \$78,000 for the cost of courier service for the mail delivery program for a total budget of \$128,500.

<b>City Council</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-110-00-41008	Salaries -Elected	\$9,600	\$10,351	\$9,600
101-110-00-41101	Retirement	88	175	179
101-110-00-41104	Health Insurance	52,517	37,161	24,755
101-110-00-41105	Social Security	484	530	0
101-110-00-41106	Medicare	139	150	139
101-110-00-41108	Worker's Comp	160	3,122	514
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$62,988</b>	<b>\$51,489</b>	<b>\$35,187</b>
101-110-00-42005	Community Promotions	\$128,600	\$167,153	\$128,500
101-110-00-42007	Regional Memberships	50,546	50,546	53,065
101-110-00-42101	Office Supplies	450	0	450
101-110-00-42302	Conferences & Meetings	10,350	12,703	31,550
<b>Services &amp; Supplies Subtotal</b>		<b>\$189,946</b>	<b>\$230,402</b>	<b>\$213,565</b>
<b>Total</b>		<b>\$252,934</b>	<b>\$281,891</b>	<b>\$248,752</b>

<b>Regional Memberships</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-110-00-42007	TAMC	\$1,295	\$1,295	\$1,360
101-110-00-42007	AMBAG	3,950	3,950	4,100
101-110-00-42007	Monterey Pen. Chamber of Commerce	900	900	950
101-110-00-42007	Monterey County Mayors Association	1,575	1,575	1,700
101-110-00-42007	Monterey County Business Council	500	500	525
101-110-00-42007	MBUAPCA	1,900	1,900	2,000
101-110-00-42007	League of CA Cities	3,380	3,380	3,600
101-110-00-42007	League of CA Cities- Monterey Bay	300	300	315
101-110-00-42007	LAFCo	16,796	16,796	18,000
101-110-00-42007	Community Human Services	19,175	19,175	19,700
101-110-00-42007	CoastWalks/Coastal Trail Association	300	300	315
101-110-00-42007	Carmel Chamber of Commerce	475	475	500
<b>Total</b>		<b>\$50,546</b>	<b>\$50,546</b>	<b>\$53,065</b>



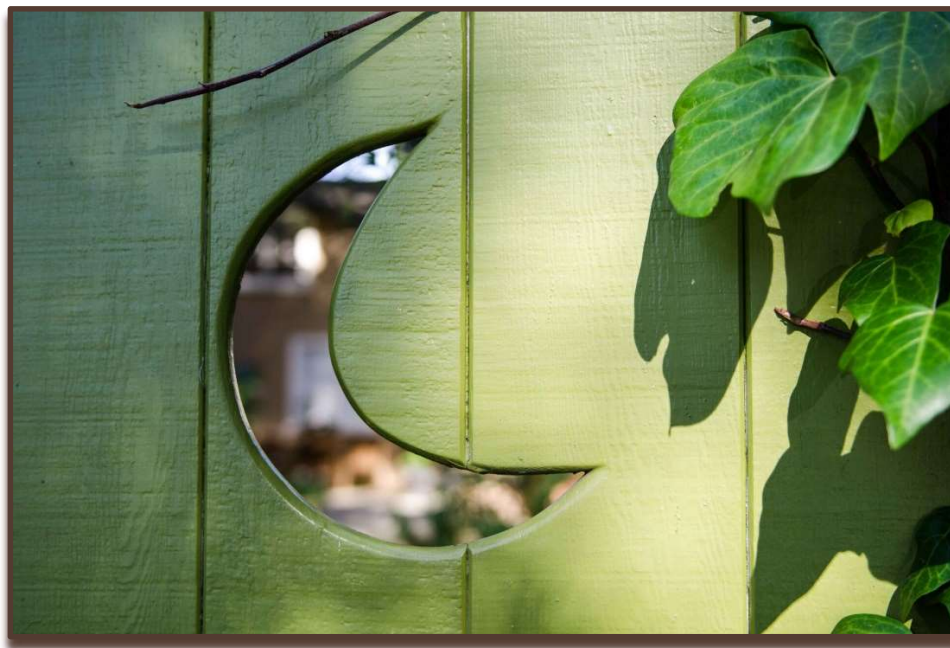
## CITY ATTORNEY

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 25-26 City Attorney budget totals \$517,000 and consists of \$435,000 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 24-25 adopted budget.
- \$75,000 is budgeted for supplementary specialized legal costs, such as wireless communications and labor negotiations.

City Attorney				
Account Number	Account Description	FY24-25 Amended Budget	FY24-25 Estimated Actual	FY25-26 Proposed Budget
101-112-00-42001	Contract Services	\$442,000	\$399,171	\$442,000
101-112-00-42004	Legal Costs	75,000	18,158	75,000
Total		\$517,000	\$417,329	\$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.

### 2024-2025 INITIATIVES AND ACCOMPLISHMENTS

- Successfully adopted a Social Media Policy and launched official City Instagram and Facebook accounts to enhance public engagement.
- Procured ArchiveSocial to ensure compliance with public records laws by archiving all social media activity.
- Acquired an ethics training and tracking module for City Council, Commissioners, and staff to improve compliance and streamline reporting.
- Awarded Certificate of Achievement for Excellence in Financial Reporting for the City's Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023.
- Purchased a new agenda management system, currently in the data migration, training, and implementation phase, to improve workflow and public accessibility.
- Conducted a successful municipal election in November 2024.
- Managed and coordinated recruitment efforts for City Boards and Commissions.
- Issued 617 fixed location and 1158 in & about business licenses
- 249 high heel permits issued in FY24-25, a 50% increase over the 166 high permits issued in the prior year.
- Replaced the city's high availability firewalls with new state-of-the-art hardware for many years of stable network security features and capabilities.
- IT audit by firewall expert to improve the configuration of and significantly strengthen the City's overall network security.
- Replacement of core switches that tie our servers, storage and various network switches in the city together to make a complete enterprise grade system.
- Improved our remote management and monitoring system by adding significant capabilities to that system.



- Windows 11 workstations roll out in 2024. IT deployed 15 new workstations and refurbished 7 systems to increase the RAM and maximize the usefulness and life of the hardware.

## 2025-2026 PRIORITIES

- Digitize all historic City records, including Resolutions, Ordinances, and Meeting Minutes, to improve accessibility and preserve institutional history.
- Explore Street Addresses
- Strategically implement Laserfiche software to create a centralized, web-based platform for efficient records management and public access.
- Evaluate and identify cost-effective off-site storage solutions to reduce physical storage needs and optimize space within City facilities.
- Review and update reserve and financial policies.
- Creation of web dashboard interface for more transparent fiscal reporting
- Implement an electronic payment portal for the collection of administrative fees, including business licenses, TOT tax collections, and CRID administration.
- Upgrade computer fleet to Windows 11 and prepare to pay for extended security update costs for any remaining Windows 10 computers. (\$61/yr per PC)
- Analyze departmental software priorities so that a strategic plan is developed which minimizes incompatible software.



## BUDGET SUMMARY AND SERVICE IMPACTS

<b>Office of the City Administrator</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-111-00-41001	Salaries	\$1,849,792	\$1,688,028	\$1,941,453
101-111-00-41005	Overtime	0	29	0
101-111-00-41101	Retirement	125,810	102,562	120,362
101-111-00-41103	Deferred Compensation	48,261	46,348	45,431
101-111-00-41104	Health Insurance	363,609	295,216	409,231
101-111-00-41106	Medicare	26,821	24,342	28,151
101-111-00-41107	LTD/STD/Life	1,691	1,458	4,073
101-111-00-41108	Worker's Comp	40,958	75,569	104,586
101-111-00-41109	Benefits-MOU Obligations	10,400	9,672	10,400
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$2,467,342</b>	<b>\$2,243,224</b>	<b>\$2,663,687</b>
101-111-00-42001	Contract Services	\$198,615	\$197,734	\$323,500
101-111-00-42002	Recruiting Services	71,100	18,652	57,500
101-111-00-42003	Auditing Services	87,000	38,325	96,500
101-111-00-42006	Records Management	7,000	10,251	25,000
101-111-00-42009	Advertising and Legal Notice	22,900	10,833	15,000
101-111-00-42015	Other Services	24,800	23,575	24,800
101-111-00-42101	Office Supplies	10,875	6,566	7,875
101-111-00-42102	Publications & Subscriptions	277,568	304,016	275,400
101-111-00-42105	Materials and Supplies	0	408	500
101-111-00-42106	Small Tools and Equipment	1,200	0	0
101-111-00-42115	Other Supplies	0	0	5,000
101-111-00-42202	Equipment Maintenance	23,100	9,850	8,750
101-111-00-42301	Training & Education	8,712	6,798	18,400
101-111-00-42302	Conferences & Meetings	22,125	14,245	17,625
101-111-00-42304	Dues & Memberships	12,550	3,282	3,580
101-111-00-42306	Employee Programs	3,000	83	6,000
101-111-00-42307	Employee Appreciation Costs	18,500	26,093	20,000
101-111-00-42403	Printing	9,800	5,769	5,900
101-111-00-42404	Shipping/Postage/Freight	24,545	11,835	500
101-111-00-42405	Telephone and Communications	109,500	140,799	125,000
101-111-00-42406	Bank & Merchant Fees	4,000	4,573	4,500
101-111-00-42407	Computer Non Capital	2,000	2,136	40,000
101-111-00-42410	Pre-employment Costs	3,000	2,680	4,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$941,890</b>	<b>\$838,502</b>	<b>\$1,085,330</b>
<b>Total</b>		<b>\$3,409,232</b>	<b>\$3,081,726</b>	<b>\$3,749,017</b>



## 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.

<b>Administration</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-111-10-42001	Contract Services	\$44,900	\$16,445	\$10,000
101-111-10-42015	Other Services	24,800	23,575	2,350
101-111-10-42101	Office Supplies	9,375	5,853	6,375
101-111-10-42102	Publications & Subscriptions	540	209	540
101-111-10-42302	Conferences & Meetings	11,325	13,722	5,325
101-111-10-42304	Dues & Memberships	5,350	2,915	1,350
101-111-10-42403	Printing	100	0	100
101-111-10-42404	Shipping/Postage/Freight	24,545	11,835	500
<b>Services &amp; Supplies Subtotal</b>		<b>\$120,935</b>	<b>\$74,554</b>	<b>\$26,540</b>

## 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.

<b>City Clerk</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-111-11-42001	Contract Services	\$52,300	\$51,413	\$48,300
101-111-11-42006	Records Management	7,000	10,251	25,000
101-111-11-42009	Advertising and Legal Notice	15,000	9,006	15,000
101-111-11-42101	Office Supplies	1,000	448	1,000
101-111-11-42115	Other Supplies	0	0	5,000
101-111-11-42302	Conferences & Meetings	2,000	487	3,000
101-111-11-42304	Dues & Memberships	500	143	500
101-111-11-42403	Printing	5,500	3,590	2,500
<b>Services &amp; Supplies Subtotal</b>		<b>\$83,300</b>	<b>\$75,336</b>	<b>\$100,300</b>

## 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.

<b>Finance</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-111-12-42001	Contract Services	\$47,710	\$89,516	\$69,200
101-111-12-42003	Auditing Services	87,000	38,325	96,500
101-111-12-42101	Office Supplies	0	46	0
101-111-12-42102	Publications & Subscriptions	21,000	1,887	29,350
101-111-12-42301	Training & Education	2,500	1,735	2,400
101-111-12-42304	Dues & Memberships	600	225	350
101-111-12-42403	Printing	3,800	1,798	2,900
101-111-12-42406	Bank & Merchant Fees	4,000	4,573	4,500
<b>Services &amp; Supplies Subtotal</b>		<b>\$166,610</b>	<b>\$138,105</b>	<b>\$205,200</b>

## 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.

<b>HR</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-111-13-42001	Contract Services	\$8,100	\$6,404	\$90,000
101-111-13-42002	Recruiting Services	71,100	18,652	57,500
101-111-13-42009	Advertising & Legal Notice	7,900	1,828	6,000
101-111-13-42101	Office Supplies	500	219	500
101-111-13-42102	Publications & Subscriptions	1,700	125	25,300
101-111-13-42301	Training & Education	1,500	888	6,000
101-111-13-42302	Conferences & Meetings	8,800	36	3,800
101-111-13-42304	Dues & Memberships	6,100	0	680
101-111-13-42306	Employee Programs	3,000	83	6,000
101-111-13-42307	Employee Appreciation Costs	18,500	26,093	20,000
101-111-13-42403	Printing	400	381	400
101-111-13-42410	Pre-employment Costs	3,000	2,680	4,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$130,600</b>	<b>\$57,387</b>	<b>\$220,180</b>

## 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.

<b>IT</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-111-14-42001	Contract Services	\$45,605	\$33,957	\$106,000
101-111-14-42102	Publications & Subscriptions	254,328	301,795	220,210
101-111-14-42015	Other Services	0	0	22,450
101-111-14-42105	Materials and Supplies	0	408	500
101-111-14-42106	Small Tools and Equipment	1,200	0	0
101-111-14-42202	Equipment Maintenance	23,100	9,850	8,750
101-111-14-42301	Training & Education	2,612	3,918	10,000
101-111-14-42302	Conferences & Meetings	0	0	5,500
101-111-14-42304	Dues & Memberships	0	0	700
101-111-14-42405	Telephone and Communications	109,500	140,799	125,000
101-111-14-42407	Computer Non capital	2,000	2,136	40,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$438,345</b>	<b>\$492,863</b>	<b>\$539,110</b>



## CITYWIDE (NON-DEPARTMENTAL)

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

### BUDGET SUMMARY AND SERVICE IMPACTS

- In addition to the employer contribution toward retirement for City employees, the City also is responsible for pension obligations for the unfunded actuarial liability ("UAL"). This amount increases by \$408,672 or 18%, in FY 25-26 compared to the FY 24-25 Adopted Budget. The FY24-25 lump sum payment was paid in July 2024 for a savings of \$76,865
- The City will pay the annual lump sum UAL in July, which will result in approximately \$87,633 of interest savings.
- 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 four (4) \$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 fifth and final annual \$1 million tranche into the Section 115 Trust in FY 25-26.
- The City's liability insurance premiums are budgeted at \$1,103,940, an increase by \$125,000, or 11%.

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	FY24-25 Amended Budget	FY24-25 Estimated Actual	FY25-26 Proposed Budget
101-130-00-42501	Liability Insurance Premium	\$1,102,500	\$979,407	\$1,103,940
101-130-00-42503	PERS UAL Payment	2,299,486	2,298,486	2,708,158
101-130-00-42504	Insurance Claims Paid	50,000	0	100,000
101-130-00-42505	Utilities	324,500	396,481	464,000
101-130-00-42506	Property Tax Assessments	100,000	94,134	100,000
101-130-00-42508	Unemployment Costs	15,000	10,541	15,000
101-130-00-42510	Retiree Health Share	95,000	84,207	87,000
101-130-00-42511	County Property Tax Admin Fees	98,000	98,000	75,000
101-130-00-42512	Forest Theater Utilities	10,000	0	10,000
<b>Total</b>		<b>\$4,094,486</b>	<b>\$3,961,255</b>	<b>\$4,663,098</b>

## 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](http://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 \$270,000, which equates to 3% of the FY 25-26 Transient Occupancy Tax revenue budget of \$9.1 million.

<b>Economic Development</b>				
<b>Account Number</b>	<b>Details</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-122-00-42008	SCC- Sunset Center Operating Grant	\$750,000	\$750,000	\$750,000
101-122-00-42008	See Monterey	226,297	226,297	270,485
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
<b>Total</b>		<b>\$1,156,297</b>	<b>\$1,156,297</b>	<b>\$1,200,485</b>



# 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.



## 2024-2025 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- 19,773 reference and information questions were answered.
- 4,253 library cards were issued.
- 84,967 library items were circulated.
- 6,841 people attended library programs.
- 136,542 visits were made to the library.
- 9,723 log-ins were made to library wi-fi.
- 115,162 digital items (e-books, audios, magazines, films, music) were accessed.
- 10 new oral history interviews were captured.

## 2024-2025 INITIATIVES AND ACCOMPLISHMENTS

- Increased the number and type of Adult programs at the Harrison Library, including music, crafts, educational, history, and games - encouraging community connection both among adults and intergenerationally.

- Reconfigured the vault in the Local History Department to better align with archival standards for storage.
- Negotiated a contract with the Carmel Public Library Foundation for the funding of the renovation of the Harrison Memorial Library

## 2025-2026 PRIORITIES

- Begin working on accomplishing new Library Strategic Plan objectives including resource sharing with Monterey and Pacific Grove Libraries.
- Develop a plan and cost analysis for the relocation of library services during the Harrison Memorial Library renovation project



## 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.

<b>Library</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-120-00-41001	Salaries	\$920,168	\$787,355	\$891,531
101-120-00-41003	Salaries -Part time	301,662	111,175	258,518
101-120-00-41101	Retirement	58,669	52,159	55,657
101-120-00-41103	Deferred Compensation	15,600	10,163	11,152
101-120-00-41104	Health Insurance	158,212	126,199	154,350
101-120-00-41105	Social Security	18,703	6,029	16,028
101-120-00-41106	Medicare	17,716	12,924	16,676
101-120-00-41107	LTD/STD/Life	1,205	978	1,350
101-120-00-41108	Worker's Comp	30,324	45,503	61,582
101-120-00-41109	Benefits-MOU Obligations	16,640	14,082	14,560
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$1,538,899</b>	<b>\$1,166,567</b>	<b>\$1,481,404</b>
101-120-00-42001	Contract Services	\$6,530	\$5,539	\$10,500
<b>Services &amp; Supplies Subtotal</b>		<b>\$6,530</b>	<b>\$5,539</b>	<b>\$10,500</b>
<b>Total</b>		<b>\$1,545,429</b>	<b>\$1,172,106</b>	<b>\$1,491,904</b>





## 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).

### 2024-2025 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- Planned and facilitated ten City special events
- An estimated 6,000 people attended City Special Events.
- Issued 53 event, beach, and film permits.

### 2024-2025 INITIATIVES AND ACCOMPLISHMENTS

- 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.



### 2025-2026 PRIORITIES

- Explore potential new initiative and events with community partners.
- Explore options for a new Community Activities Commission with commissioners.





- 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.

<b>Community Activities</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-121-00-41001	Salaries	\$154,116	\$48,282	\$60,403
101-121-00-41101	Retirement	14,672	4,593	5,370
101-121-00-41103	Deferred Compensation	2,100	600	1,200
101-121-00-41104	Health Insurance	35,379	5,351	13,770
101-121-00-41106	Medicare	2,235	675	1,291
101-121-00-41107	LTD/STD/Life	205	57	203
101-121-00-41108	Worker's Comp	9,948	4,375	4,768
101-121-00-41109	Benefits-MOU Obligations	2,080	0	0
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$220,735</b>	<b>\$63,933</b>	<b>\$87,005</b>
101-121-00-42001	Contract Services	\$88,245	\$90,226	\$111,040
101-121-00-42005	Community Promotions	23,465	13,578	9,340
101-121-00-42009	Advertising and Legal Notice	8,300	2,381	6,950
101-121-00-42101	Office Supplies	250	253	200
101-121-00-42403	Printing	300	362	1,440
<b>Services &amp; Supplies Subtotal</b>		<b>\$120,560</b>	<b>\$106,800</b>	<b>\$128,970</b>
<b>Total</b>		<b>\$341,295</b>	<b>\$170,732</b>	<b>\$215,975</b>

## COMMUNITY PLANNING AND BUILDING

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

### PLANNING

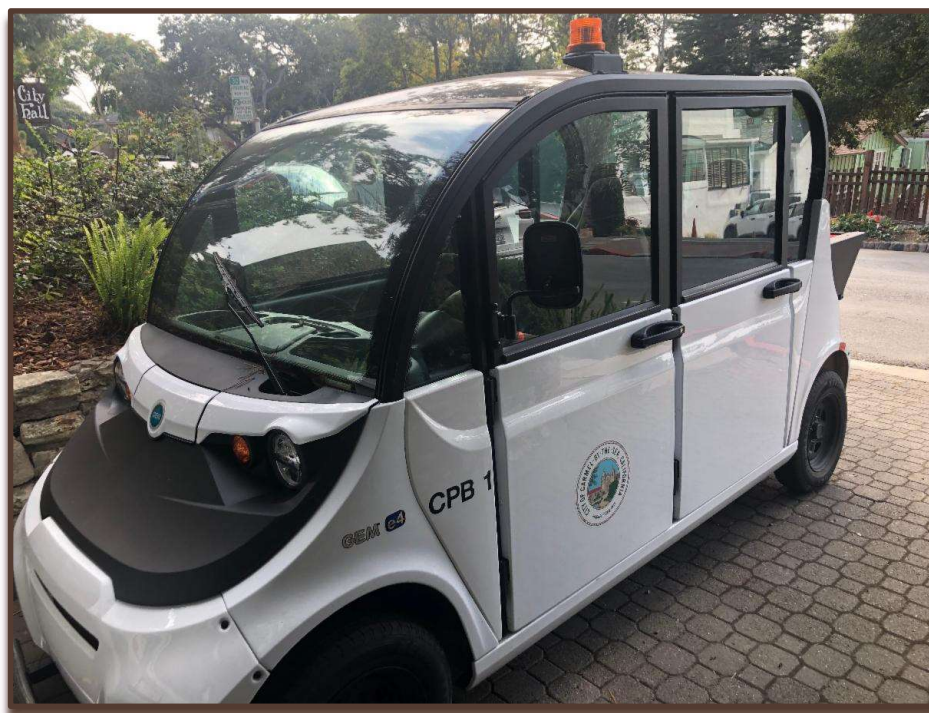
The Planning Division processes current development applications, maintains the General Plan, and ensures that capital programs, zoning and other activities of the City are consistent with the goals and policies of the Plan.

### 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.



## 2024-2025 INITIATIVES AND ACCOMPLISHMENTS

- Continued implementation of the CPB 2019 strategic plan, with a focus on customer service, technology, and streamlining processes.



- Began 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.
- Adopted Phase 2 (final phase) of the Historic Context Statement update.
- Completed a successful recruitment to install a new Director of Community Planning and Building
- Engaged staff to participate in more training opportunities to continue the professionalization and growth of the Community Planning and Building Department.
- Certified LCP Amendment for Citywide Wireless Ordinance

## 2025-2026 PRIORITIES

- Complete the scanning/digitizing of rolled building plans currently in storage at Vista Lobos.
- Formalize a Long-Range Planning work plan to help with planning and tracking ordinance related tasks.
- Adopt the General plan Safety Element updates by December 2025
- Adoption of: (1) updated Accessory Dwelling Unit Ordinance; (2) updated Beach Fire Ordinance.
- Adoption of updated Design Guidelines and Zoning Code through the Design Traditions 1.5 Project.





## BUDGET SUMMARY AND SERVICE IMPACTS

Community Planning & Building				
Account Number	Account Description	FY24-25 Amended Budget	FY24-25 Estimated Actual	FY25-26 Proposed Budget
101-115-00-41001	Salaries	\$1,305,494	\$1,073,094	\$1,561,919
101-115-00-41005	Overtime	3,623	1,662	0
101-115-00-41101	Retirement	81,116	53,787	83,399
101-115-00-41103	Deferred Compensation	10,200	7,369	11,896
101-115-00-41104	Health Insurance	348,542	232,628	327,028
101-115-00-41106	Medicare	20,423	15,052	22,648
101-115-00-41107	LTD/STD/Life	1,664	1,223	1,994
101-115-00-41108	Worker's Comp	30,330	51,954	83,899
101-115-00-41109	Benefits-MOU Obligations	20,800	18,534	22,880
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$1,822,192</b>	<b>\$1,455,303</b>	<b>\$2,115,663</b>
101-115-00-42001	Contract Services	\$344,833	\$304,719	\$179,135
101-115-00-42009	Advertising and Legal Notice	500	0	0
101-115-00-42101	Office Supplies	6,400	1,820	7,100
101-115-00-42102	Publications & Subscriptions	1,425	334	18,138
101-115-00-42104	Safety Equipment and Supplies	2,700	0	1,700
101-115-00-42107	Gas and Oil	250	0	100
101-115-00-42115	Other Supplies	3,950	1,694	4,300
101-115-00-42301	Training & Education	12,305	5,099	11,305
101-115-00-42302	Conferences & Meetings	10,150	4,045	10,700
101-115-00-42304	Dues & Memberships	5,880	1,095	6,760
101-115-00-42403	Printing	1,000	2,001	1,150
<b>Services &amp; Supplies Subtotal</b>		<b>\$389,393</b>	<b>\$320,807</b>	<b>\$240,388</b>
<b>Total</b>		<b>\$2,211,584</b>	<b>\$1,776,110</b>	<b>\$2,356,051</b>

Planning contract services (\$79,200 total) includes items such as Safety Element updates, Housing Element Amendments, and GIS updates. The City will receive various State grant awards to offset some of the contract services associated with the 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.



<b>Community Planning &amp; Building: Planning</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-115-20-42001	Contract Services	\$239,033	\$290,471	\$79,200
101-115-20-42009	Advertising and Legal Notice	500	0	0
101-115-20-42101	Office Supplies	6,400	1,820	7,100
101-115-20-42102	Publications & Subscriptions	1,425	244	1,138
101-115-20-42104	Safety Equipment and Supplies	2,700	0	1,700
101-115-20-42115	Other Supplies	1,750	1,262	575
101-115-20-42301	Training & Education	6,825	2,994	6,825
101-115-20-42302	Conferences & Meetings	4,000	1,859	4,000
101-115-20-42304	Dues & Memberships	3,800	750	4,680
101-115-20-42403	Printing	1,000	2,001	1,150
<b>Services &amp; Supplies Subtotal</b>		<b>\$267,433</b>	<b>\$301,401</b>	<b>\$106,368</b>

<b>Community Planning &amp; Building: Building</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-115-21-42001	Contract Services	\$90,800	\$14,026	\$84,935
101-115-21-42102	Publications & Subscriptions	0	90	17,000
101-115-21-42107	Gas and Oil	250	0	100
101-115-21-42115	Other Supplies	2,200	431	2,225
101-115-21-42301	Training & Education	4,480	2,105	4,480
101-115-21-42302	Conferences & Meetings	3,350	2,114	4,300
101-115-21-42304	Dues & Memberships	2,080	345	2,080
<b>Services &amp; Supplies Subtotal</b>		<b>\$103,160</b>	<b>\$19,112</b>	<b>\$115,120</b>

<b>Community Planning &amp; Building: Code Compliance</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-115-22-42001	Contract Services	\$15,000	\$222	\$15,000
101-115-22-42115	Other Supplies	0	0	1,500
101-115-22-42301	Training & Education	1,000	0	0
101-115-22-42302	Conferences & Meetings	2,800	71	2,400
<b>Services &amp; Supplies Subtotal</b>		<b>\$18,800</b>	<b>\$293</b>	<b>\$18,900</b>

## 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 12,000+ 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.

## 2024-2025 INITIATIVES AND ACCOMPLISHMENTS

### Street and Sidewalk Maintenance

- Used 28 tons of asphalt for in-house street repairs.
- Installed a split rail fence on Ocean Avenue (San Antonio to Del Mar).
- Created and installed new bus parking signs on Junipero Street and Carmel Plaza.
- Completed slurry seal of the City Hall parking lot.
- Completed the AB 413 daylighting changes.
- Began the 24/25 Drainage Repair Project.
- Implemented new sidewalk survey software.
- Repaired dozens of downtown sidewalks and associated tree wells.

### Habitat Restoration & Environmental Oversight

- Supported volunteer and reporting efforts at the North Dunes Habitat Restoration Area with Native Solutions and Denise Duffy & Associates.





- Installed new signage and created trail maps at all five entrances of Mission Trail Nature Preserve (MTNP) with Friends of MTNP (FOMTNP).
- Oversaw MTNP 3 Streams Project compliance with ACOE, RWQCB, and CDFW permits.
- Regularly cleaned the beach and conducted in-house sand redistribution at Del Mar Dunes and cleaned log piles in Rio Park.
- Implemented Phase 2 of the Sea Level Rise/Coastal Adaptation Strategies

presented to Planning and Forest & Beach Commissions.

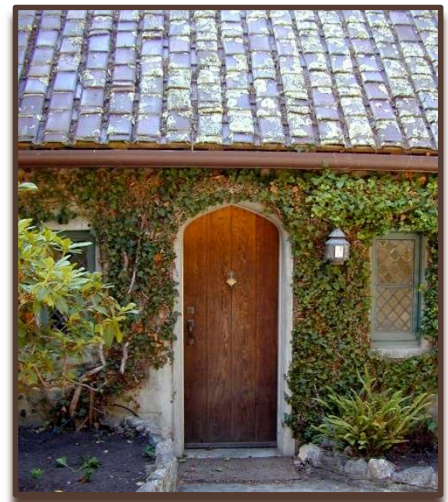
- Launched a new Sea Level Rise/Adaptation Strategies Community Survey.
- Repaired six beach access stairways under two Emergency Coastal Development Permits.
- Conducted bird nesting surveys in compliance with the Migratory Bird Treaty Act and the California Fish and Game Code.

### Stormwater & Waste Management

- Revamped SB 1383 waiver program and CalRecycle procurement records.
- Updated restaurant stormwater inspection records.
- Submitted the 2024 Stormwater Annual Report to the Regional Water Quality Control Board.
- Conducted bi-annual stormwater trainings for Police and Fire Departments.
- Supported Monterey Regional Stormwater Management Program as a Training & Contract subcommittee member.
- Worked with ReGen to compile the Electronic Annual Report (EAR) to CalRecycle.

### Facilities Improvements & Repairs

- Constructed three new Public Works offices and one cubicle at Vista Lobos; remodeled restroom and began window frame replacements.
- Upgraded Sunset Center's Carpenter Hall heating system and Yoga Cottage roof tiles.
- Replaced commercial roll-up doors, faulty Fire Station door motor, and installed additional panic alarms at Public Works and libraries.



- Upgraded electrical panels (Ocean/Junipero), lighting (Flanders Mansion garage), and 911 public phones citywide.
- Completed painting projects at Harrison Memorial Library and Sunset Center; replaced sheetrock at Park Branch Library.
- Restored Flanders Mansion front door and repaired the skylight at Forest Hill Park tennis court restroom.
- Repaired City Hall sump system, replaced ceiling tiles, and painted the lobby.
- Completed Devendorf Park pond UV filtration system and Del Mar beach restroom drainage repairs.
- Painted Del Mar restrooms and repaired Piccadilly Park's artistic fountain.
- Repaired and upgraded Public Works rear access gate system.
- Performed city-wide window cleaning, gutter cleaning, and ADA/key control upgrades at City Hall and Public Works.

### Urbanized Forest, Parks & Landscaping

- Removed over 175 dead, dying, or diseased trees and removed over 300 stumps, far exceeding our goals set for Year 1 of our 3-Year 'Catch-Up Plan' to address a backlog of tree-related work.
- Evaluated and rendered a decision on 300+ permits applications for tree prunings or removals.
- Maintained 48 landscaping sites throughout the City by management of an on-call contractor.



- Identified over 100 locations with lines attached to tall tree stumps which are being used as utility poles and began the removal of dozens with the aid and coordination of utility companies.

- Continued the deliberate, collaborative, and precise development of the Carmel Forest Master Plan alongside feedback from our residents, the Steering Committee, and our on-call ecologist.
- Completed beautification projects, including re-landscaping Ocean Avenue medians, and transitioned the Scenic pathway maintenance to City oversight, previously led by Carmel Cares.
- Worked closely with our partners FOMTNP and Friends of Carmel Forest to enhance our downtown beauty by planting the ‘right tree, right location’ model, as well as managing the removal of invasive tree species, plants, and mastication surrounding walking trails.
- Assumed administrative responsibility of the tree permit process from the Community Planning & Building Department.
- Updated and streamlined the tree permit process to merge all applications onto one form, both digitally and hard copies.

### Community Engagement & Events

- Held the third annual Earth/Arbor Day Celebration.
- Installed dozens of new Ribbon Cans and replaced several lids.
- Held Workshop for the Carmel Local Coastal Program Sea Level Rise/Adaptation Strategies.
- Held ceremony for new Red Eagle sign installation.
- Worked with FOMTNP and presented e-bike regulations to the Forest & Beach Commission.
- Held multiple Community meetings for the Carmel Forest Management Plan.
- Coordinated with TAMC to hold the Regional Vision Zero Action Plan Public Workshop.

### 2025-2026 PRIORITIES

- Procure Compact Track Loader and two EV pickup trucks
- Start the Conglomerate Paving Project and Sidewalk Replacement CIP
- Design/construction of shoreline infrastructure repairs
- Construct the Fourth Avenue outfall
- Construct the Junipero bypass drainage project
- Design MTNP stream projects 4 & 5
- Develop a Copper Policy
- Implement beautification projects, notably the re-landscaping of the First Murphy park
- Install new split rail fencing at the north end of the North Dunes Habitat Restoration Area



- Construct four of the Carmel Beach Coastal Protection and Access Improvements Projects
- Continue North Dunes Restoration Improvements and Reporting
- Prepare a new Amendment to the Coastal Development Permit for the North Dunes Habitat Restoration Area
- Repair retaining walls at Sunset Center
- Install insulated windows at Fire station and upgrades to accommodate fire engine
- Fire service backflows upgrades for City Hall and both libraries
- Conduct Phase II of Sunset Center painting
- Replace over a dozen windows at Park Branch Library
- Complete Sunset Center Yoga center re-roofing
- City Hall exterior shingles replacement and handrail painting
- Flanders Mansion window frame/gutter painting
- First Murphy House painting, water intrusion, dry rot repairs
- Repair of leaks into Public Works garage
- Complete Year 2 goals (128 dead & dying tree removals and 220+ stump removals) of our 3-Year 'Catch-Up Plan' to address a backlog of tree-related work.



## BUDGET SUMMARY AND SERVICE IMPACTS

<b>Public Works Department Total</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-119-00-41001	Salaries	\$2,641,852	\$2,210,445	\$2,835,400
101-119-00-41005	Overtime	15,000	10,869	11,000
101-119-00-41101	Retirement	174,564	143,655	175,756
101-119-00-41103	Deferred Compensation	26,523	19,375	16,669
101-119-00-41104	Health Insurance	631,333	453,890	676,760
101-119-00-41106	Medicare	39,190	31,838	41,272
101-119-00-41107	LTD/STD/Life	3,287	2,574	3,989
101-119-00-41108	Worker's Comp	130,340	103,908	152,427
101-119-00-41109	Benefits-MOU Obligations	39,520	34,046	39,520
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$3,701,609</b>	<b>\$3,010,602</b>	<b>\$3,952,793</b>
101-119-00-42001	Contract Services	\$2,416,862	\$988,480	\$1,439,125
101-119-00-42009	Advertising and Legal Notice	5,000	2,364	4,075
101-119-00-42101	Office Supplies	3,000	1,894	6,000
101-119-00-42102	Publications & Subscriptions	8,000	9,922	19,000
101-119-00-42104	Safety Equipment and Supplies	10,000	11,717	11,000
101-119-00-42105	Materials and Supplies	257,650	222,556	269,475
101-119-00-42106	Small Tools and Equipment	4,095	55	17,500
101-119-00-42107	Gas and Oil	30,000	26,592	38,000
101-119-00-42202	Equipment Maintenance	20,405	2,906	12,000
101-119-00-42203	Vehicle Maintenance	38,000	26,967	39,500
101-119-00-42301	Training & Education	15,000	1,605	14,000
101-119-00-42304	Dues & Memberships	3,180	0	4,060
101-119-00-42403	Printing	2,000	0	0
101-119-00-42408	Permits and Licenses	13,200	17,721	14,500
101-119-00-42409	Rentals	10,000	4,980	10,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$2,836,392</b>	<b>\$1,317,760</b>	<b>\$1,898,235</b>
<b>Total</b>		<b>\$6,538,001</b>	<b>\$4,328,362</b>	<b>\$5,851,028</b>

### ADMINISTRATION

The Administration Division budget includes funding for Contract Services (\$19,700), including uniforms and software contracts, training (\$14,000), subscriptions (\$19,000), and office supplies (\$6,000).

<b>PW Administration</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-119-40-42001	Contract Services	\$32,200	\$15,514	\$19,700
101-119-40-42009	Advertising and Legal Notice	5,000	2,364	4,075
101-119-40-42101	Office Supplies	3,000	1,894	6,000
101-119-40-42102	Publications & Subscriptions	8,000	9,922	19,000
101-119-40-42104	Safety Equipment and Supplies	10,000	11,717	11,000
101-119-40-42301	Training & Education	15,000	1,605	14,000
101-119-40-42304	Dues & Memberships	3,180	0	4,060
101-119-40-42403	Printing	2,000	0	0
<b>Services &amp; Supplies Subtotal</b>		<b>\$78,380</b>	<b>\$43,017</b>	<b>\$77,835</b>

## STREET MAINTENANCE

The Street Maintenance Division budget includes funding for Materials and Supplies (\$71,500) for mutt mitts (\$30,000), asphalt, sidewalk pavers, and traffic paint, Equipment and Vehicle Maintenance (\$39,500), Fuel (\$38,000), and Contract Services (\$61,300).

<b>PW Street</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-119-41-42001	Contract Services	\$66,000	\$56,220	\$61,300
101-119-41-42105	Materials and Supplies	81,100	84,362	71,500
101-119-41-42106	Small Tools and Equipment	4,095	55	17,500
101-119-41-42107	Gas and Oil	30,000	26,592	38,000
101-119-41-42202	Equipment Maintenance	20,405	2,906	12,000
101-119-41-42203	Vehicle Maintenance	38,000	26,967	39,500
101-119-41-42409	Rentals	10,000	4,980	10,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$249,600</b>	<b>\$202,081</b>	<b>\$249,800</b>

## FACILITIES MAINTENANCE

The budget for the Facilities Maintenance Division includes funding for Contract Services (\$624,585) including janitorial (\$289,085), alarm monitoring, and generator services, HVAC, plumbing, roofing, and electrical repairs, and Materials & Supplies (\$99,500) for doors, hardware, lighting, filters, plumbing, and first aid supplies.

<b>PW Facilities</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-119-42-42001	Contract Services	\$606,762	\$492,207	\$624,585
101-119-42-42105	Materials and Supplies	94,350	75,132	99,500
<b>Services &amp; Supplies Subtotal</b>		<b>\$701,112</b>	<b>\$567,339</b>	<b>\$724,085</b>

## ENVIRONMENTAL COMPLIANCE

The Environmental Compliance Division budget includes funding for Contract Services (\$248,200), including SB1383 implementation, recycling containers, and waste hauler oversight (\$8,200), stormwater quality enforcement and watershed monitoring (\$26,000). Cleaning of storm drains, on-call environmental consultants, and climate change initiatives, and Permits and Licenses (\$14,500) for stormwater and Air Resources District permits and MTNP invasive removals and North Dunes habitat monitoring services.

<b>PW Environmental Compliance</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-119-43-42001	Contract Services	\$282,700	\$63,202	\$188,200
101-119-43-42408	Permits and Licenses	13,200	17,721	14,500
<b>Services &amp; Supplies Subtotal</b>		<b>\$295,900</b>	<b>\$80,923</b>	<b>\$202,700</b>





## PROJECT MANAGEMENT

The City's Project Managers' time will be allocated at year end to the CIP projects based upon actual time spent.

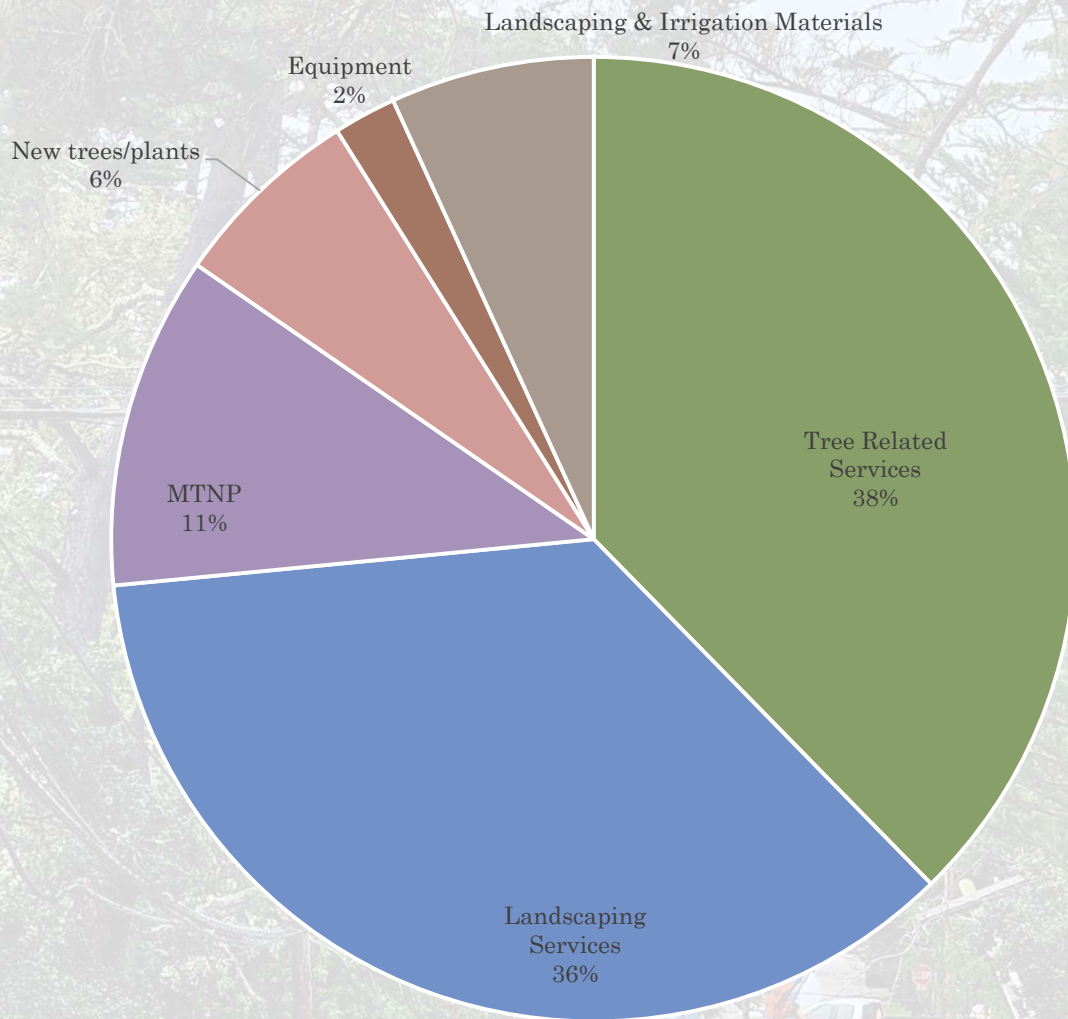
<b>PW Project Management</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-119-44-41001	Salaries	\$225,515	\$162,539	\$271,758
101-119-44-41101	Retirement	10,983	7,916	12,874
101-119-44-41103	Deferred Compensation	2,100	1,013	900
101-119-44-41104	Health Insurance	68,599	27,451	60,507
101-119-44-41106	Medicare	3,270	2,307	3,940
101-119-44-41107	LTD/STD/Life	291	145	657
101-119-44-41999	Contra Salaries and Benefits	0	0	-295,000
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$310,758</b>	<b>\$201,371</b>	<b>\$55,636</b>

## FORESTRY, PARKS AND BEACH

The Forestry, Parks, and Beach Division budget includes funding for Contract Services (\$545,340), including tree contractors for removals, pruning, stump grinding, MTNP tree work, beautification projects, landscape maintenance contract (\$183,500), and materials and supplies (\$98,475).

<b>PW Forest &amp; Beach</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-119-45-42001	Contract Services	\$1,429,200	\$361,336	\$545,340
101-119-45-42105	Materials and Supplies	82,200	63,062	98,475
<b>Services &amp; Supplies Subtotal</b>		<b>\$1,511,400</b>	<b>\$424,398</b>	<b>\$643,815</b>

## FY25-26 Forestry, Parks & Beach Expenditure Detail



Type of Expenditure	Budget	%
Tree Related Services	\$ 242,500	38%
Landscaping Services	230,500	36%
MTNP	71,840	11%
New trees/plants	41,500	6%
Equipment	13,500	2%
Landscaping & Irrigation Materials	43,975	7%
<b>Total</b>	<b>\$ 643,815</b>	<b>100%</b>

## 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.

## 2024-2025 INITIATIVES AND ACCOMPLISHMENTS

- Vacancies were filled to include, (1) Police Commander, (1) Police Officer, and (3) 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 was completed allowing the police department to communicate with other county agencies on the digital network.
- The police department purchased three electric vehicles, including two for patrol use.

- Volunteer groups like (VIPS) volunteers in policing and (CERT) Community Emergency Response Team were utilized during a number of emergencies and community events.
- Completion for the AB481 legal requirement to inform the public about the police department's use of Military Equipment.
- Implementation of AB413 "Daylighting Bill" to protect pedestrians at curbed crosswalks throughout the village.
- Completion for the Flock Camera Ad Hoc Committee resulting in a change in the number, use, and location of Flock Cameras in the village.

## 2025-2026 PRIORITIES

- Continue recruitments to fill additional Police Officer positions and be fully staffed.
- Continue work towards the completion of the Police Department Remodel Project.
- Resolution of the proposed Ambulance Merger with Monterey Fire.
- Update the City Emergency Operations Plan.
- Implement a Police Social Media Presence.
- Expand the Seniors Helping Seniors program to include an App for seniors needing special care during emergencies.

## BUDGET SUMMARY AND SERVICE IMPACTS

### POLICE DEPARTMENT

- The FY 25-26 Budget reflects a total decrease of \$86,000 from the FY 24-25 Budget.
- The Department will continue to focus on patrol and response to public safety needs.

The FY 25-26 Budget reflects a decrease of \$246,000 in services and supplies over the FY 24-25 Budget. The decrease is primarily the result of the change in contract service for the Flock camera system and reduced vehicle repair costs. Training expenses were increased to add leadership training for supervisors, required continued education training for officers, and academy training for new hires. 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.





<b>Police</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-116-00-41001	Salaries	\$706,786	\$595,605	\$897,295
101-116-00-41002	Salaries -Safety	2,173,856	1,813,760	2,389,538
101-116-00-41005	Overtime	0	0	37,500
101-116-00-41006	Overtime -Safety	395,000	519,579	112,500
101-116-00-41009	Holiday in Lieu	160,018	146,433	116,197
101-116-00-41101	Retirement	56,159	42,909	58,227
101-116-00-41102	Retirement -Safety	364,915	314,180	287,018
101-116-00-41103	Deferred Compensation	176,051	205,953	198,322
101-116-00-41104	Health Insurance	531,906	370,994	636,750
101-116-00-41106	Medicare	47,397	46,592	51,786
101-116-00-41107	LTD/STD/Life	3,117	2,470	3,084
101-116-00-41108	Worker's Comp	188,860	141,590	191,243
101-116-00-41111	Uniform Allowance	23,040	21,090	18,460
<b>Salaries &amp; Benefits Subtotal</b>		<b>\$4,827,105</b>	<b>\$4,221,156</b>	<b>\$4,997,920</b>
101-116-00-42001	Contract Services	\$365,779	\$180,924	\$250,000
101-116-00-42005	Community Promotions	4,500	1,600	5,300
101-116-00-42101	Office Supplies	8,800	6,004	8,800
101-116-00-42102	Publications & Subscriptions	420	0	420
101-116-00-42104	Safety Equipment and Supplies	114,000	38,956	50,000
101-116-00-42107	Gas and Oil	55,000	31,614	35,000
101-116-00-42201	Building Maintenance	2,000	229	2,000
101-116-00-42202	Equipment Maintenance	81,200	43,955	85,700
101-116-00-42203	Vehicle Maintenance	93,000	75,734	40,000
101-116-00-42301	Training & Education	36,000	53,418	50,000
101-116-00-42304	Dues & Memberships	1,475	1,755	1,400
101-116-00-42403	Printing	6,300	0	6,300
101-116-00-42404	Shipping/Postage/Freight	600	20	600
101-116-00-42405	Telephone and Communications	9,500	783	10,000
101-116-00-42415	Other Expenditures	24,800	30,389	12,000
<b>Services &amp; Supplies Subtotal</b>		<b>\$803,374</b>	<b>\$465,383</b>	<b>\$557,520</b>
<b>Total</b>		<b>\$5,630,479</b>	<b>\$4,686,539</b>	<b>\$5,555,440</b>

## FIRE DEPARTMENT

- The FY 25-26 Budget reflects a total decrease of \$111,000 from the FY 24-25 Amended Budget.
- Contract services include fire services provided by the City of Monterey (\$3,253,597).

The FY 25-26 Budget also includes funding for fuel (\$22,000) and vehicle maintenance (\$40,000) as Carmel is responsible for vehicle repair and replacement under the contract with Monterey.

<b>Fire</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
101-117-00-42001	Contract Services	\$3,382,924	\$3,020,982	\$3,346,924
101-117-00-42005	Community Promotions	1,000	487	1,000
101-117-00-42103	Medical Supplies	3,000	0	3,000
101-117-00-42104	Safety Equipment and Supplies	13,100	2,402	0
101-117-00-42107	Gas and Oil	19,000	6,260	22,000
101-117-00-42202	Equipment Maintenance	4,450	0	4,500
101-117-00-42203	Vehicle Maintenance	105,000	100,414	40,000
<b>Total</b>		<b>\$3,528,474</b>	<b>\$3,130,544</b>	<b>\$3,417,424</b>



## CARMEL FIRE AMBULANCE

- The FY 25-26 Budget reflects a total increase of \$437,000 from the FY 24-25 Amended Budget.
- Contract services include Ambulance Services by the City of Monterey (\$2,095,410) and ambulance billing (\$48,000). Other major expenses include medical supplies (\$48,000), fuel and vehicle maintenance (\$21,000 and \$70,000 respectively), safety equipment (\$17,500).



Ambulance				
Account Number	Account Description	FY24-25 Amended Budget	FY24-25 Estimated Actual	FY25-26 Proposed Budget
	<b>Salaries &amp; Benefits Subtotal</b>	<b>\$1,544,270</b>	<b>\$1,335,397</b>	<b>\$0</b>
101-118-00-42001	Contract Services	\$195,902	\$174,497	\$2,179,110
101-118-00-42101	Office Supplies	1,000	0	0
101-118-00-42103	Medical Supplies	48,150	50,338	48,150
101-118-00-42104	Safety Equipment and Supplies	17,500	0	17,500
101-118-00-42107	Gas and Oil	26,000	6,479	21,000
101-118-00-42201	Building Maintenance	10,000	984	5,000
101-118-00-42202	Equipment Maintenance	4,000	994	4,000
101-118-00-42203	Vehicle Maintenance	62,000	41,336	70,000
101-118-00-42301	Training & Education	14,150	1,188	15,000
	<b>Services &amp; Supplies Subtotal</b>	<b>\$378,702</b>	<b>\$275,815</b>	<b>\$2,359,760</b>
	<b>Total</b>	<b>\$1,922,972</b>	<b>\$1,611,212</b>	<b>\$2,359,760</b>



## DEBT SERVICE

Debt Service includes payments for the 2020 Refunding Lease Revenue Bonds. These payments total \$509,100 as shown 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 \$509,100 to Debt Service (Fund 401) in FY 25-26 with approximately 75% of that going to the principal.

<b>Debt Service: Total</b>				
<b>Account Number</b>	<b>Account Description</b>	<b>FY24-25 Amended Budget</b>	<b>FY24-25 Estimated Actual</b>	<b>FY25-26 Proposed Budget</b>
401-411-00-44001	Principal	\$375,000	\$375,000	\$380,000
401-411-00-44002	Interest	141,600	141,568	126,600
401-411-00-44003	Administrative Fees	2,500	2,105	2,500
<b>Total</b>		<b>\$519,100</b>	<b>\$518,673</b>	<b>\$509,100</b>

<b>FY 24-25 Debt Service by Bond</b>				
<b>Bond</b>	<b>Principal</b>	<b>Interest</b>	<b>Fee</b>	<b>Total</b>
Sunset Center	\$380,000	\$126,600	\$2,500	\$509,100
<b>Total</b>	<b>\$380,000</b>	<b>\$126,600</b>	<b>\$2,500</b>	<b>\$509,100</b>

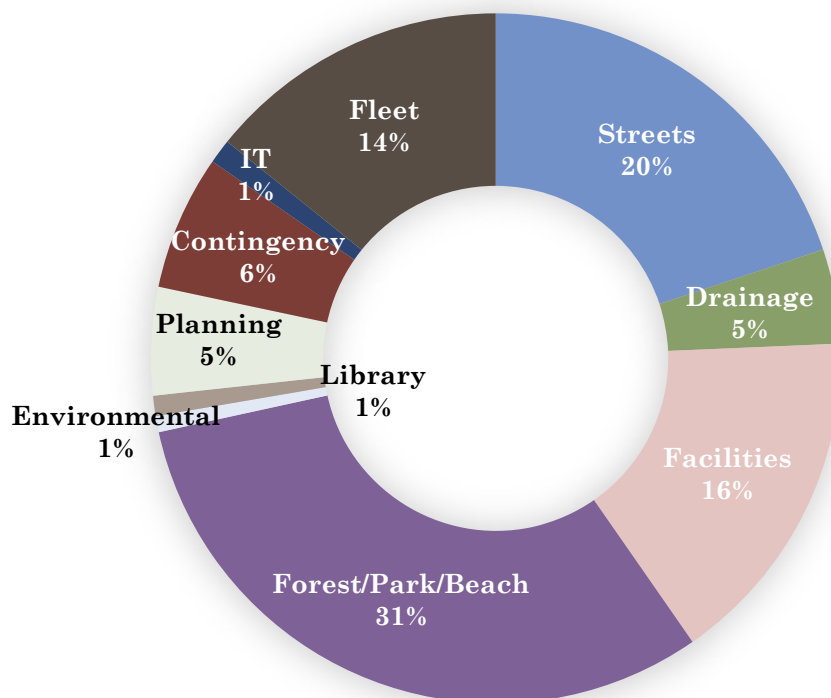
## CAPITAL IMPROVEMENT PLAN (CIP)

## CAPITAL IMPROVEMENT PLAN

The FY 25-26 Budget includes \$7.9 million for capital projects. This level of capital spending represents 20% of the total citywide budget of \$39.7 million and requires the use of \$5.0 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 25-26 CIP Funding by Category" chart. Streets account for 39% of capital expense, with a proposed budget of \$4.38 million, largely funded by revenues the City receives specifically for street maintenance and other transportation-related projects. The FY 25-26 Budget recognizes the importance of facility investments including \$1.265 million for deferred facility maintenance items that address Sunset Center elevator, painting and Yoga Center reroof, Forest Theater Stage, Fire station upgrades, City Hall exterior shingles, and Sunset Center Cottage Window Repairs.

### FY 25-26 CIP Funding by Category



Drainage projects reach \$1,075,000 or 25%% of the CIP budget, and include Reconstruction of the Fourth Ave Outfall and MTNP Streams 5-6 Drainage project. Included in this fiscal year's budget is a \$500,000 CIP Contingency to provide funds when needed to award construction contracts that may have outdated cost estimates, such as for carry-over projects, the scope of essential work has increased, and/or when construction bids are competitive, but higher than available funds. Capital outlay includes \$1.2 million for the projects listed in the Vehicle and Equipment Fund table below.

## VEHICLE AND EQUIPMENT FUND

Vehicle and Equipment Fund		
		FY25-26 Proposed Budget
Account Number	Account Description	
503-513-00-43004	Ambulance Heart Monitor	\$35,000
503-513-00-43005	Ambulance	450,000
503-513-00-43005	PW Compact Track Loader	125,000
503-513-00-43005	PW EV Trucks (2)	150,000
503-513-00-43005	Police Patrol Vehicles (2)	150,000
503-513-00-43005	Forestry Utility Bucket Truck	180,000
503-513-00-43006	Police Radios Year 5 of 6	30,000
503-513-00-43007	IT Network Refresh	40,000
503-513-00-43007	Wireless Access Point	50,000
Vehicle and Equipment Total		\$1,210,000

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 Hear Monitor (\$35,000)

This project involves the purchase of new monitors to improve emergency medical care by enabling real-time cardiac assessment during transport, ensuring faster, more effective treatment for patients with heart-related conditions.

### Ambulance (\$450,000)

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 \$400,000 from the Vehicle and Equipment Fund and a \$50,000 donation will be programmed in FY 25-26.

### Public Works Compact Track Loader (\$125,000)

The purchase of a compact track loader will significantly improve the City's beach maintenance operations. Currently, the lack of a dedicated equipment ramp for beach access makes transporting machinery onto the beach difficult and inefficient. This purchase will enhance our ability to perform essential tasks such as sand redistribution and erosion



control on the Del Mar and Volleyball Dunes. These areas are crucial for both recreational use and ecological health, and proactive maintenance is vital for their preservation. The compact track loader will provide the necessary mobility and power to navigate the sandy terrain effectively. We are requesting the inclusion of a flail mower and a street broom as attachments to further broaden the machine's utility. The flail mower will assist in vegetation management throughout the City, and the street broom will be used for debris removal and maintaining cleanliness in the Del Mar parking lot. This proactive approach will save time and resources by preventing more significant issues from developing.

#### Public Works EV Trucks (2) (\$150,000)

The Public Works Department plans to replace a 2000 Dodge Dakota and a 2002 Ford Ranger due to their age, condition, and wear by acquiring two Electric Vehicle (EV) trucks. These EV trucks will be used across all divisions of the Public Works Department. Given the department's heavy reliance on its fleet of trucks for routine maintenance, repairs, equipment transportation, and emergency response, the transition to EV trucks will reduce the City's carbon footprint and lower fuel and maintenance expenses. Additionally, acquiring these EV trucks aligns with the State's mandate for increasing EV adoption in municipal fleets. By proactively transitioning to electric vehicles, the City demonstrates its commitment to environmental sustainability and compliance with state regulations. This initiative will position the City of Carmel as a leader in adopting clean energy solutions and contribute to a healthier environment for our community.

#### Police Patrol Vehicles (2) (\$150,000)

The Police Department would replace two Dodge Durango vehicles with two Ford Explorer patrol vehicles due to mechanical issues with their engines.

#### Forestry Utility Bucket Truck (\$180,000)

The Forestry Division would replace the old high-ranger bucket truck with a specialized utility bucket vehicle equipped with a hydraulic lifting system and an attached bucket or platform. This truck would be used on a daily basis by the Forestry Maintenance crew for inspecting tree canopies and tree trimming and removal.

#### Police Radios Lease (Years 5 of 6) (\$30,000)

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.

#### IT Network Refresh (\$40,000)

Funding will be used to upgrade and modernize the City's existing network infrastructure to enhance performance, reliability, and security. The City would replace outdated hardware, implement faster and more scalable solutions, and seamless connectivity for all departments and services. The project will focus on improving cybersecurity measures.

#### Wireless Access Point (\$50,000)

Funding will be used to purchase and install new Wireless Access Points (WAPs) throughout city facilities to enhance wireless connectivity and ensure reliable, high-speed internet access for employees and city operations. The project will upgrade outdated or

insufficient wireless infrastructure, providing better coverage, faster speeds, and improved security across public buildings and departments. These upgrades will also support the growing demand for mobile devices.

## CAPITAL PROJECTS FUND

The Capital Projects budget for expenditures includes 32 new projects for a total of \$6.7 million. In addition, \$3.5 million of projects started but not finished in FY 2024-2025 will be carried-over as a part of reserved fund balance.

Category	Description	FY25-26 Proposed Budget
<b>New Capital Projects</b>		
Streets	Resurfacing Parking Lots (CL,SC)	300,000
Streets	Road Segment Project (10 road segments)	300,000
Streets	Scenic/Santa Lucia ADA Parking	20,000
Streets	Sidewalks	500,000
	Sunset Center Retaining Walls	
Streets	Construction	450,000
Drainage	Junipero Bypass Pipe - Design	175,000
Drainage	MTNP Stream Projects 5 - 6 Design	175,000
Facilities	ADA Upgrade, Year 8	20,000
Facilities	City Hall Exterior Shingles	70,000
Facilities	Design Repairs - CH, FS	150,000
Facilities	Fire Backflows to Code (3 bldgs)	200,000
Facilities	Fire Station Upgrades	175,000
Facilities	Forest Theater Stage	60,000
Facilities	Park Branch Library Window Repairs	50,000
Facilities	Picadilly Restroom Expansion Design	70,000
Facilities	Police / Public Works Building Project	50,000
Facilities	Sunset Center Elevator Power Unit	120,000
Facilities	Sunset Center Painting, Phase 2	250,000
Facilities	Sunset Center Yoga Center Reroof	50,000
	Rio and Junipero Ave Median	
Forest/Park/Beach	Enhancements	100,000
Forest/Park/Beach	Reconstruction of the Fourth Ave Outfall	900,000
Forest/Park/Beach	Shoreline Repairs Stairs Construction	300,000
Forest/Park/Beach	Forest Plan Implementation Year 2	739,000
Forest/Park/Beach	Devendorf Park Improvements	50,000
Forest/Park/Beach	Sand Ramp at Eighth Avenue	275,000
Forest/Park/Beach	Scenic Pathway Enhancements	100,000
Library	Library Master Plan, Administration	50,000
Library	UV film replacement HML windows	25,000
Planning	Planning ODDS element	200,000

Planning	CEQA MTNP CFMP	70,000
Project Management	Staff Time	295,000
Contingency	CIP Contingency	500,000
<b>Total New CIP</b>		<b>\$6,789,000</b>
<b>Carryover Capital Projects</b>		
Streets	Conglomerate Paving Project - Carryover	2,810,000
Forest/Park/Beach	Shoreline Infrastructure Repair - Carryover	400,000
Environmental	Coastal Engineering Study, Phase 2 - Carryover	250,000
<b>Total Carryover Capital Projects</b>		<b>\$3,460,000</b>

## STREETS

### Conglomerate Paving Project - Carryover (\$2,810,000)

**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 is approximately \$700,000 for FY 25-26 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.

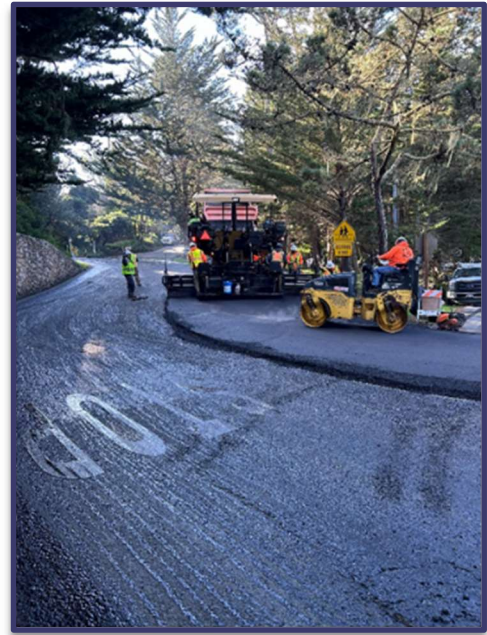
All of these improvements, which have a construction cost estimate of \$1.68 million, will be included in the Conglomerate Paving Project for FY 2025-26. However, several of the most expensive roadways may be included in the construction bid documents as additive bids and awarded if sufficient funding 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 25-26.

**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. 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.



#### **Resurfacing Parking Lots (CL,SC) (\$300,000)**

The allocated funding will be used for the required asphalt pavement maintenance at the Children's Library and the Sunset Center Main Lot. This work will address necessary repairs and improvements to maintain the safety and functionality of the parking lots. The funding will cover resurfacing, patching, and other asphalt-related maintenance tasks.

#### **Road Segment Project (10 road segments) (\$300,000)**

Funding will be used to address pavement maintenance needs on ten streets that were identified through the City's use of StreetSaver, a pavement management software that helps prioritize repairs based on condition, usage, and cost-effectiveness. These specific streets were selected due to their current condition ratings and maintenance needs, as outlined in the pavement management analysis. The list of streets and associated work was previously discussed with the City Council at the March 24, 2025 meeting.

#### **Scenic/Santa Lucia ADA Parking (\$20,000)**

Funding will be used for the installation of an ADA-compliant parking stall through pavement restriping and associated improvements. Additionally, an ADA-compliant access ramp will be installed to provide accessible entry to the scenic pathway. These improvements will enhance accessibility and ensure compliance with current ADA standards, allowing more users to safely enjoy the pathway.

### Sidewalks (\$500,000)

Funding will be used for sidewalk repairs in areas that pose trip hazards, ensuring safer pedestrian access throughout the city. This will involve identifying and repairing damaged or uneven sections of sidewalk to prevent accidents and improve walkability. The repairs will focus on high-traffic areas and locations with the most significant safety concerns.

### Sunset Center Retaining Walls Construction (\$450,000)

Funding will be used for the construction of one structural retaining wall in the Sunset Center North Lot located on the north side adjacent to Eighth Avenue, which poses a hazard to the public. This wall has already been designed in the current year's CIP and requires funding for construction.

## DRAINAGE

### Junipero Bypass Pipe – Design (\$175,000)

The design improvements aim to address capacity issues along Junipero and Ocean, including the installation of a parallel 30-inch pipe on Junipero Street between Fifth and Seventh Avenues and a parallel 24-inch pipe near Fifth Avenue and Torres Street. These upgrades will enhance flow and reduce hydraulic grade line (HGL) peaks. Coordination with the Mission Street Bypass and Fifth Avenue projects may also be considered during the design phase.

### MTNP Stream Projects 4-5 Design (\$175,000)

The next stage of the MTNP project addresses the fourth and fifth of eight stream restoration and drainage improvements recommended in the 2019 MTNP Stream Stability Study. The first three projects were completed in late 2024. Any future work now requires updated environmental permits from the U.S. Army Corps of Engineers, the California Department of Fish and Wildlife Service, and the State Regional Water Quality Control Board.

The proposed improvements aim to eliminate stream incision threatening the Serra Trail, restore a more natural stream channel alignment, and reroute a section of the Doolittle Trail that is degrading the stream bank, eroding vegetation, and creating a safety hazard.

Site #4 work includes the design, permitting and implementation of:

- Demolition of the existing concrete ford and installation of a naturalized stream channel
- Construction of a new pedestrian bridge
- Establishment of a new trail through the redwood grove
- Habitat restoration and monitoring

Site #5 work includes the design, permitting, and implementation of:



- Realignment of Mission Creek just below the confluence, through the midpoint of the valley between the Willow Trail and Serra Trail.

In addition, staff is exploring a grant opportunity through the California Wildlife Conservation Board, which offers up to \$1 million for design and up to \$3 million for project implementation.

## FACILITIES

### ADA Upgrade, Year 8 (\$20,000)

A \$20,000 budget has been allocated for ADA upgrades within the city, aimed at improving accessibility for individuals with disabilities. The funds will be used to address areas in need of compliance, enhancing public spaces and facilities to ensure they meet ADA standards. Specific upgrade areas will be determined based on the city's infrastructure needs.

### City Hall Exterior Shingles (\$70,000)

Funding will be used for the repair and restoration of wood shingles on the exterior walls of City Hall, as they need maintenance and some may require replacement. This work will address areas of wear and deterioration, helping to preserve the building's exterior. The project will ensure the structure remains protected and visually appealing.



### Design Repairs – City Hall, Fire Station, Vista Lobos (\$150,000)

Funding to be used for repairs to City facilities as recommended in the Facilities Conditions Assessment prepared by Bureau Veritas. These repairs are necessary to address maintenance issues, ensuring the safety, functionality, and efficiency of city buildings. This funding will support ongoing efforts by supplementing the work of the City's Facilities Maintenance Department, specifically for repairs that exceed their current capacity or technical capabilities. The improvements will help prevent further deterioration and reduce long-term repair costs.

### Fire Backflows to Code (3 bldgs) (\$200,000)

Funding to be used for fire backflow improvements at three locations: City Hall, HML Library, and Park Branch Library, to bring them into compliance with current code requirements. These upgrades are essential to ensure the safety and effectiveness of the fire suppression systems at each facility. The improvements will address existing deficiencies and help meet regulatory standards.

### Fire Station Upgrades (\$175,000)

Funding to be used for upgrades to the Fire Station to accommodate a newly purchased fire truck. These upgrades will include modifications to the station's bays, ensuring they are large enough to house the new equipment safely and efficiently.

#### Forest Theater Stage (\$60,000)

Funding will be used for the replacement of the wooden stage deck and its incidental support system, which are currently showing significant signs of deterioration. The existing structure has experienced wear over time and needs replacement to ensure safety, structural integrity, and continued usability for performances and events.

#### Park Branch Library Window Repairs (\$50,000)

Funding will be used for window repairs at Park Branch Library, which includes replacing 18 deteriorated double-pane windows. These windows have lost their insulation, resulting in a persistent steamy appearance, and the wood trim is also deteriorating. Once replaced, the windows will be restored, and the trim will undergo necessary painting.

#### Picadilly Restroom Expansion Design (\$70,000)

Funding will be allocated for the design of an expansion to the Picadilly restroom, one of the City's most heavily used facilities. During peak summer months, the line for this single-toilet restroom often extends to the sidewalk, highlighting the need for increased capacity.



#### Police/Public Works Building Project (\$50,000)

Funding allocated for immediate safety repairs while exploratory actions are taken on the future of the Police and Public Works building.

#### Sunset Center Elevator Power Unit (\$120,000)

Funding will be used for the replacement of the Sunset Center's power unit, including the hydraulic valves. The existing system has reached the end of its useful life and requires an upgrade to ensure continued reliable operation.

#### Sunset Center Painting, Phase 2 (\$250,000)

Funding will be used for Phase 2 of painting the Sunset Center. This phase will complete the painting of areas not addressed in the previously completed work, enhancing the facility's appearance and protecting surfaces from wear and damage. As a cost-saving measure, staff will incorporate design and project management efforts completed during Phase 1 to streamline the process and reduce overall expenses.

#### Sunset Center Yoga Center Reroof (\$50,000)

Funding will be used for the roof replacement at the Sunset Center Yoga Center, which is over 30 years old and requires frequent maintenance. The new roof will address ongoing issues and provide long-term durability. This replacement will ensure the facility remains safe and protected from weather-related damage.

## FOREST, PARKS AND BEACH

### Shoreline Infrastructure Repair (\$400,000)

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 25-26.

### Rio and Junipero Ave Median Enhancements (\$100,000)

Funding will be used to design and implement enhancements to the existing medians along Rio Road and Junipero Avenue. Improvements would include new landscaping and irrigation upgrades.

### Reconstruction of the Fourth Ave Outfall (\$900,000)

Funding will be used for construction work to replace the outfall structure at 4th Avenue, which is showing significant structural deficiencies and is in a high level of disrepair. The existing structure is at risk of further deterioration, impacting the surrounding area. Design work for the replacement is being initiated in the current fiscal year, with construction aimed at restoring the outfall’s functionality, preventing further erosion, and ensuring the long-term stability of the area.

#### Shoreline Repairs Stairs Construction (\$300,000)

Funding will be used for construction work to reconstruct stairs damaged by winter storms and the effects of sea level rise. The stairs located north of 10th Avenue and on Twelfth Avenue have sustained deterioration and damage from these storms. Design work for the reconstruction will begin in the current fiscal year, with the goal of restoring safe access while addressing future environmental conditions. The anticipated cost is based on replacing the stairs with wooden structures, consistent with the existing design and environmental considerations. The design phase of the previously approved Shoreline Infrastructure Project (Task 1), which was authorized by City Council on March 24, 2025, is currently underway. Upon completion of this assessment, staff will return to Council with a potential recommendation to reconstruct the existing stairs using new concrete structures, with preliminary engineer's estimates placing the cost at approximately \$400,000 per stair.

#### Forest Plan Implementations Year 2 (\$739,000)

Budget reflects dead/unsafe tree removals and the backlog of stumps, all part of a 3-year tree maintenance catch-up plan, which began last fiscal year and is expected to culminate in the Fiscal Year 2026-27. In Year 1, the City removed over 175 dead, dying, or diseased trees and removed over 300 stumps, far exceeding our goals.

#### Devendorf Park Improvements (\$50,000)

Allocated funding will be used to support a series of improvements within Devendorf Park, including enhancements to the War Memorials to preserve their condition and appearance, restoration and upgrades to the existing fishpond to improve its functionality and aesthetic, and the installation of a new guard rail/fence along Sixth Avenue to enhance public safety and define the area. These efforts aim to preserve historic features, improve site aesthetics, and ensure a safer and more welcoming environment for visitors.

#### Sand Ramp at Eighth Avenue (\$275,000)

Funding will be used for the design and reconstruction of the access sand ramp near Eighth Avenue, which has been repeatedly damaged by winter storms and the impacts of sea level rise. The ramp no longer exists in its current location due to extensive damage. Design work for the new ramp will begin in the current fiscal year, with reconstruction aimed at ensuring safe and reliable access while addressing future environmental challenges.

#### Scenic Pathway Enhancements (\$100,000)

Funding would be used to resurface and stabilize the existing decomposed granite (DG) pathway along Scenic Pathway, as well as the installation of new signage.



## ENVIRONMENTAL

### Coastal Engineering Study, Phase II (\$250,000)

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.

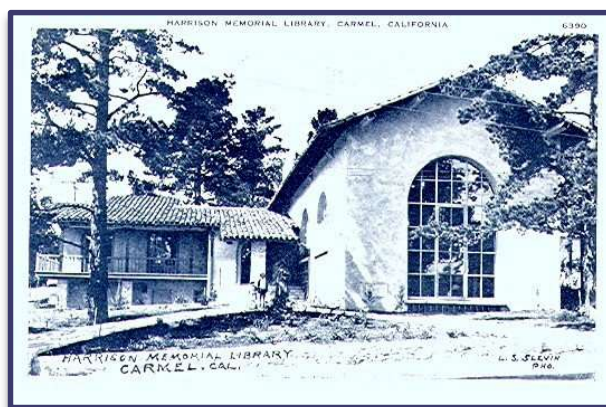


Phase II is a carry-over project that is now underway, and will focus on hazards policy review and revisions, public outreach and engagement, socio-economic analysis, adaptation strategies, pathway development, and development of the City's Local Coastal Program Amendment. This project is fully funded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

## LIBRARIES

### Library Master Plan – Administration (\$50,000)

Funding will be used to oversee and administer the interior renovations of the Harrison Memorial Library. This project will be a private-public partnership between the Carmel Public Library Foundation and the City of Carmel-by-the-Sea. The library requires essential upgrades to meet modern standards, including improvements to plumbing, electrical systems, and ADA compliance.





#### UV Film Replacement HML windows (\$25,000)

Replace UV film for the Harrison Memorial Library windows. Life span is 10 years and was last applied in 2011.

### PLANNING

#### Create Objective Development Design Standards (ODDS) (\$200,000)

ODDS created to provide objective (ministerial) design and development regulations for affordable housing projects in compliance with State Law.

#### CEQA MTNP CFMP (\$70,000)

Environmental compliance work for projects to be completed in Mission Trails Nature Preserve and for adoption of the Carmel Forest Management Plan.

### PROJECT MANAGEMENT

#### Staff Time (\$295,000)

The City's Project Managers' budgeted time will be allocated at year end to the CIP projects based upon actual time spent. Outsourced project management time is already budgeted in the appropriate project.

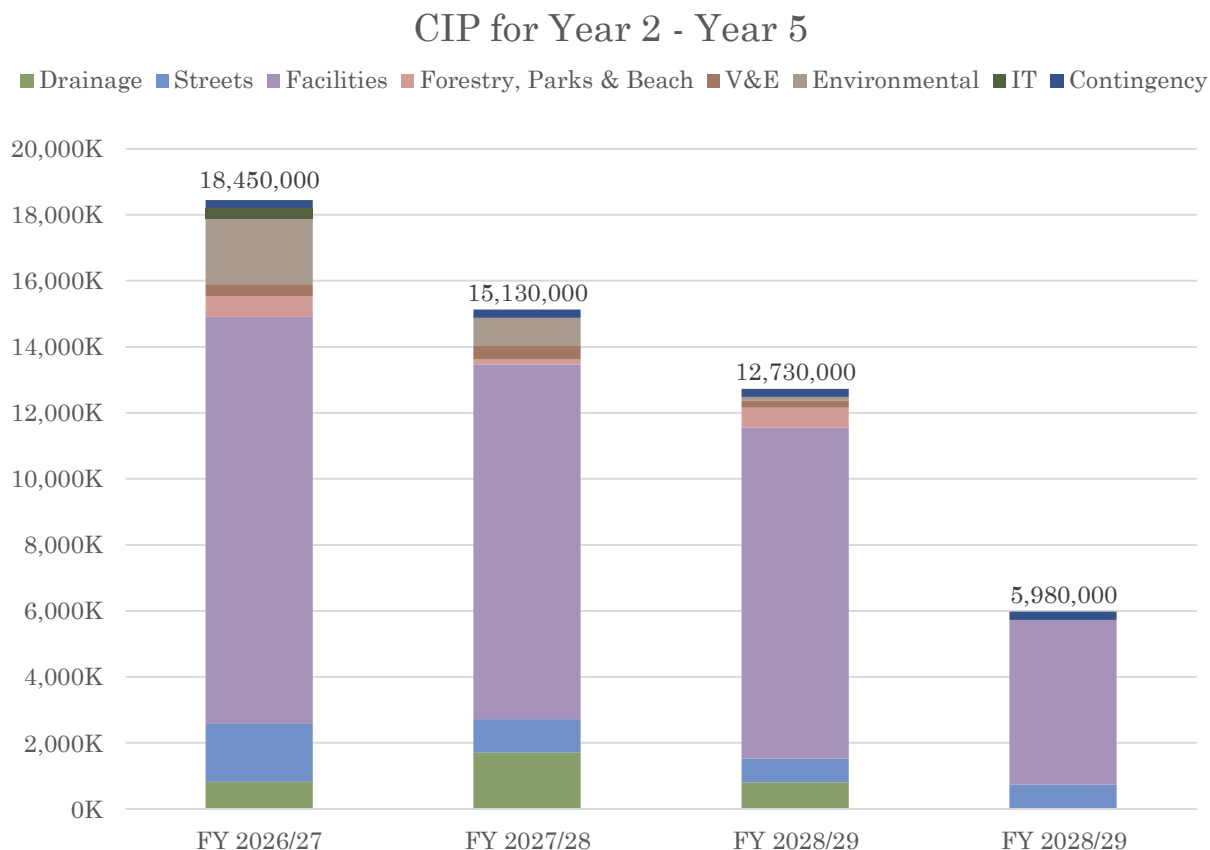
### CIP PLANNING

#### CIP Contingency Fund (\$500,000)

A \$500,000 Contingency Fund will be budgeted to cover any shortfalls to award construction contracts or to close out projects.



## 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 (FY25-26) 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. Projects include: Junipero Bypass (\$1.75M), 4<sup>th</sup> Ave CDS (\$525K), and Drainage Repairs (\$1.05M) = **\$3.33M**.

**Streets:** Annual paving Maintenance of Effort (MOE) and Transportation Agency for Monterey County (TAMC) match funding are budgeted for each fiscal year for Streets Projects (\$2.45M City plus \$1.6M external funds). In addition, the City also has the following Street projects planned: Bicycle Master Plan (\$70K), Sidewalks (\$500K), Lincoln 4<sup>th</sup> trestle bridge (\$150K), Pavement Survey Update (\$30K), and Resurfacing Parking Lots (\$300K)= **\$4.2M City plus \$2.1M external funds via TAMC**.

**Facilities:** As a placeholder, a total allocation of \$35M is included to cover final design and Police Building Construction (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 numbers will be adjusted as more information and scheduling becomes available.

Additional facility renovation projects include: ADA Updates (\$65K), Sunset Center Retaining Walls (\$900K), Flanders Structural Shoring (\$250K), City Hall FCA: Fire, Doors, Lighting (\$400K), Park Restroom Repairs (\$150K), Facility Assessment - Flanders, Restrooms (\$85K), Devendorf Bathrooms (\$50K), Sunset Center Portico (\$475K), Fire Station FCA: Roof, Windows, Alarm (\$500K), Sunset Center Railings (\$225K) = **\$28.1M**.

**Forestry Parks, and Beach:** Design and construction of the remaining five (5) Mission Trail Nature Preserve (MTNP) stream stability projects (\$1.25M), and construction of the MTNP Doolittle Bridge (\$125K) = **\$1.38M**.

**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 2 Pickup EVs (\$150K) , Forestry Department water truck (\$120K), Police Department speed radar trailer (\$25K) and animal control vehicle (\$75K), Police Department admin EV vehicles (\$75K), patrol EV vehicles (\$225K), and parking EV vehicle (\$75K). This category includes full funding for the Police radios lease (\$95K) = **\$1M plus \$90K 3CE rebates**.

**Environmental and Climate Change:** Shoreline infrastructure repairs (\$1.65M), Sunset Center EV Parking (\$1M), Climate Action Plan projects (\$150K) and energy upgrade initiatives (\$150K) = **\$2.95M**



**IT:** Equipment replacements (\$240K), Police records management system (\$200K), and GIS applications expansion (\$30K) = **\$0.31M**.

**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.

**Contingency:** A contingency fund will be budgeted annually to cover any shortfalls to awarded construction contracts or to close out projects = **\$1M**

### Years 2 Through 5 Needs Summary

The total estimated investment of City funds identified for years 2 through 5 is **\$41.56M**. 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.

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## HISTORICAL CAPITAL IMPROVEMENT PLAN (CIP) LOOKBACK

Fiscal Year	Projects	Total Spent
2017 - 2018	2	465,637
2018 - 2019	5	37,375
2019 - 2020	11	366,708
2020 - 2021	0	0
2021 - 2022	8	217,941
2022 - 2023	20	1,096,079
2023 - 2024	22	2,760,886
2024 - 2025	22	4,870,404



## 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

<b>Projected Fund Balances June 30, 2025</b>				
<b>Fund Description</b>	<b>Audited Fund</b>		<b>Transfers In &amp; (Out)</b>	<b>Estimated Fund</b>
	<b>Balance June 2024</b>	<b>Revenue &amp; (Expenses)</b>		<b>Balance June 2025</b>
<b>Unspendible Prepaid Items</b>	\$28,693	\$0	\$0	\$28,693
<b>Restricted funds</b>				
101 General Fund 115 Trust	3,124,794	-	1,000,000	4,124,794
201 Gas Tax	168,923	169,695	(338,618)	-
202 Transportation Safety	-	238,421	(238,421)	-
203 COPS	40,465	161,330	(201,795)	-
204 Parking in Lieu	758,830	-	-	758,830
205 Asset Seizure	5,616	-	-	5,616
206 Local Measure Sales Tax	2,152,539	6,484,814	(8,637,353)	-
401 Debt Service	34,807	(518,673)	518,673	34,807
501 Worker's Comp	259,716	(12,401)	(247,315)	-
502 OPEB Reserve	-	-	-	-
503 Veh & Eq Replacement	462,820	(383,408)	383,408	462,820
LIB Library	1,453,651	-	-	1,453,651
<b>Committed funds</b>				
102 Hostelry Reserve	754,323	9,295,016	(10,049,339)	-
<b>Assigned funds</b>				
101 General Fund Reserve	4,505,124		11,148,898	15,654,022
301 Capital Projects	11,096,555	(4,870,404)	(2,332,916)	3,893,235
<b>Unassigned funds</b>				
101 General Fund	11,893,970	(6,735,486)	8,994,779	14,153,262
	<b>\$36,740,826</b>	<b>\$3,828,904</b>	<b>\$0</b>	<b>\$40,569,730</b>

<b>Projected Fund Balances June 30, 2026</b>				
<b>Fund Description</b>	<b>Audited Fund</b>		<b>Transfers In &amp; (Out)</b>	<b>Estimated Fund</b>
	<b>Balance June 2025</b>	<b>Revenue &amp; (Expenses)</b>		<b>Balance June 2026</b>
<b>Unspendible Prepaid Items</b>	\$28,693	\$0	\$0	\$28,693
<b>Restricted funds</b>				
101 General Fund 115 Trust	4,124,794	-	1,000,000	5,124,794
201 Gas Tax	-	170,993	(170,993)	-
202 Transportation Safety	-	244,137	(244,137)	-
203 COPS	-	161,792	(161,792)	-
204 Parking in Lieu	758,830	-	-	758,830
205 Asset Seizure	5,616	-	-	5,616
206 Local Measure Sales Tax	-	6,595,056	(6,595,056)	-
401 Debt Service	34,807	(509,100)	509,100	34,807
501 Worker's Comp	-	(127,000)	127,000	-
502 OPEB Reserve	-	-	-	-
503 Veh & Eq Replacement	462,820	(1,210,000)	1,210,000	462,820
LIB Library	1,453,651	-	-	1,453,651
<b>Committed funds</b>				
102 Hostelry Reserve	-	9,109,116	(9,109,116)	-
<b>Assigned funds</b>				
101 General Fund Reserve	15,654,022		343,878	15,997,900
301 Capital Projects	3,893,235	(6,789,000)	6,789,000	3,893,235
<b>Unassigned funds</b>				
101 General Fund	14,153,262	(12,725,713)	6,302,116	7,729,665
	<b>\$40,569,730</b>	<b>(\$5,079,719)</b>	<b>\$0</b>	<b>\$35,490,011</b>



## FINANCIAL POLICIES

# BUDGET POLICIES AND GUIDELINES

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 balance 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.

## 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. A capital improvement project is typically a permanent structural change to a property or asset to prolong its life, increase its value, or enhance its capabilities. As used in the CIP, projects include land acquisition, buildings and facilities construction, asset upgrades or large-scale maintenance work and the planning needed to facilitate plans and implementation for infrastructure (for example, the Housing Element), including the cost of project management. 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 \$50,000 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.

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 a minimum of ten percent (10%) 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 Capital Project 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.

## OPERATING BUDGET POLICY

Operating revenues shall exceed operating expenditures.

Guidelines:

1. Total Expenditures, excluding CIP, shall not exceed 90% of budgeted Revenue.
2. A balanced budget is a budget in which total funding sources meet or exceed uses.
3. Ongoing expenses shall not be funded with one-time revenues.
4. The City shall establish salary adjustments in conjunction with the budget process.
5. 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.

## FINANCIAL POLICIES AND GUIDELINES

The City of Carmel-by-the-Sea has strong financial policies, based on City Council direction, which guide staff toward carrying out sound fiscal planning and continued management of fiscal integrity. The financial policies are divided into five categories: Capital Project Policy, 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 PROJECT POLICY

Capital expenditures shall be effectively planned and controlled. Capital projects that have not been completed by the fiscal year-end will be carried over into the subsequent fiscal year. Fund balance equal to the remaining balance of the uncompleted projects will be reserved.

## OPERATING MANAGEMENT POLICY

Operating revenues shall exceed operating expenditures.

Guidelines:

1. The City shall establish internal service funds for the repair, operation, and replacement of rolling stock and data processing equipment.
2. The City shall review the relationship between fees/charges and the cost of providing services at least every three years.
3. The City's fees and charges for services shall be adjusted annually, based upon the San Francisco-Oakland Consumer Price Index.

## 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 reserves shall be maintained at no less than fifty percent (50%) of annual projected operating expenditures.
2. The City shall maintain prudent reserves for operating liabilities and debt service.



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. 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. 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.

