

**Fiscal Year 2020-2021 Recommended Budget
Budget Questions and Responses, Funding Requests and
Supplemental Information and Correspondence**

Budget Questions and Responses

1. What was the Library budget for FY 19-20? What is the vision for providing library services while also implementing social distancing protocols? What roles do the Carmel Public Library Foundation (CPLF) and the Library Board of Trustees play in relation to the library and the City?

Response: The Fiscal Year 2019-2020 Adopted Budget for the Library is \$1,183,675. At this time libraries in Monterey County have been approved to provide curbside pick-up of materials for their communities, which we are looking to implement in the coming weeks. The next phase of reopening for libraries will look similar to other gathering places like religious institutions that have been allowed to reopen with limited capacity. Access to library facilities in this next phase will likely be limited to appointment only visits in order to limit the number of people in buildings at any given time and to ensure that safety protocols are followed. At the current proposed staffing level this will be a challenge to facilitate in addition to curbside pick-up.

Post COVID-19 once all restrictions are lifted the library will continue to be an essential part of the City's social infrastructure and recovery process. During times of crisis, such as the 2008 recession, library usage increased, as many who are out of work, experiencing homelessness, struggling with the digital divide, or on restricted incomes turned to our library for support. The need for the Carmel Public Library to continue providing crucial information, facilitate community connection in-person and virtually, help people find new opportunities for work or business, and to offer a moment of respite, will be as high post COVID-19 as during COVID-19.

The CPLF was established to keep the library open, relevant and thriving and to ensure free library service in perpetuity by providing funding for 100% of the books, materials, programs, equipment and services. The CPLF has provided the library with \$291,000 in funds each fiscal year for the past 4 years for the library's operating budget. This is also supplemented by funds from the Friends of the Library.

The Library Board of Trustees is the governing body for the library charged with management of the library buildings and property, administration of library funds, approval of library policies, and the adoption of the library's annual budget. The Board of Trustees has a Memorandum of Agreement (MOA) with the City of Carmel wherein the City is required to provide a certain level of staffing and maintain the library facilities (See attached MOA).

2. Request to have the Executive and Artistic Director of the Sunset Cultural Center (SCC) provide a presentation during the June 16 meeting.

Response: Chrisitne Sandin will be available to provide a brief presentation and answer questions regarding the Sunset Cultural Center's FY 20-21 budget request. The Sunset Cultural Center's 2020-21 Pandemic Operating Vision is attached for reference.

3. Please provide a detailed list of the hard facility-related expenses for the Sunset Center.

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Response: An outline provided by SCC staff is attached for reference, including a general overview of SCC's most basic anticipated administrative overhead costs during a closure.

4. Why is the Sunset Cultural Center projected contributed income number lower than usual at \$100,000 (per the SCC 2020-21 Pandemic Operating Vision)?

Response: According to the Sunset Cultural Center's Executive and Artistic Director, with an extended closure, SCC will not be able to deliver programs and services that are at the heart of SCC's fundraising effort and capacity. SCC generally receives \$200,000 in grants that support arts education outreach efforts. That will disappear with no activity in the schools next fall or spring. Also, SCC usually collects \$100,000+ in annual *Bravo!* membership fees that support the *Sunset Presents* programming. Those main stage programs will not occur, and SCC does not expect to receive membership renewals until the Center re-opens. Lastly, the SCC Gala event will not happen in the fall, so SCC staff anticipate an additional \$150,000 reduction in that fundraising category as well. That totals \$450,000 in contributed income that will not be realized in a closure situation where programs and services are not offered. However, SCC is confident it can receive individual donations in the amount of at least \$100,000; however, SCC wants to start off with a conservative and realistic expectation of its donors and hope the donations grow in quantity and size as SCC announces a new season for 2021-22 (announcing a new season would likely happen in late spring 2021). The \$100,000 individual donations budget is for an annual appeal at the end of this calendar year.

5. We have been following the budget process in Carmel closely, and we know that there is a question about the amount to be given to Sunset. I'd like to take a look at last year's Sunset Center budget and its proposed budget for this year.

Response: As referenced in Question #2 above, the Sunset Cultural Center's 2020-21 Pandemic Operating Vision includes a funding request to the City for FY 20-21. According to the Sunset Cultural Center's Executive and Artistic Director, the City's contribution is primarily used to cover the costs related to the facility (maintenance, landscaping, utilities, facility staff) while SCC supports the rest of the budget through earned revenue, grants and donations. The Sunset Cultural Center Fiscal Year 2019-2020 budget is also attached for reference.

6. Provide a list of contract services recommended for funding within the FY 20-21 budget.

Response: As shown on the attachment, the majority of contract services recommended to be funded as part of the Fiscal Year 2020-2021 Budget are specialized in nature and either pertain to a mandated function and/or are necessary to maintain City operations. These specialized services require either technical knowledge, professional certifications or specialized equipment that is either not readily available in-house or is required to be performed by an independent party.

In developing the Fiscal Year 2020-2021 Budget, staff strived to reduce expenses related to contract services. For example, the anticipated budget for tree-related services in Fiscal Year 2020-2021 is \$95,000 as compared to \$375,000 in Fiscal Year 2019-2020 as the majority of tree maintenance, planting and watering will be performed in-house with existing staff. The proposed \$95,000 will allow the City to utilize contractors when specialized equipment is needed as well as to have resources on hand

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to address storm-related damage and other emergencies. Similarly, staff recently placed the landscape maintenance contract, budgeted at \$125,000 in Fiscal Year 2019-2020, out to bid due to: (1) the extensive scope of services to be performed and (2) an expectation that the current economic climate would generate cost savings for this service. However, rather than outsource this service, maintenance activities will be performed in-house utilizing existing staff and prioritized to address fuel load reduction in our natural areas within the urbanized forest.

7. What are the specific contract services in Community Planning and Building?

Response: Contract services include operational expenses for a copier lease and software licensing/subscriptions for permitting, public noticing and short-term rental compliance tracking that together total \$28,950. In addition, contract services include funding totaling \$170,000 for consultants for the historic context statement update (\$2,000), affordable housing planning studies (\$160,000) and fire protection systems plan checks (\$8,000). The affordable housing planning study is fully funded through a reimbursement-based State grant while the fire plan review costs are recovered through charges for services.

8. On page 34 (Citywide) expenses, what is the difference between 'Property Tax Assessments' for \$76,260 and 'County Property Tax Administration Fees' for \$67,422?

Response: Property tax assessments include voter approved taxes, agency direct charges and special assessments levied on City-owned property, such as the assessment for the Carmel Area Wastewater District and the Monterey Peninsula Water Management District water supply charge. Property tax administration fees are the fees charged by the Monterey County Auditor-Controller for collecting property taxes on behalf of the City.

9. Why is the 'home mail delivery' housed as a Council expense instead of as a Citywide expense?

Response: Home mail delivery is housed within Council as it is considered a discretionary program that the Council chooses to fund to assist residents who are unable (or unwilling) to collect their mail directly from the U.S. Post Office. Citywide expenses, on the other hand, are expenses related to the City's overall "cost of doing business" that are necessary in order to provide a variety of services to residents, businesses, and visitors. These operational expenses include costs such as insurance premiums, pension obligations and mandated retiree-healthcare, and utilities whose costs are largely outside of the City's control.

10. What is the 24-hour staffing for the Police Department? How many staff are working at night?

Response: The Police Department's Fiscal Year 2020-2021 Recommended Budget includes funding for 14 sworn officers, 3 parking officers and 4 dispatchers. Police officers and dispatchers work 12 hour shifts. Police officers are assigned to either a day shift (7 am to 7 pm) or an evening shift (7 pm to 7 am) to provide 24 hour coverage. The evening shift includes two personnel, typically a Supervisor and an Officer, which is the

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minimum staffing level. One dispatcher also works the evening shift. The Police Department utilizes a cover officer position that works from 3 pm to 3 am whenever possible. However, this position is only used when the Department staffing is at full capacity, meaning there are no vacant positions and no officer is on leave due to vacation, sickness or injury. The use of the cover officer position helps mitigate overtime expenses. In addition when there are no vacancies, this position affords the Department the ability to provide an additional officer for patrol, particularly on the weekends, which are the busiest time for the Department.

11. Why is the workers' compensation so high, comparatively, in the Library?

Response: The City receives an estimate of its workers compensation insurance premium, which is based on a percentage of Citywide payroll expense and prior claims. Finance staff allocate the insurance costs to each department based upon the authorized positions known as full-time equivalents (FTE's) per department and the total salary and benefit costs per department. All departments' share of the workers' compensation premium is paid from the General Fund.

12. What is the value of each (LiUNA, POA, Ambulance) previously-negotiated salary increases due July 1, 2020?

Response: The value of the POA negotiated salary increase due July 1 approximates to \$46,000. The value of the Ambulance negotiated salary increase due July 1 approximates to \$10,000. The next LiUNA negotiated salary increase isn't due until January 1, 2021.

13. Did PD decrease their operating budget by 20%? How about the Ambulance? Monterey Fire?

Response: The Fiscal Year 2020-2021 Police Department Recommended Budget of \$3.9 million reflects a decrease of \$373,000, or approximately 9%, compared to the Fiscal Year 2019-2020 Adopted Budget, which is comprised of \$373,000 in salary and benefit savings from defunding four (4) vacant positions and \$34,000 in service and supplies reductions. The majority of the Department's operational expenses are necessary to provide services under the current service delivery model and largely outside of the Department's control in terms of costs, such as dispatch, jail booking fees and animal control, which are all provided by Monterey County. In addition, the Department incurs costs for items like fuel, vehicle maintenance, software for the license plate readers for parking enforcement, maintenance costs for the recently installed surveillance cameras, equipment and software for body cameras. The Department offset these types of expenses with other reductions where feasible, such as decreasing contractual assistance for beach patrol, and decreasing the budgets for safety equipment and training respectively.

The Fiscal Year 2020-2021 Recommended Budget for Ambulance of \$1.5 million reflects a decrease of \$102,000, or approximately 6.5%, compared to the Fiscal Year 2019-2020 Adopted Budget. The services and supplies budget includes expenses necessary for current operations including fuel, vehicle maintenance, medical supplies, training to maintain certifications and credentials, required administrative and medical oversight, contracted services with the City of Monterey for on call station coverage as needed and

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outside services with a billing provider to recover costs associated with transports. Building and equipment maintenance costs were reduced as feasible to achieve savings.

The Fiscal Year 2020-2021 Recommended Budget for Fire of \$2.7 million reflects an increase of approximately \$23,000, or just under 1%, compared to the Fiscal Year 2019-2020 Adopted Budget. The FY 20-21 Budget includes a one-time cost of \$20,000 for a wildfire risk assessment. Based upon direction by Council during its June 2, 2020 meeting, the City will be issuing a Request for Proposals for fire services that will begin, contractually, in 2021.

14. What is the amount of money collected in fines for tree issues and where does that fund reside? Where is the money for the forestry account (the money from fines, etc.)? May the funds be used to support city tree planting and watering programs?

Response: Fees collected for tree removal permits are considered to be a charge for service and are budgeted as revenue within the General Fund and this revenue is used to support the Public Works Department. Fines received for illegal tree removal and other tree-related damages are held within the Refundable Deposit Fund in a specific account known as the Urban Forest Restoration Fund. This fund was established by resolution for the receipt of public donations for the enhancement of Carmel's urban forest. There is currently \$73,000 within the Fund, of which \$53,000 is available for use. The funds may be used to support tree planting and watering programs with Council approval.

15. What activities may the parking in lieu program fund? For instance, could the funds be used to repave a parking lot or to satisfy the City's Maintenance of Effort (MOE) requirements to receive State transportation funds?

Response: The parking in-lieu program is codified within Carmel Municipal Code Chapter 17.38, Off-Street Parking Requirements. Since the Municipal Code does not specifically cite permissible uses of the parking in-lieu fee, guidance is provided through Section 1318 of Ordinance No 122, which established the City's parking in lieu program. Section 1318 states "Such funds so collected by the city shall be deposited in a special fund and used by the city to develop off-street parking available to the general public in or near the business district of the city."

Based on Ordinance No. 122, Section 1318 and Section 17.38.040 of the Municipal Code, the parking in lieu funds must be used to acquire and/or develop off-street parking. Street maintenance is most likely not a permissible use of parking in lieu funds because, even though parking may be permitted on public streets, the maintenance of the streets does not develop off-street parking, it just maintains existing parking. Furthermore, the in lieu funds are to be used to acquire and develop "off-street" parking and street parking, by definition, is not off-street.

In order to receive State gas taxes (Highway Users Tax Account) as well as Road Maintenance and Road Rehabilitation funds (RMRA) enacted as part of SB1, the City is required to allocate a portion of its local General Fund revenues for transportation-related projects. This is known as the Maintenance of Effort (MOE) requirement, which has the objective that local funds used for street maintenance and other eligible expenses are maintained and State funds do not replace, or supplant, local funds allocated for this purpose. The City also receives a portion of the voter-approved sales

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tax allocated for transportation safety projects (Measure X) from the Transportation Agency for Monterey County (TAMC). TAMC also has a MOE requirement that mirrors the State.

The intent of the MOE is for a jurisdiction to use its general purpose funds, such as property or sales tax, for transportation-related projects. The parking in-lieu fund has a more restrictive purpose. In addition, the MOE funds must be used for street maintenance and rehabilitation and other eligible transportation-related projects as defined by the State and TAMC. Neither State or local funds may be used to pave a parking lot or specifically to develop off-street parking.

Funding Requests and Restorations

16. The City received five applications requesting \$3,000 each (the grant maximum) as part of the Fiscal Year 2020-2021 Council discretionary grant process, which was underway prior to the emergence of the coronavirus. The applications were received from the Carmel Heritage Society, the Carmel Youth Center, Community Human Services for the Casa de Noche Buena shelter, the Monterey County Film Commission, the Food Bank of Monterey County and MEarth. In addition, the City received funding requests from Community Human Services (\$5,000), the Film Commission (\$2,500), United Way (\$3,000), Covia Home Match (\$5,000), the Carmel Chamber of Commerce (\$15,000) and the Monterey County Convention and Visitors Bureau (\$120,000).

Response: The Fiscal Year 2020-2021 Recommended Budget includes funding for the Carmel Youth Center (\$2,500), Community Human Services (\$4,000), United Way (\$2,500), the Carmel Chamber of Commerce (\$15,000) and the Monterey County Convention and Visitors Bureau (\$120,000).

17. In addition, a request was received by the Monterey Symphony for the City to commission a forensic accounting audit of the Sunset Cultural Center, including the Symphony's willingness to fund \$5,000 toward such an audit.

Response: This is a policy decision to be determined by the City Council.

18. In an excerpt from one comment, "So as Council considers biodegradable mutt mitts, isn't that a small token to offset the impact our canine visitors might have on climate change? If this is not feasible now, I would hope it would be restored to the budget at the earliest opportunity."

Response: The Fiscal Year 2020-2021 Recommended Budget includes \$10,000 for mutt mitts, which is a 50% decrease from Fiscal Year 2019-2020. The cost for pet waste bags is very expensive and a reduction that is necessary due to the City's budget constraints. The City is optimistic that dog owners will take the initiative to purchase mutt mitts for their own use or that individuals and businesses will consider the sponsorship of a mutt mitt station at a cost of \$750 a year.