

City of Carmel-by-the-Sea
May 18, 2021 City Council Special Meeting
Budget Questions and Responses

1. **Question/Comment:** Please provide additional information related to Other Post Employment Benefits (OPEB) including the City's OPEB Reserve Fund.

Response: A short synopsis of the City's annual and long-term OPEB liabilities as well as information related to the City's OPEB Reserve Fund is attached for reference.

2. **Question/Comment:** The City Council may wish to consider budgeting for the cost of a grant writer within the Fiscal Year 2021-2022 operating budget.

Response: The City previously contracted with a grant writer in 2016 and paid \$75 an hour for assistance with grant writing, tracking the progress of grants in process and researching grant opportunities. Hourly rates for a grant writer can be much greater and in the range of \$100-200 an hour depending on the individual or firm's qualifications or negotiated as a flat fee per project or assignment.

One of the challenges in applying for grants is finding the appropriate grant opportunity that meets Carmel's needs and demographics. The majority of federal and state grants are intended to assist underserved communities and/or specific geographic locations. Most grants do not fund staffing, operational expenses or maintenance. In addition, many grants have a required match requirement, are reimbursement-based, have extensive reporting and auditing requirements and long-term maintenance and record keeping requirements. This means that the City must be selective in applying for grants and assessing whether the time and cost spent on applying for the grant (be it by staff or a grant writer) is likely to result in the City being awarded the grant, and, if the grant should be awarded, whether the City has the administrative and financial resources to comply with the grant requirements. It is worth noting that in recent years, staff have successfully obtained grants without the assistance of a grant writer for the construction of a beach restroom, Forest Hill Park playground equipment, MTNP Stream Stability project, purchase of recycling beverage containers, affordable housing studies, wildfire reduction work at MTNP, Police body cameras and radio antenna to cite a few examples.

3. **Question/Comment:** What is Carmel's assessed value? What does that translate into what we actually receive from the County?

Response: The assessed value of taxable property in fiscal year 2019-2020 was \$4,474,292,980. The City received \$6,414,384 in secured and unsecured property tax in fiscal year 2019-2020, which is 0.143% of the total assessed value.

4. **Question/Comment:** In thinking more about going forward and respecting the Dunes habitat...The city accepts donations and this is an already approved direction taken by the city, to restore the Dunes. Couldn't it be a supportive action for folks to donate for the purpose of weed abatement in that protected area? Non native plants are, then, weeds! Would thank you acknowledgements be available?

Response: Yes, the public has the opportunity to donate to the City and specify how they wish their donation to be used. City staff provide a donor acknowledgement form for all of the donations that are received.

5. **Question/Comment:** What roles do the Carmel Public Library Foundation (CPLF) and the Library Board of Trustees play in relation to the library and the City?

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Response: 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. The MOA is attached for reference.

6. **Question/Comment:** What is included within the contract line items for Forest, Parks and Beach Division?

Response: The FY 21-22 Recommended Budget includes \$160,000 for contract services as follows: \$5,000 for on call arborist and inventory software subscription; \$10,000 for on call landscaping services; \$20,000 for the Forest Management Plan, \$20,000 for debris removal and \$105,000 for tree-related services (tree and stump removal and tree watering).

7. **Question/Comment:** Does the City assume there will be salary savings due to the timing needed to recruit to fill positions and "budget" these savings?

Response: No, the City already assumes the time needed to recruit and factors this into the budgeted salary and benefit costs. In prior years, there were salary savings due to the number of vacant positions, which were close to 12 positions, that needed to be filled. In addition, during the recruitment process, the savings from the vacant staff position were used to offset the cost of continuing to provide the service, such as an underfill of the vacant position by existing staff, increased overtime by existing staff or the use of contract services in lieu of staff, such as using a private firm for contract building services or contracting with the City of Monterey to backfill ambulance vacancies. Since then, the City has not had such a high number of vacant positions. Rather, the FY 20-21 Adopted Budget decreased staffing levels and the adopted budget for salary and benefit costs included the reduced cost of salary and benefits. The time needed to recruit for any vacant positions were also factored into the overall salary and benefit costs. Similarly, the FY 21-22 Recommended Budget already factors in any savings due to the recruitment time and/or assumes the filling of a position later in the fiscal year in order to balance the budget, such as the two Librarian II positions budgeted for 9 months and the maintenance worker budgeted for 6 months of the fiscal year.

8. **Question/Comment:** How much funding is available within the Vehicle and Equipment Fund (VEF)?

Response: The Vehicle and Equipment Fund balance (available to spend) as of May 5, 2021 is \$171,514. However, this Fund is projected to end the fiscal year with a deficit of approximately \$44,000 based on authorized spending for various public safety and facility projects in April 2021. It is possible that the deficit may be even greater depending on installation costs for the Sunset Center Fire Pump project. The FY 21-22 Recommended Budget includes \$785,000 in new expenditures within this fund; offset by

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\$175,000 in revenue related to a federal grant for the radio antenna. Recognizing the need to replace the street sweeper and fire engine in the upcoming years, the FY 21-22 Budget allocates an additional \$385,000 to the VEF to address the projected shortfall in FY 20-21 and to increase the fund for future years. The Fund is projected to have \$314,322 available to spend for future projects at the end of June 30, 2022. This projection is contingent on the actual amount that will be spent in FY 20-21. The fund balance tables included within the FY 21-22 Recommended Budget have been revised since last year to reflect the amount of funding that is available to spend, rather than the total fund balance including the value of fixed assets.

9. **Question/Comment:** Why are some new projects and initiatives that are proposed to be funded within the operating budget included on the CIP Work Plan, but not all of them? Is there a list of all of the new projects being started by departments in FY 21-22?

Response: The majority of the proposed projects recommended for funding within either the Vehicle and Equipment Fund or the Capital Outlay Fund as part of the FY 21-22 Recommended Budget meet the definition of a capital project, which staff have defined as an asset with any single component or piece of equipment that costs more than \$10,000 and has an expected useful life exceeding 10 years. These projects include the Ambulance, Generator, Police Radio Antenna, Police Patrol Vehicle, Computer Servers, Paving and Sidewalk Project, and Drainage Repairs.

The Government Accounting Standards Board (GASB) also provides guidance regarding considering projects as fixed assets for assets that cost more than \$5,000 and have a useful life of 2 or more years; for building, land improvements and infrastructure that costs more than \$25,000; and for repairs to existing capital assets that extend the useful life of the asset and cost more than \$5,000. The Police Radios, Sunset Center Materials Testing and Windows, Scenic Pathway Barrier and the MTNP Well Decommissioning and Tank Removal projects meet this definition. The Wayfinding Signs may also meet this definition, depending on the cost of the signs. However, it is included as a capital project due to the complexity as it will require approval by the Planning Commission regarding design and location. ADA Upgrades may also meet this definition depending on the type of improvements that are made to City facilities. Portions of the North Dunes Habitat Restoration Project, such as signage and fencing, may also meet this definition while the biological monitoring and reporting is an operational expense. However, for consistency purposes, this multi-year project is included within the Capital Outlay Fund similar to prior years.

Staff have also included plans or studies that will make recommendations for future capital projects and ultimately result in building, land or infrastructure improvements as part of the capital program. These projects include the Library Master Plan, Beach Sand Survey and Wall Inspections and the MTNP Streambed Stability Projects. The Public Access to Digital Files project does not meet the capital projects definition. However, given the magnitude of the cost and workload effort, it is currently included within the Capital Outlay Budget. This project may be moved to the Operating Budget instead.

As part of the FY 21-22 CIP discussion, staff also presented to Council other potential projects and initiatives that did not meet the definition of capital projects. The intent was to provide transparency and receive initial feedback from Council regarding support for

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these projects given the dollar amount of the respective projects as staff began developing the operating budget.

The FY 21-22 Recommended Budget includes funding for several projects and initiatives, many of which are highlighted in the departmental narratives under the 2010-220 Priorities and Budget Summary sections. These include:

- \$12,000 for the retention schedule project (Clerk Division, Administration)
- \$15,000 for the Zoning and Design Guidelines Amendments (Planning)
- \$290,000 for housing planning studies (offset by grants) (Planning)
- \$20,000 for the Forest Management Plan (FPB Division, Public Works)
- \$10,000 for MTNP Tree Removal (Enviro Compliance Division, Public Works)
- \$7,000 for storm water ordinance (Enviro Compliance Division, Public Works)
- \$20,000 for the Wildfire Risk Assessment (Fire)

- 10. Question/Comment:** How much funding is in the current budget and the FY 21-22 Recommended Budget for beautification efforts? Is it possible to use “salary savings” to fund beautification efforts this year?

Response: The current budget does not include funding specifically for beautification efforts. The FY 20-21 Budget assumed a significant loss of revenue due to the economic impacts associated with COVID-19 and curtailed spending on operations and projects, including a reduction in the City's workforce. Operational budgets focused on providing essential public health and safety services. The FY 20-21 Budget reflects a decrease of 19.66 full-time equivalent positions compared to the prior fiscal year and assumed no salary savings as indicated in Question #7 above. There currently is minimal savings from services and supplies being under budget projected for the current fiscal year. If Council wishes to increase funding for beautification efforts this year, staff will need to be directed to prepare a budget amendment to increase the budget for these expenses, which would likely be offset by increasing the revenue projections.

The FY 21-22 Recommended Budget begins to restore service levels and does not include funding specifically for beautification efforts. As noted within Question #6, the Forest, Park and Beach Division budget includes \$10,000 for on-call landscaping, which is intended for mass weed whacking, urgent irrigation repairs, split rail fencing, and other maintenance activities. The Division's budget also includes \$24,000 for materials and supplies for such items as new trees, plants and shrubs, soil amendments, seed, fertilizer, and irrigation repairs/parts. Some of this funding may be used for small-scale beautification in areas where other work is being performed. The Capital Budget includes \$50,000 for the Scenic Pathway Barrier project, which would address safety as well as aesthetics regarding the railings and the appearance of the Pathway. Council will need to provide direction on whether to include funding for beautification and the amount and staff will provide options regarding how to fund this potential increase to the budget as part of the workshop.

- 11. Question/Comment:** Is the Fire Department able to enter private property for inspections regarding fire hazard abatement? Is there an opportunity to work with homeowners near the MTNP for fuel reduction activities as part of the wildfire resilience grant?

Response: The Fire department can only enter private property if there is an actual emergency or if the homeowner consents to them entering onto the property. In this

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case, the Department would need an invitation or consent from a property owner to do the inspections. Yes, there are opportunities to work with the fire department to conduct inspections and residents can reach out directly to the fire department to schedule on site fuel reduction inspections. The fire department is constantly looking for grant opportunities to help mitigate the expense of fire services and the wildfire resilience grant is one of those options to help us achieve our goals of fuel load reduction in the City.