

2021/2022

RECOMMENDED BUDGET

CARMEL-BY-THE-SEA



**CITY OF CARMEL-BY-THE-SEA
P.O. BOX CC
CARMEL-BY-THE-SEA, CA 93921
TELEPHONE: 831.620.2000
WWW.CI.CARMEL.CA.US**

CITY COUNCIL

DAVE POTTER, MAYOR
BOBBY RICHARDS, MAYOR PRO TEMPORE
CARRIE THEIS, COUNCILMEMBER
JEFF BARON, COUNCILMEMBER
KAREN FERLITO, COUNCILMEMBER

CITY ADMINISTRATOR
CHIP RERIG

TABLE OF CONTENTS

I.	Introduction	
	Budget Message.....	5
	Revenues and Summary.....	9
	Expenditures Summary.....	13
	Authorized Positions... ..	17
	Organizational Chart... ..	19
II.	Operating Budget	
	City Council.....	21
	City Attorney... ..	23
	Administration... ..	26
	Citywide... ..	29
	Marketing and Economic Development... ..	30
	Library and Community Activities.....	32
	Community Planning and Building... ..	36
	Public Works... ..	38
	Public Safety... ..	43
III.	Debt Service.....	48
IV.	Capital Improvement Plan.....	50
V.	Funds	
	Narrative... ..	55
	Fund Balance Charts... ..	58

INTRODUCTION

30 April 2021

Honorable Mayor Dave Potter,
City Councilmembers and
Community Members

In accordance with Carmel Municipal Code Section 3.06.020, I present the proposed operating and capital budget for the upcoming fiscal year to the City Council and community. The Fiscal Year 2021-2022 Recommended Budget balances and limits planned expenses (uses) to meet proposed revenues (sources). This represents my seventh budget as the City Administrator and, one year after the emergency of the coronavirus pandemic, continues my ongoing commitment to rebuilding the foundation of our City and enterprise.

Over the course of the last several years, we have enhanced services, strengthened internal operations and achieved progress toward investing in our critical infrastructure, addressing deferred facility maintenance needs and supporting multi-year funding to protect and preserve our natural resources. With the support of the community, we ensured the sustainability of one of our economic pillars through the passage of Measure C, which guarantees a local 1.5% sales tax for the next twenty-years. Much of our collective good work came to a stop when the coronavirus pandemic emerged and affected the City financially.

However, City services, while greatly diminished through the loss of staff, continued. Over the past year, City staff have worked tirelessly and collaboratively to protect the public health and safety of the community while supporting its economic and social vitality. The pandemic required staff to find alternative ways to deliver services, to respond to constituent issues and to engage the community with decreased resources and in accordance with COVID-19 protocols. In addition to responding to the pandemic, City staff also provided extraordinary service in responding to other community emergencies and implemented many Council-directed projects, as illustrated within the departmental pages of the budget book. The City is fortunate that community members donated their time and money to assist the City during the pandemic through such efforts as maintaining median islands, caring for the Scenic Pathway landscaping and undertaking projects at the Forest Theater, Devendorf Park and Vista Lobos. Long-standing partnerships with City support groups continued to flourish, and a unique public/private partnership with Carmel Cares blossomed.

While the coronavirus and its associated impacts to City finances and operations are ongoing, the FY 21-22 Budget begins to rebuild staffing to support daily operations, to phase-in the re-opening of City facilities and to oversee capital projects. To maintain continuity of operations, staff utilized technology and developed other solutions to conduct virtual meetings, to respond to community needs remotely and to allow curbside pick-up of library books and materials. The embracing of technology, use of the 'virtual' environment, and the re-examining of service delivery methods pre-pandemic to increase efficiencies and customer service, are central components of the budget.

FY 21-22 Recommended Budget at a Glance

<i>FY 21-22 Recommended Revenues</i>	<i>\$25,319,177</i>
FY 21-22 General Fund Operating Expenditures	\$21,995,783
FY 21-22 Capital Outlay Expenditures	\$2,324,580
FY 21-22 Debt Service	\$882,656
FY 21-22 Workers Compensation	\$116,158
<i>FY 21-22 Total Expenditures</i>	<i>\$25,319,177</i>

The FY 21-22 Recommended Budget totals \$25.3 million in planned expenses, which consists of \$22.0 million for the General Fund Operating Budget. In comparison, the FY 20-21 Adopted Operating Budget totaled \$18.4 million. The primary reasons for the proposed increase of \$3.5 million include:

- Staffing cost increase of \$1.4 million due to negotiated salary adjustments and other step increases for existing staff, increased healthcare, retirement and other benefits and funding for 7.73 restored full-time equivalent positions for a total of 80.21 FTE
- Pension mitigation funding of \$1 million as well as a \$235,000 increase in the City's required unfunded actuarial liability payment to CalPERS
- Services and supplies increases of \$900,000, which includes a new one-time expense for consultants for grant-funded affordable housing studies (\$290,000) as well as increased costs for fire services (\$178,000), Sunset Center (\$173,000), and legal (\$100,000) services. The budget also includes funding for supplemental facility maintenance (\$45,000), tree management (\$30,000), forest management planning (\$20,000), wildfire risk assessment (\$20,000), the retention schedule project (\$12,000) and an update to our storm water ordinance (\$7,000).

Staffing and Service Levels:

Of the \$22 million in expenses, approximately \$11 million, or 50%, pays for staff salary and benefits. Personnel costs include the restoration of 7.73 full-time equivalent (FTE) positions. The positions include:

- 1.23 FTE restored within City Administration for increased IT part-time assistance needed to support virtual meetings, remote IT capabilities and other requests; increased part-time support for payroll and other financial activities to strengthen internal controls and continuity of operations and increased counter and other customer service support related to the re-opening of City Hall. The latter position will also provide administrative support to the Police Department (0.25 FTE) and Public Works (0.25 FTE) and is an example of a centralized shared resource to achieve cost savings.
- 2.0 FTE restored in Public Works, including the restoration of a capital projects manager and a maintenance worker while Police staffing includes the restoration of 1.0 FTE police services officer.
- 3.0 FTEs restored in Library to facilitate the continuation of the curbside pickup program as well as to support the gradual re-opening of library branches, estimated at approximately 20 hours a week for each branch library.

Pension Mitigation

The California Public Employees' Retirement System ("CalPERS") is the largest pension fund in the country and manages investments for nearly 2 million members on behalf of the State, schools and various public agencies. The City is a public agency member of CalPERS and has two primary CalPERS plans, one for its miscellaneous members and one for safety. Together the City's plans represent approximately 260 covered members, which includes approximately 74 active members, based upon the most recent actuarial data.

As a member agency, the City makes two types of payment to CalPERS: (1) the annual cost for current employees ("normal cost") and (2) the unfunded accrued liability ("UAL"). The UAL is the actuarial liability less the actuarial value of the assets. In other words, the UAL is the difference between the amount CalPERS needs in order to pay for retirement benefits when people retire compared to the amount that CalPERS currently has on hand to pay for the estimated costs of the retirement benefits. Ideally, this ratio is 100%; however, the current funded status is 67.4% for safety and 71.5% for miscellaneous members. *As a result, the City's projected UAL is \$24.7 million as of 6/30/2021.*

Over the last decade, the City has used a combination of strategies to help mitigate the costs associated with pension liability. These strategies have included the issuance of pension obligation bonds; negotiating employee contributions toward the employer's cost of pensions; and prepaying the annual UAL payment to reduce the amount of interest paid to CalPERS. More recently, City Council has been exploring additional strategies to address rising pension costs including using cash reserves to *either* fund a Pension Rate Stabilization Program (e.g. Section 115 Trust) dedicated to pension and/or other post-employment benefit costs *and/or* making a lump sum payment to CalPERS to pay down the UAL.

The Recommended Budget includes \$1.8 million for the City's required fiscal year 2021-2022 UAL payment. Based upon Council direction from the March 2, 2021 City Council meeting, the budget includes \$1.0 million to implement pension mitigation strategies. At this time, the \$1.0 million is included within the General Fund, although transferring the funding to a designated reserve fund is also an option that will be part of the forthcoming budget adoption hearing.

Capital Outlay

The FY 21-22 Recommended Budget includes \$2.3 million for Capital Outlay. It prioritizes public safety response capabilities through enhanced radio communications. The budget funds the purchase of a new ambulance and Police patrol car. In addition, it allocates funding of \$111,000 in total for both an IT infrastructure to help ensure continuity of citywide operations and for the first phase of a Planning-led project for public access to property files to improve customer service and operational efficiency.

Recognizing the deferred capital needs of our facilities, the budget includes funding for facilities, including window repairs at the Sunset Center and the development of a Library Master Plan. The budget recommends investing in both the City's hardscape of streets, sidewalks and storm drains as well as our "green" infrastructure. These projects include both the Mission Trail Nature Preserve (MTNP) Stream Stability project and the Well Decommissioning and Tank Removal project. In terms of the beach and shoreline, the budget recommends funding for Carmel Beach sand surveys and shoreline armoring inspections, North Dunes Habitat Restoration and the Scenic Pathway barriers project.

The Scenic Pathway in particular is one of the Village's endearing assets, in terms of both its natural beauty and its ability to promote community involvement and partnership between the City and its residents whom have volunteered time and money to be stewards of this resource. Likewise, many other volunteers, support groups and organizations are instrumental in caring for the North Dunes, the Carmel Beach and the MTNP through such efforts as beach cleanup days, weed pulls and invasive plant eradication efforts.

Other Expenditures

The FY 21-22 Recommended Budget also includes \$883,000 for Debt Service and \$116,000 for the Workers Compensation Fund. Debt service includes funding for the Countywide Monterey County Next Generation Radio project (NGEN), the Sunset Center 2020 Refunding Lease Bond and the 2012 Pension Obligation Bond. The FY 21-22 Budget reflects temporary savings associated with making the interest only payment on the Sunset Center bond for fiscal year 2021-2022. The payment for the bond will increase to approximately \$500,000 in future years until the bond matures in 2032. Debt service also includes payment for the pension obligation bond (POB). In 2013, Council authorized the issuance of the POB to refinance the City's outstanding pension liabilities. The bond matures on June 1, 2023. While the City incurs costs associated with workers compensation, these expenses typically are included within the General Fund. The FY 21-22 Budget utilizes the City's existing fund structure and allocates \$116,000 to the workers compensation fund as a way to better align expenses and to budget for the cost of potential claims. The budget also includes funding for preventive measures, such as ergonomic equipment and evaluations.

Policy Options and Balancing Short and Long-term Needs

The ability to bring back services and provide them in a similar manner as prior to the pandemic is possible due to the projected recovery of the City's major revenue sources. However, we must be cautious as we develop plans to phase in the re-opening of City facilities, re-think services and re-invest in capital projects.

Although we are anticipating ending the current fiscal year with a surplus, the pandemic illustrated the criticality of having sufficient reserves to buffer against the unexpected. For example, our projected fiscal year-end surplus of \$1.6 million is largely due to transient occupancy tax outperforming our budgetary expectations. We anticipate the FY 20-21 TOT revenue will be \$1.5 million more than budgeted; interestingly the FY 19-20 TOT revenue was \$1.7 million less than planned due to the pandemic, again demonstrating the need to have adequate savings on hand. In addition, the FY 21-22 budget assumes that our sales tax and transient occupancy tax start to rebound. However, the financial forecast indicated that it would take several years for these revenues to return to pre-pandemic levels of performance. While the return of revenues is uncertain, there is a greater degree of certainty with the City's expenditures, including its unfunded pension liability. The UAL payment of \$1.4 million in FY 19-20 increases to \$2.5 million in FY 25-26, illustrating the significance of this liability. One strategy to address this increase is to re-direct revenues from services and projects to the UAL payment on an annual budgetary basis. An alternative option sets aside funds now for future pension needs. Based on Council direction, this budget recognizes the difficult choice of making short-term funding decisions regarding services and projects, and includes funding for pension mitigation to help address the City's long-term financial stability.

As we [again] begin to rebuild our organization, I wish to acknowledge the collaboration by my department heads in putting forth pragmatic budgets to prioritize limited resources and develop alternative ways to best serve our community. I also extend my appreciation to my Finance team for stewarding the budgeting process. I look forward to Council's guidance and leadership as we work to adopt a budget that funds services and projects for our community while also balancing fiscal sustainability.

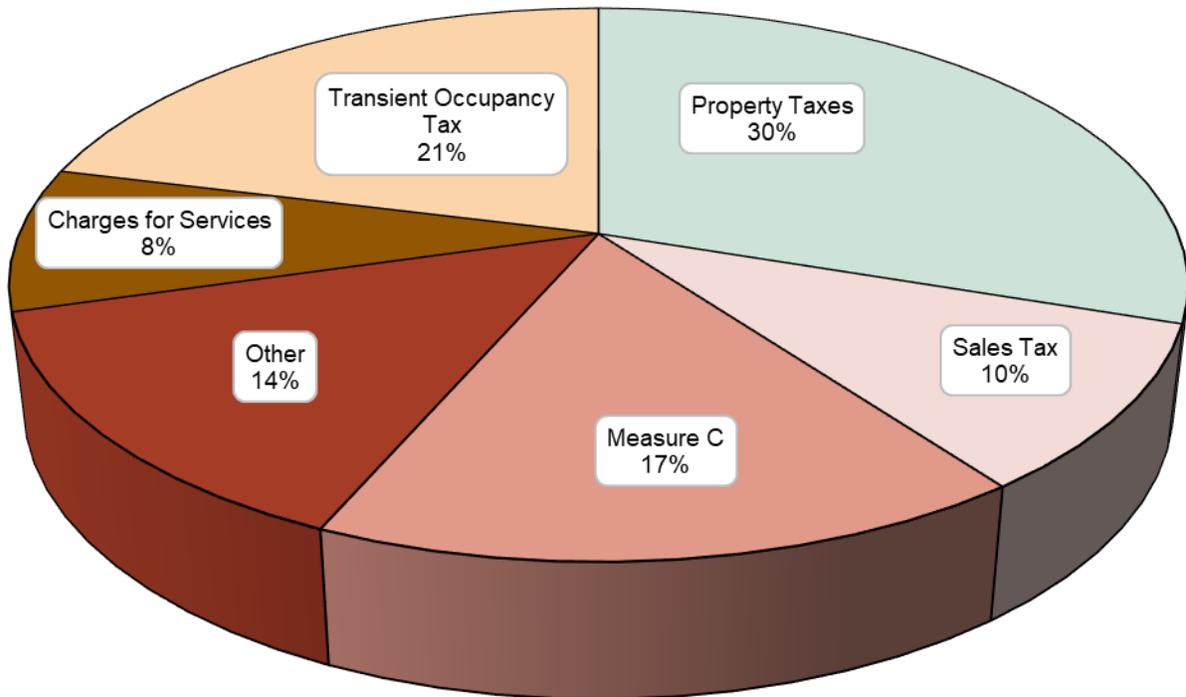
Respectfully submitted,

Chip Rerig
City Administrator

REVENUE

The FY 21-22 Recommended Budget includes \$25.3 million in new revenue. As illustrated in the chart below, *FY 21-22 Revenue Sources*, property taxes are the leading source of revenue, accounting for 30% of the budgeted revenue. With an expected increase in visitors, transient occupancy tax represents 21% of budgeted revenue, as compared to 13% in FY 20-21. Sales tax, including the local Measure C, contributes 27% followed by other miscellaneous revenues (14%) and charges for services (8%).

FY 21-22 Revenue Sources



Source	Budget
Property Taxes	\$ 7,629,510
Sales Tax	\$ 2,466,109
Measure C	\$ 4,206,660
Other	\$ 3,555,716
Charges for Services	\$ 2,127,620
Transient Occupancy Tax	\$ 5,333,562
Total	\$25,319,177

Property taxes are budgeted at \$7.6 million, or 30% of total revenues. The City’s portion of the statewide sales tax (“Bradley Burns”), Proposition 172 public safety sales tax and the local sales tax (Measure C) account for \$6.7 million, or 27% of revenue. On March 3, 2020, Carmel voters approved a new local sales tax of 1.5% referred to as Measure C. This replaced the prior 1% local sales tax known as Measure D. Revenue projections assume a gradual return to pre-COVID levels for sales and use tax as well as transient occupancy tax (TOT). With a budget of \$5.3 million, TOT, which is a “hotel tax” of 10% of the rent charged by a hostelry operator, accounts for 21% of revenues, as compared to 13% in FY 20-21 and 28% in FY 19-20. Charges for services are fees collected from a specific user of a service, for such services as plan review, building inspection and ambulance transports and account for \$2.1 million, or 8% of the budget. The category of “Other” revenue

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.

Table1: Estimated Performance and Recommended Budget for Major Revenue Sources

Revenue	FY 19-20 Adopted Budget	FY 19-20 Estimated Actual	FY 19-20 Audited Actual	FY 20-21 Adopted Budget	FY 20-21 Estimated Actual	FY 21-22 Recommended Budget
Property Taxes	\$6,573,376	\$6,623,596	\$6,690,948	\$6,822,304	\$7,250,053	\$7,629,510
Statewide Sales Tax- Bradley Burns	2,606,100	2,134,416	2,154,960	1,886,796	2,044,800	2,454,109
Local Sales Tax- Measure C/D	3,023,000	2,504,000	2,611,802	3,050,000	3,713,170	4,206,660
Transient Occupancy Taxes (TOT)	6,842,900	4,523,996	5,115,271	2,488,198	4,000,409	5,333,562

As shown in Table 1, *Estimated Performance and Recommended Budget for Major Revenue Sources*, the City's major revenue sources are beginning to rebound from the economic impacts of COVID-19. After experiencing a significant decline in the latter part of Fiscal Year 2019-2020, sales tax and transient occupancy taxes are currently outperforming budget expectations. Consumer preferences and spending patterns have varied since the pandemic; however, the projected loss to sales tax statewide in FY 20-21 is less than expected. While sales and use tax is significantly less than in FY 18-19, spending in certain sectors, including automobiles, building and construction that includes home improvement stores, food and drug that includes grocery, convenience and liquor stores, certain types of retail, and online purchases, bolstered overall growth. From a timing perspective, the State's implementation for collection of taxes from out-of-state vendors and online sales coincided with the emergency of COVID-19 and helped buffer the loss of sales tax revenues. Moreover, the pandemic shifted consumer spending from services to goods, the latter is more likely to be subject to taxes. Restaurants and general consumer goods (retail) are the City's leading drivers of sales and use tax revenue. These sectors continue to face economic challenges in FY 20-21 due to shelter-in-place restrictions and other COVID-19 protocols that affect seating capacity at dining establishments and limit retail customers. However, the number of visitors within the Village exceeded expectations given travel restrictions, the allowance for outdoor dining and the permitted sale of food "to go" are three factors that influence sales tax revenues. Projections indicate the City's share of the statewide sales tax (Bradley Burns) will generate \$2.0 million in FY 20-21, or \$158,000 more than budgeted while local sales tax will raise \$3.7 million or \$663,000 over the adopted budget.

Budget projections assume the lifting of statewide restrictions in June 2021, the successful deployment of vaccines, increased foot traffic and demand for dining and retail, especially heading toward summer 2021. FY 21-22 anticipated \$2.5 million from the City's share of the statewide sales tax, which is an increase of \$567,000, or 30%, over the FY 20-21 Adopted Budget. In FY 20-21, the City started to receive an additional 0.5% of local sales tax (1.5% in total) from the State based upon the passage of a voter-approved sales tax measure in March 2020. The impact of the local sales tax on the City's overall revenues is significant, especially as the economy rebounds. Prior to COVID-19, the local sales tax generated \$3.1 million. The FY 21-22 budget of \$4.2 million is an increase of \$1.2 million, or 38%, over the FY 20-21 Adopted Budget. Similar to sales tax, the City's receipt of transient occupancy tax (TOT) thus far is greater than expected. The timing of COVID-19 in March 2020 coincided with the spring and early summer season for the City's hotel

REVENUE

establishments, resulting in an estimated loss of \$2.3 million in FY 19-20 budgeted TOT revenue. Budget preparations for FY 20-21 occurred during this same time, and faced with unknown certainties regarding the ongoing economic impact associated with an unprecedented global pandemic, the FY 20-21 TOT revenue was conservatively budgeted at \$2.8 million. While the majority of FY 20-21 included economic losses, travel restrictions and reports of new variants of the coronavirus, the consumer's desire to travel remained strong. Based upon receipts to date, the FY 20-21 projected Estimated Actual is \$4.0 million.

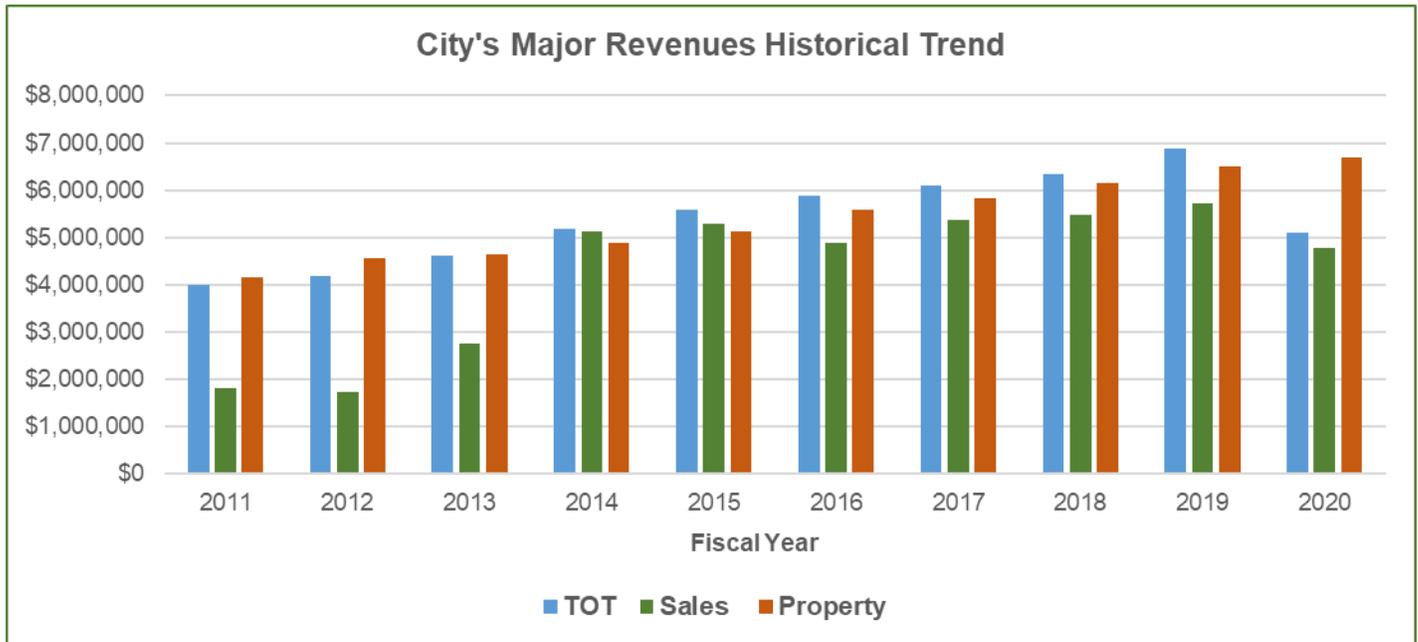
FY 20-21 shows Carmel's resiliency related to travel and leisure spending. However, the FY 21-22 budget assumes a continued phased recovery before reaching receipts similar to FY 18-19. While vaccine deployment is underway and various travel restrictions are lifted, variants of the pandemic are also emerging and have the ability to impact travel and leisure spending. The FY 21-22 Recommended Budget for TOT revenue is \$5.3 million, which is approximately 78% of the FY 18-19 Actual. Staff researched industry-specific literature, which indicated recovery to pre-pandemic levels for domestic travel spending and international travel in 2024 and 2025, consulted with other similar jurisdictions and reviewed forecasts by local marketing entities to develop the budget target.

Unlike, sales tax and transient occupancy tax, the FY 20-21 budget assumes that COVID-19 does not affect property taxes. In actuality, the performance of the real estate market improved during the pandemic. The Economic Outlook contained within the Governor's 21-22 Budget discusses the strong housing market despite the COVID-19 recession and the ability of high-income households to purchase homes. The State median home price averaged over \$600,000 in March through May, set new record highs from June to September 2020 and reached a record high of \$712,430 in September 2020. The California median home sales price through November 2020 reflected a 9.2% increase, on average, compared to the same period in 2019. This real estate phenomenon affects Carmel, which has a consistently strong property tax base.

Property tax revenue includes secured, unsecured, unitary and property transfer tax. Together, property taxes are budgeted at \$7.6 million in FY 21-22, which includes \$7.0 million, or 92%, for secured property taxes. The budget reflects an increase of \$379,000 or 5% over the FY 20-21 Estimated Actual. Based upon performance to date, the FY 20-21 Estimated Actual of \$7.2 million is \$428,000, or 6%, more than the FY 20-21 Adopted Budget. However, staff do not believe this level of performance is sustainable and have conservatively budgeted 3% growth. Historically, the annual increase in property taxes over the last ten years averages 5.1%.

Revenue assumptions drive the FY 21-22 Recommended Budget, including an outlook that phases in an economic recovery of the City's two major revenues sources over several years. As the City looks forward to its future revenues that are available to fund services, projects and other initiatives, stepping back and reviewing the City's historic performance is of value. The chart below depicts the performance of the City's three major revenue sources over the last 10 years. Property taxes generated \$4.1 million in 2011, increasing to \$5.1 million in 2015, to \$6.1 million in 2018 and projected at \$7.6 million in FY 21-22. Sales tax revenue of \$1.8 million in 2011 increased after the passage of Measure D, the 1% local sales tax in 2013, eclipsing \$5 million in 2015. Sales tax, inclusive of the voter-approved Measure D in March 2020, represents 27% of citywide revenues in FY 21-22 at \$6.6 million. TOT generated \$4.1 million in 2011, increasing to \$6.1 million in 2017 and nearly reached \$7 million in FY 18-19. With the emergency of the coronavirus, TOT decreased to \$5.1 million in 2020, with a projected recovery of \$4.0 million in 2021 and \$5.3 million in 2022.

REVENUE



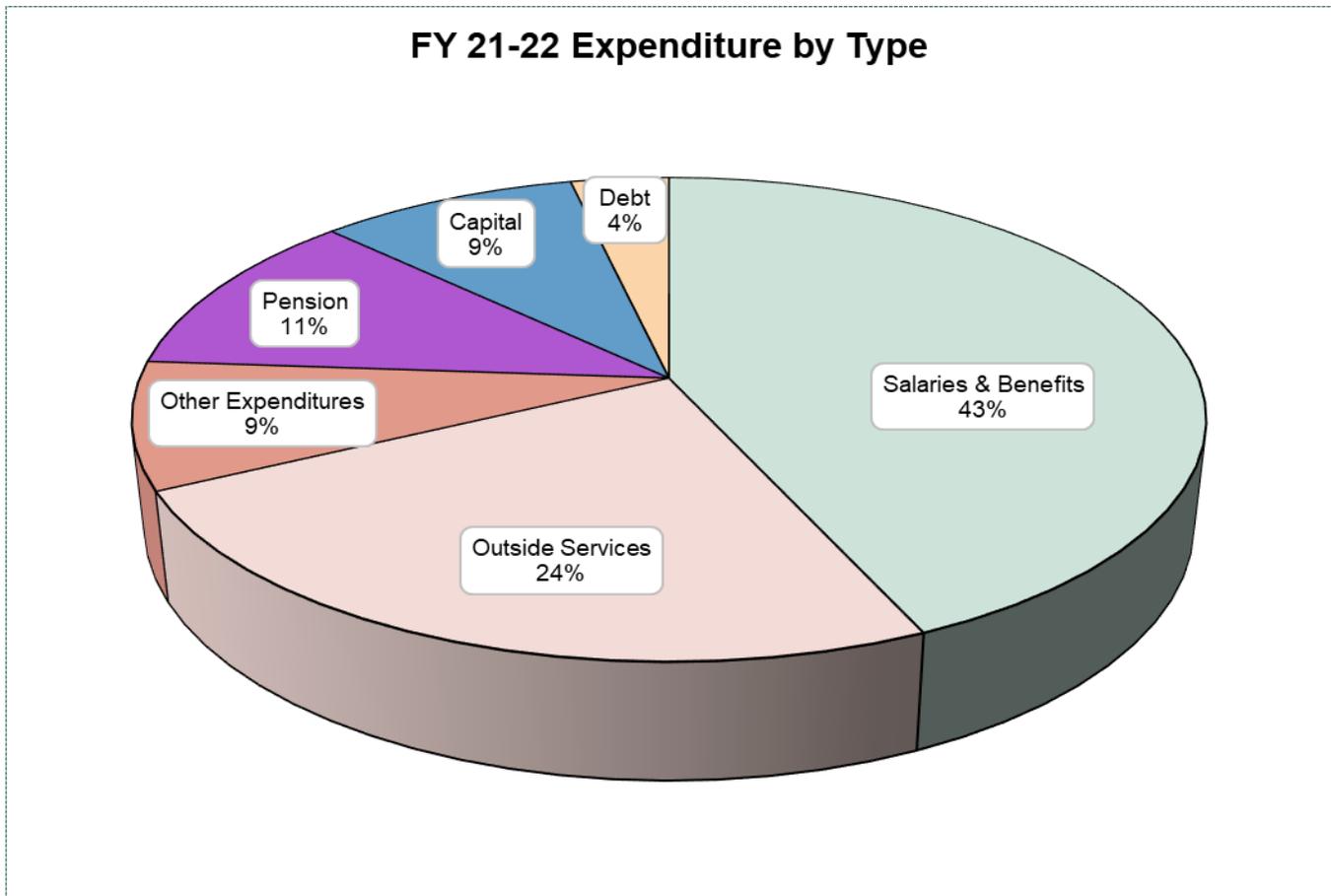
Fiscal Year Ending June 30	TOT	Sales	Property
2011	\$4,002,509	\$1,805,000	\$4,158,000
2012	\$4,179,900	\$1,743,748	\$4,571,481
2013	\$4,615,598	\$2,760,414	\$4,652,176
2014	\$5,185,880	\$5,115,880	\$4,881,534
2015	\$5,593,689	\$5,280,418	\$5,127,974
2016	\$5,890,538	\$4,897,325	\$5,598,743
2017	\$6,112,347	\$5,373,800	\$5,825,889
2018	\$6,329,074	\$5,476,123	\$6,163,959
2019	\$6,882,015	\$5,719,521	\$6,496,558
2020	\$5,115,277	\$4,766,313	\$6,690,948

EXPENDITURES

The FY 21-22 Recommended Budget totals \$25.3 million, which consists of the:

- Operating Budget, or General Fund, totals \$22.0 million, or 87%, of the citywide budget;
- Debt service totals \$883,000, or 4%, of the citywide budget;
- Capital totals \$2.3 million, or 9% of the citywide budget.

The Operating Budget consists of the City departments and services. Debt is based upon required payments toward various bonds issued by the City or by other governmental agencies on behalf of the City. As shown in the chart below, *FY 21-22 Expenditure by Type*, the FY 21-22 Budget includes the Operating Budget and Debt Service. The Operating Budget is further categorized by type of expenditure including salaries and benefits, outside services, and other expenditures as explained below.



Type of Expenditure	Budget
Salaries & Benefits	\$10,976,388
Outside Services	\$6,151,304
Other Expenditures	\$2,150,723
Pension	\$2,833,526
Capital Outlay	\$2,324,580
Debt Service	\$882,656
Total	\$25,319,177

EXPENDITURES

The City's largest expenditure is related to the cost of personnel. Salaries and benefits total \$11.0 million and account for 43% of the citywide budget. Outside services is the second largest type of expenditure at \$6.2 million, or 24% of the budget. This category includes various line item accounts, such as advertising and noticing, contract services and community promotions. Contract services are used as an alternative to City staff directly providing the service due to cost savings or the specialized nature of the work being performed and include funding for expenses such as fire service provided by the City of Monterey (\$2.7 million); support for the operations of the Sunset Center and other marketing activities (\$1.0 million); legal services (\$385,00); tree care and landscape maintenance (\$160,000) and janitorial service (\$225,000).

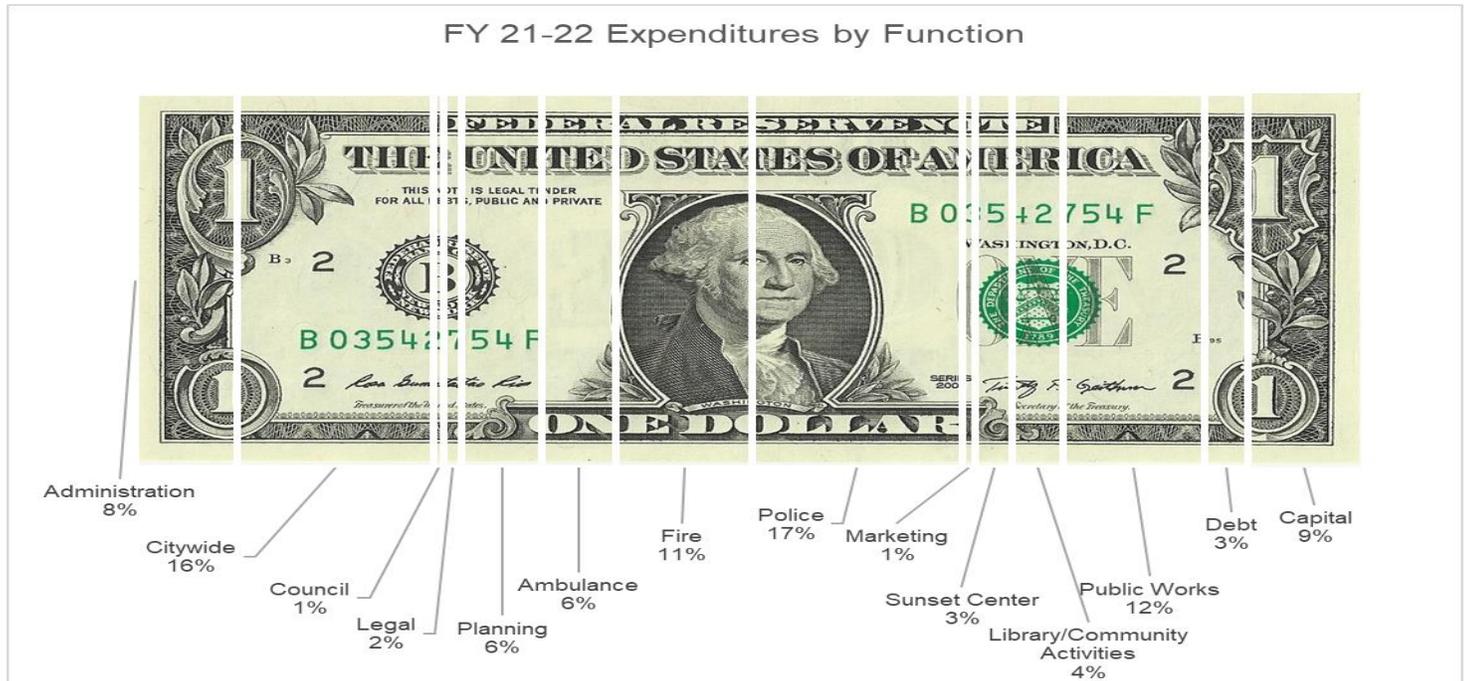
Other expenditures total \$2.2 million and account for 9% of the citywide budget. This category includes various line item accounts such as, retiree healthcare and citywide operational expenses like property tax assessments and utilities. Also included here are the City's general liability and property insurance premiums (\$690,000) 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 \$2.8 million, or 11%, of the budget and include the annual required unfunded pension liability (\$1.8 million). Based upon Council direction, the budget includes an additional \$1.0 million for pension mitigation to address the City's long-term UAL planning, such as funding a Section 115 trust and/or making additional payments to CalPERS.

The citywide budget is rounded out with Capital Outlay (\$2.3 million) accounting for 9% and Debt Service (\$883,000) accounting for 4% of the citywide budget.

EXPENDITURES

Another way to view expenditures is by function as depicted in the “FY 21-22 Expenditures by Function” illustration. Together the public safety functions of Ambulance, Fire and Police make up 34% of the budget. Citywide is the next largest expenditure at 16% as it includes the City’s unfunded actuarial liability, followed by the Public Works Department at 12% of the budget. In total, Administration, Council, Planning, Legal, Marketing, the Sunset Center, and Library and Community Activities represent the remaining 25% of the Operating Budget.



Expenditures	Budget	Percentage
Administration	\$ 2,086,281	8%
Citywide	\$ 4,035,914	16%
Council	\$ 206,921	1%
Legal	\$ 385,000	2%
Planning	\$ 1,628,804	6%
Ambulance	\$ 1,543,899	6%
Fire	\$ 2,804,146	11%
Police	\$ 4,310,440	17%
Marketing	\$ 275,807	1%
Sunset Center	\$ 757,500	3%
Library/Community Activities	\$ 1,043,665	4%
Public Works	\$ 2,917,406	12%
Operating Budget	\$ 21,995,783	87%
Debt	\$ 882,656	3%
Capital	\$ 2,324,580	9%
Workers Comp	\$ 116,158	0%
Total	\$ 25,319,177	100%

POSITIONS

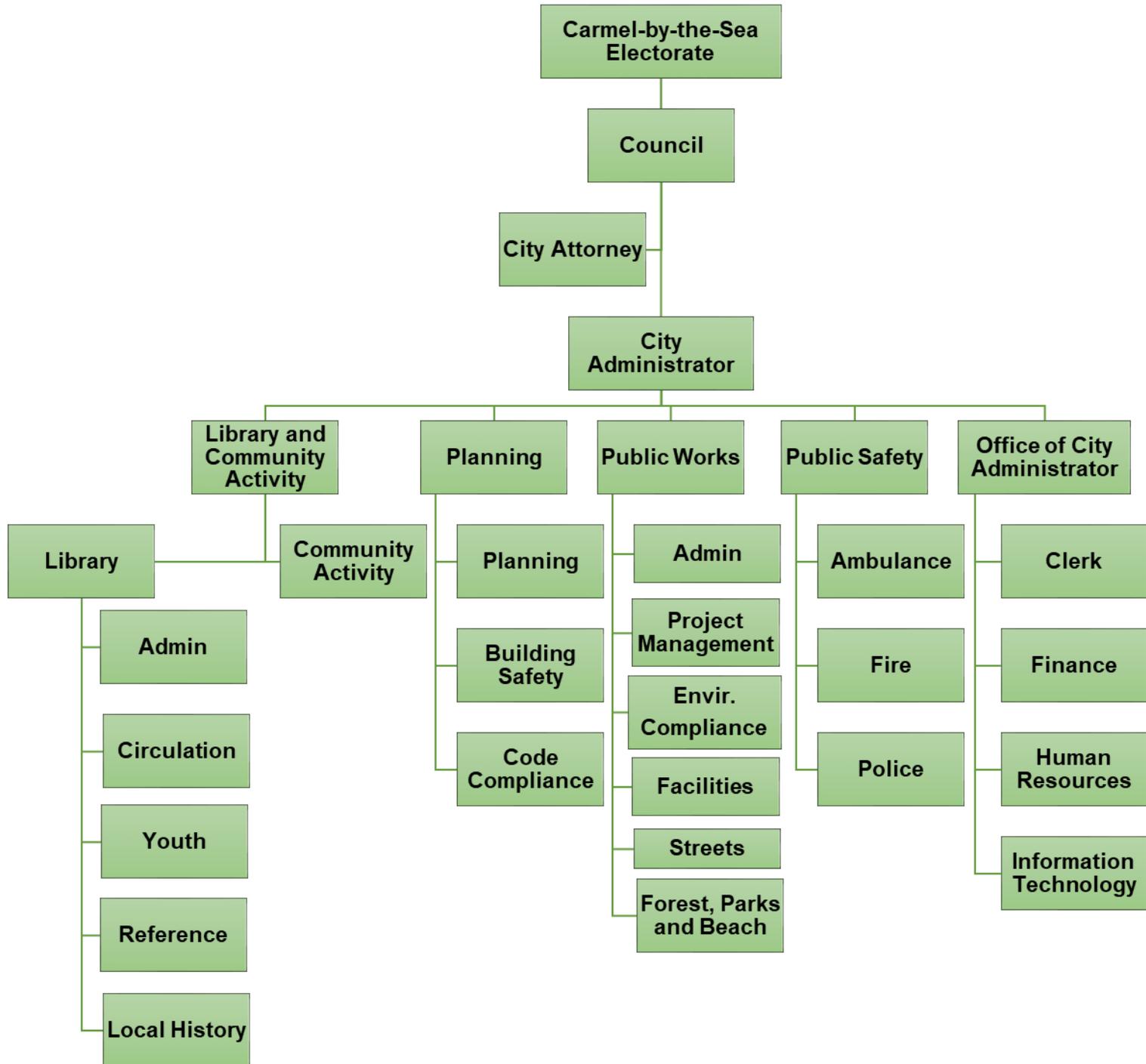
FY 2021-2022 RECOMMENDED FUNDED POSITIONS

Department and Position Title	FY 20/21 Adopted	FY 21/22 Recommended	FY 21/22 Change
Council			
Councilmember	4.00	4.00	0.00
Mayor	1.00	1.00	0.00
City Council Total	5.00	5.00	0.00
Administration			
City Administrator	1.00	1.00	0.00
Assistant Administrator	1.00	1.00	0.00
Administrative Coordinator	0.00	0.50	0.50
City Clerk	1.00	1.00	0.00
Director of Budgets and Contracts	1.00	1.00	0.00
Finance Manager	1.00	1.00	0.00
Senior Human Resources Analyst	1.00	1.00	0.00
Information Services / Network Manager	1.00	1.00	0.00
IT Help Desk/Technician	0.00	0.00	0.00
Hourly Help Desk Technician (1,000 hours)	0.25	0.48	0.23
Finance Specialist	1.00	1.50	0.50
Office Assistant/ Public Records Act Clerk	0.00	0.00	0.00
Retired Annuitant (480 hrs.)	0.23	0.23	0.00
Hourly Office Assistant (400 hrs.)	0.00	0.00	0.00
Administration Total	8.48	9.71	1.23
Community Activities			
Community Services Assistant	0.00	0.00	0.00
Executive Assistant	0.50	0.50	0.00
Community Activities Total	0.50	0.50	0.00
Library			
Circulation Supervisor	1.00	1.00	0.00
Director of Library and Community Services	1.00	1.00	0.00
Hourly Librarian I	0.00	1.00	1.00
Librarian I	1.00	1.00	0.00
Librarian II	1.00	2.00	1.00
Librarian II (Local History)	1.00	1.00	0.00
Library Assistant (full-time)	1.00	1.00	0.00
Library Assistant (part-time)	0.00	0.00	0.00
Hourly Library Assistant	0.00	1.00	1.00
Executive Assistant	0.50	0.50	0.00
Library Total	6.50	9.50	3.00
Community Planning & Building			
Administrative Coordinator	1.00	1.00	0.00
Assistant Planner	1.00	1.00	0.00
Associate Planner	1.00	1.00	0.00
Building Inspector	1.00	1.00	0.00
Building Official	1.00	1.00	0.00
Code Compliance Coordinator	1.00	1.00	0.00
Permit Technician	1.00	1.00	0.00
Planning & Building Services Director	1.00	1.00	0.00
Senior Planner	1.00	1.00	0.00
Community Planning & Building Total	9.00	9.00	0.00

FY 2021-2022 RECOMMENDED FUNDED POSITIONS

Department and Title	FY 20/21 Adopted	FY 21/22 Recommended	FY 21/22 Change
Public Works			
Administrative Coordinator	0.00	0.25	0.25
Director of Public Works	1.00	1.00	0.00
Environmental Compliance Manager	1.00	1.00	0.00
Maintenance Worker	2.00	3.00	1.00
Public Works Superintendent	1.00	1.00	0.00
Senior Maintenance Worker	3.00	3.00	0.00
Street Supervisor	1.00	1.00	0.00
Project Manager	0.00	1.00	1.00
Facilities Maintenance Supervisor	1.00	1.00	0.00
Senior Maintenance Worker (Facilities)	1.00	1.00	0.00
City Forester	1.00	1.00	0.00
Senior Maintenance Worker	1.00	1.00	0.00
Maintenance Worker/Gardener	1.00	1.00	0.00
Tree Care Specialist	1.00	1.00	0.00
Public Works Total	15.00	17.25	2.25
Police			
Community Services Officer	1.0	1.0	0.0
Community Services Officer/Animal Control	1.0	1.0	0.0
Corporal	2.0	2.0	0.0
Police Commander	1.0	1.0	0.0
Police Officer	5.0	5.0	0.0
Police Officer/Detective	1.0	1.0	0.0
Police Officer/FTO	2.0	2.0	0.0
Police Services Officer	5.0	6.0	1.0
Police/Patrol Officer	1.0	1.0	0.0
Public Safety Director	1.0	1.0	0.0
Sergeant	2.0	2.0	0.0
Administrative Coordinator	0.00	0.25	0.25
Office Assistant	0.0	0.0	0.0
Police Total	22.0	23.25	1.25
Ambulance			
Paramedic/Firefighters	6.00	6.00	0.00
Ambulance Total	6.00	6.00	0.00
	FY 20/21 Adopted	FY 21/22 Recommended	FY 21/22 Change
Citywide Total Funded Positions	72.48	80.21	7.73

	FY 20/21 Adopted	FY 21/22 Recommended	FY 21/22 Change
Citywide Total Authorized Positions: available to be filled as funding allows	93.14	93.14	0.00



**OPERATING BUDGET
(CITY DEPARTMENTS
AND SERVICES)**

CITY COUNCIL

Description

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.

2020-2021 Initiatives and Accomplishments

- Provided direction to refinance the City's Sunset Center Lease Revenue Bond to take advantage of low interest rates and maximize cash flow savings pertaining to debt service.
- Provided direction on options to address the City's pension liability, including setting aside \$1 million in proposed funding as part of the Fiscal Year 2021-2022 budget for pension mitigation.
- Oversight of the City's response to the coronavirus pandemic, including declaration of a local emergency, prohibiting tenant evictions, addressing public access to the Carmel Beach and providing direction regarding outdoor dining and the establishment of "parklets" to help support the local economy while also ensuring public safety and the adherence to COVID-19 protocols.

2021-2022 Priorities

- Continued oversight of the City's implementation of COVID-19 protocols to ensure the safe reopening of City facilities and the continuity of services. Continued regional collaboration and advocating for federal and state assistance in addressing the ongoing economic impacts of COVID-19.
- Update the City's strategic plan and establish City objectives for the upcoming fiscal year, including funding service and capital projects while balancing the City's long-term fiscal stability needs.
- 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 \$20,000 for the Council discretionary grant program and \$81,000 for the cost of courier service for the mail delivery program for a total budget of \$101,000.

City Council				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-110-00-41008	Salaries -Elected	\$9,600	\$9,600	\$9,600
101-110-00-41101	Retirement	\$85	\$85	\$83
101-110-00-41104	Health Insurance	\$33,254	\$32,122	\$39,710
101-110-00-41105	Social Security	\$484	\$376	\$484
101-110-00-41106	Medicare	\$139	\$114	\$139
101-110-00-41108	Worker's Comp	\$1,281	\$1,128	\$700
Salaries & Benefits Subtotal		\$44,843	\$43,425	\$50,716
101-110-00-42001	Contract Services	\$0	\$0	\$0
101-110-00-42005	Community Promotions	\$103,900	\$101,400	\$101,000
101-110-00-42007	Regional Memberships	\$49,032	\$46,708	\$46,405
101-110-00-42101	Office Supplies	\$475	\$0	\$450
101-110-00-42301	Training & Education	\$0	\$0	\$0
101-110-00-42302	Conferences & Meetings	\$4,550	\$75	\$8,350
Services & Supplies Subtotal		\$157,957	\$148,183	\$156,205
Total		\$202,800	\$191,608	\$206,921

Regional Memberships				
Account Number	Account Description	FY19-20 Amended Budget	FY19-20 Estimated Actual	FY20-21 Recommended
101-110-00-42007	Transportation Agency of Monterey County Association of Monterey Bay Area	\$1,329	\$1,225	\$1,295
101-110-00-42007	Governments Monterey Peninsula Chamber of Commerce	\$4,184	\$3,795	\$3,825
101-110-00-42007	Monterey County Mayors Association	\$788	\$500	\$775
101-110-00-42007	Monterey County Business Council	\$1,575	\$1,500	\$1,575
101-110-00-42007	MBUAPCA (Air Pollution Control District)	\$578	\$578	\$500
101-110-00-42007	League of CA Cities	\$1,822	\$1,856	\$1,900
101-110-00-42007	League of CA Cities- Monterey Bay Division	\$2,705	\$2,876	\$2,850
101-110-00-42007	LAFCo	\$158	\$350	\$165
101-110-00-42007	Community Human Services	\$18,900	\$17,183	\$16,375
101-110-00-42007	CoastWalks/Coastal Trail Association	\$16,100	\$16,100	\$16,375
101-110-00-42007	Carmel Chamber of Commerce	\$315	\$300	\$300
101-110-00-42007		\$578	\$445	\$470
Total		\$49,032	\$46,708	\$46,405

CITY ATTORNEY

Description

The City Council appoints the City Attorney. The City Attorney legally represents the City and provides legal advice and/or training to the City Council, City Administrator, boards, commissions, and departments. The City Attorney assists City staff in drafting ordinances, resolutions, contracts and staff reports. The City Attorney investigates and resolves claims against the City; defends the City in litigation and administrative actions; and initiates and prosecutes litigation on behalf of the City.

Budget Summary and Service Impacts

- The FY 21-22 Budget of \$385,000 includes \$325,000 for general legal services and \$60,000 for other specialized legal assistance, including labor negotiations and personnel.
- Prior to COVID-19, general legal services was budgeted at \$360,000. Due to the economic impact associated with the pandemic, the City Attorney voluntarily reduced the legal budget down to \$285,000, a reduction of \$75,000, and deferred the hourly rate increase scheduled for July 1, 2020. The FY 21-22 Budget reflects an increase of \$40,000 for general legal services to \$325,000 and phases in a return to the pre-pandemic legal budget of \$360,000 proposed for FY 22-23.

City Attorney				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-112-00-42001	Contract Services	\$285,000	\$295,000	\$385,000
Total		\$285,000	\$295,000	\$385,000

ADMINISTRATION

Description

The City Administrator is appointed by the City Council and is responsible for the enforcement of City laws and ordinances, managing day-to-day citywide operations and implementing policies as directed by the City Council. In addition to overseeing City departments, the Administrator also serves as the director of the centralized administrative functions pertaining to the City Clerk, Finance, Human Resources and Information Technology.

2020-2021 Initiatives and Accomplishments

- Oversight of the City's response to COVID-19: Ensuring the continuity of services and operations, including providing IT support for remote operations and virtual meetings. Using the Friday newsletter and video blog to provide updates regarding the pandemic to the public. Supporting the local economy by facilitating outdoor dining in the public right-of-way. Developing options to balance public safety and public coastal access. Monitoring daily finances and cash flow and complying with reporting requirements pertaining to the use of federal and State COVID-19 relief funds.
- Oversight of the Sunset Center Lease Revenue Bond refinancing process to generate \$1 million in savings and to minimize debt service payments in Fiscal Years 2020-2021 and 2021-2022.
- In tandem with the County of Monterey, administered the November 2020 City Council election and ensured the filing of candidate forms.

2021-2022 Priorities

- Continue to oversee the City's response to COVID-19 including the safe re-opening of City facilities and the adherence to State and County protocols by employees, residents, businesses and visitors.
- Explore service delivery alternatives to minimize expenses and seek options to enhance revenue, including paid parking, as directed by Council. Monitor federal and state legislation, including any potential climate resiliency and economic stimulus funding, to support the City's capital needs.
- Continue to work with Council to implement options to mitigate the City's unfunded pension liability and to update the City's financial policies to reflect a commitment to fund pension efforts.

Budget Summary and Service Impacts

- The FY 21-22 Budget includes funding for 1.23 full-time equivalent positions for increased IT assistance needed to support meetings, remote IT capabilities and other requests; increased support for payroll and other financial activities to strengthen internal controls and continuity of operations and increased counter and other customer service support related to the re-opening of City Hall.
- The Administration Divisional Budget includes funding for the City Administrator's performance evaluation within contract services, office supplies, copier, and the citywide postage meter.

ADMINISTRATION

Office the City Administrator				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-111-00-41001	Salaries	\$1,028,254	\$1,107,608	\$1,155,670
101-111-00-41003	Salaries -Part time	\$82,847	\$63,208	\$119,192
101-111-00-41101	Retirement	\$62,287	\$67,772	\$70,006
101-111-00-41103	Deferred Compensation	\$16,800	\$30,056	\$48,380
101-111-00-41104	Health Insurance	\$131,417	\$135,625	\$151,068
101-111-00-41105	Social Security	\$2,905	\$2,073	\$2,905
101-111-00-41106	Medicare	\$15,670	\$16,344	\$17,958
101-111-00-41107	LTD/STD/Life	\$1,198	\$1,172	\$1,261
101-111-00-41108	Worker's Comp	\$29,120	\$28,958	\$21,386
101-111-00-41109	Benefits-MOU Obligations	\$2,080	\$2,080	\$3,120
Salaries & Benefits Subtotal		\$1,372,578	\$1,454,896	\$1,590,946
101-111-00-42001	Contract Services	\$116,840	\$106,931	\$118,290
101-111-00-42002	Recruiting Services	\$19,385	\$8,550	\$18,385
101-111-00-42003	Auditing Services	\$37,000	\$42,127	\$48,500
101-111-00-42006	Records Management	\$5,000	\$3,675	\$5,000
101-111-00-42009	Advertising and Legal Notices	\$15,000	\$12,151	\$15,000
101-111-00-42015	Other Services	\$11,080	\$11,256	\$12,000
101-111-00-42101	Office Supplies	\$9,300	\$4,000	\$9,750
101-111-00-42102	Publications & Subscriptions	\$77,373	\$98,930	\$78,690
101-111-00-42106	Small Tools and Equipment	\$350	\$0	\$350
101-111-00-42202	Equipment Maintenance	\$8,500	\$2,670	\$8,500
101-111-00-42301	Training & Education	\$4,366	\$500	\$10,750
101-111-00-42302	Conferences & Meetings	\$4,720	\$4,102	\$5,845
101-111-00-42304	Dues & Memberships	\$2,555	\$2,055	\$3,175
101-111-00-42305	Mileage Reimbursement	\$50	\$0	\$50
101-111-00-42306	Employee Programs	\$5,950	\$4,950	\$20,450
101-111-00-42403	Printing	\$10,900	\$675	\$5,900
101-111-00-42404	Shipping/Postage/Freight	\$10,950	\$8,781	\$11,700
101-111-00-42405	Telephone & Communications	\$73,912	\$73,912	\$80,000
101-111-00-42406	Bank & Merchant Fees	\$18,000	\$21,751	\$19,000
101-111-00-42407	Computer Non Capital	\$5,000	\$6,200	\$15,000
101-111-00-42410	Pre-employment Costs	\$8,000	\$0	\$9,000
Services & Supplies Subtotal		\$444,231	\$413,214	\$495,335
Total		\$1,816,809	\$1,868,110	\$2,086,281

ADMINISTRATION

Administration				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-111-10-42001	Contract Services	\$8,200	\$8,200	\$10,850
101-111-10-42015	Other Services	\$11,080	\$11,256	\$12,000
101-111-10-42101	Office Supplies	\$4,800	\$3,000	\$5,250
101-111-10-42102	Publications & Subscriptions	\$150	\$150	\$150
101-111-10-42302	Conferences & Meetings	\$1,200	\$1,587	\$1,200
101-111-10-42304	Dues & Memberships	\$900	\$900	\$1,350
101-111-10-42403	Printing	\$100	\$100	\$100
101-111-10-42404	Shipping/Postage/Freight	\$10,500	\$8,531	\$11,250
Services & Supplies Subtotal		\$36,930	\$33,724	\$42,150

Clerk: The City Clerk provides timely and accessible service in response to all inquiries and requests for public information and records. The position records the City's legislative history through approved minutes and by maintaining City Ordinances and the Municipal Code. The Clerk is responsible for the administration of elections; the coordination of Statements of Economic Interest and other campaign and other financial disclosure related filings; public records requests processing; records management; and the legislative process.

City Clerk				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-111-11-42001	Contract Services	\$54,480	\$54,440	\$46,080
101-111-11-42006	Records Management	\$5,000	\$3,675	\$5,000
101-111-11-42009	Advertising and Legal Notice	\$15,000	\$12,151	\$15,000
101-111-11-42302	Conferences & Meetings	\$925	\$925	\$1,550
101-111-11-42304	Dues & Memberships	\$260	\$260	\$260
101-111-11-42403	Printing	\$10,000	\$0	\$5,000
Services & Supplies Subtotal		\$85,665	\$71,450	\$72,890

Budget Summary and Service Impacts

- Clerk Contract services includes costs associated with Council and other public meetings, such as agenda management, video streaming and virtual meeting technology (\$16,000), as well as costs for Municipal Code updates, e-filing software, records management software (\$18,000) and funding (\$12,000) to continue the retention schedule project that started in FY 20-21.
- Finance, on the following chart, includes bond compliance reporting, sales tax analysis and other financial consulting services (contract services), audits of the City's financial statements, Measure X and actuarial studies (auditing), financial systems (publications and subscriptions) and bank fees.

ADMINISTRATION

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 include vendor payments, payroll, business license processing and the collection of the transient occupancy tax and the administration of pass-through funding to the hospitality, restaurant and tourism improvement districts. Provides treasury services and manages debt.

Finance				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-111-12-42001	Contract Services	\$22,700	\$22,700	\$25,500
101-111-12-42003	Auditing Services	\$37,000	\$42,127	\$48,500
101-111-12-42101	Office Supplies	\$300	\$300	\$300
101-111-12-42102	Publications & Subscriptions	\$26,173	\$25,702	\$27,490
101-111-12-42301	Training & Education	\$500	\$500	\$750
101-111-12-42302	Conferences & Meetings	\$0	\$0	\$0
101-111-12-42304	Dues & Memberships	\$465	\$465	\$635
101-111-12-42305	Mileage Reimbursement	\$50	\$0	\$50
101-111-12-42403	Printing	\$500	\$500	\$500
101-111-12-42406	Bank & Merchant Fees	\$18,000	\$21,751	\$19,000
Services & Supplies Subtotal		\$105,688	\$114,044	\$122,725

Human Resources: Human Resources 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 negotiating Memorandums of Understanding with the City's three bargaining units, subject to Council direction and approval.

HR				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-111-13-42001	Contract Services	\$6,460	\$7,883	\$2,460
101-111-13-42002	Recruiting Services	\$19,385	\$8,550	\$18,385
101-111-13-42101	Office Supplies	\$700	\$700	\$700
101-111-13-42102	Publications & Subscriptions	\$3,050	\$1,078	\$3,050
101-111-13-42301	Training & Education	\$3,866	\$0	\$9,500
101-111-13-42302	Conferences & Meetings	\$2,595	\$1,590	\$2,595
101-111-13-42304	Dues & Memberships	\$800	\$300	\$800
101-111-13-42306	Employee Programs	\$5,950	\$4,950	\$20,450
101-111-13-42403	Printing	\$300	\$75	\$300
101-111-13-42404	Shipping/Freight/Postage	\$200	\$0	\$200
101-111-13-42410	Pre-employment Costs	\$8,000	\$0	\$9,000
Services & Supplies Subtotal		\$51,306	\$25,125	\$67,440

ADMINISTRATION

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, council members, and the community; and to support and continuously improve essential technology infrastructure for enabling day-to-day operations of the City.

IT				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-111-14-42001	Contract Services	\$25,000	\$13,709	\$33,400
101-111-14-42101	Office Supplies	\$3,500	\$0	\$3,500
101-111-14-42102	Publications & Subscriptions	\$48,000	\$72,000	\$48,000
101-111-14-42105	Materials and Supplies	\$0	\$0	\$0
101-111-14-42106	Small Tools and Equipment	\$350	\$0	\$350
101-111-14-42202	Equipment Maintenance	\$8,500	\$2,670	\$8,500
101-111-14-42301	Training & Education	\$0	\$0	\$500
101-111-14-42302	Conferences & Meetings	\$0	\$0	\$500
101-111-14-42304	Dues & Memberships	\$130	\$130	\$130
101-111-14-42404	Shipping/Postage/Freight	\$250	\$250	\$250
101-111-14-42405	Telephone and Communications	\$73,912	\$73,912	\$80,000
101-111-14-42407	Computer Non capital	\$5,000	\$6,200	\$15,000
Services & Supplies Subtotal		\$164,642	\$168,871	\$190,130

Budget Summary and Service Impacts

- The HR budget includes costs for recruitment, citywide training, and employee programs, which includes employee appreciation expenses, flu clinics and service awards.
- The IT budget includes required licensing for Microsoft products, G-Suite and security monitoring (Publications and Subscriptions). Citywide telephone, cable and Internet service increases by \$6,000, or 8%, in FY 21-22. Computer purchases increase by \$10,000 in FY 21-22 due to the computer replacement schedule and increased purchases of laptops and other remote capacity technologies.

CITYWIDE (NON-DEPARTMENTAL)

Description

Citywide, or non-departmental costs, are expenses that span across the entire organization. These items include required operational expenses such as the City's insurance premiums for general liability and property insurance, utilities and property tax assessments for water and sewer services. Costs associated with retired City personnel are also included within this account, including the City's annual payment to CalPERS for pension, the unfunded actuarial liability, and the City's share of costs toward retiree healthcare. Other operational expenses include 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 \$235,000, or 15%, in FY 21-22 compared to the FY 20-21 Adopted Budget. In FY 20-21, the City was unable to make the annual lump sum payment, resulting in a loss of interest savings. Due to improvements in cash flow projections based upon anticipated increases in revenue receipts, the City will pay the annual lump sum UAL in July, which will result in approximately \$61,000 of interest savings. Based upon Council direction, the budget includes \$1,000,000 for pension mitigation to address the City's long-term UAL planning, such as funding a Section 115 trust and/or making additional payments to CalPERS.
- The required contribution to retiree healthcare increases by 10%, or \$7,500, in FY 21-22 due to additional retiree enrollment.

Non-Departmental				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-130-00-42501	Liability Insurance Premium	\$712,283	\$574,662	\$689,500
101-130-00-42503	PERS Unfunded Accrued Liability Payment	\$1,598,574	\$1,598,574	\$1,833,526
101-130-00-42503	Pension Mitigation Options			\$1,000,000
101-130-00-42504	Insurance Claims Paid	\$14,400	\$14,400	\$30,000
101-130-00-42505	Utilities	\$235,000	\$261,964	\$235,000
101-130-00-42506	Property Tax Assessments	\$76,260	\$80,501	\$82,115
101-130-00-42508	Unemployment Costs	\$15,000	\$27,367	\$15,000
101-130-00-42510	Retiree Health Share	\$72,438	\$72,078	\$79,980
101-130-00-42511	County Property Tax Admin Fees	\$67,422	\$67,422	\$70,793
	Total	\$2,791,377	\$2,696,967	\$4,035,914

ECONOMIC DEVELOPMENT

Description

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. The City is currently soliciting proposals from qualified persons and organizations to enter into a lease agreement for theatrical programming and facility management of the Forest Theater.

Additionally, the City funds the Monterey County Convention and Visitors Bureau (MCCVB) and Visit Carmel to manage visitors. Visit Carmel maintains the City's official travel website and develops targeted and seasonal marketing campaigns to encourage visitors to stay overnight, dine and shop in town. While General Fund revenues support these marketing efforts and organizations, the City also collects an assessment from its lodging establishments on behalf of the County and remits these pass-thru funds to MCCVB on a bi-monthly basis. Similarly, the City also collects an assessment on lodging located within the City as part of 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. On January 1, 2019, the City began collecting an assessment from full-service restaurants on behalf of the Carmel Restaurant Improvement District. The City remits these funds to Visit Carmel for marketing efforts to increase food and beverage sales within the City.

The Carmel Chamber of Commerce is also a partnering agency included within the City's marketing and economic development budget. In addition to operating a visitor center in town, the Chamber publishes a comprehensive visitor guide and assists businesses by 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". The assistance to business is even more important as businesses respond to the pandemic and its associated economic impact.

Budget Summary and Service Impacts

- The FY 21-22 budget increases by \$209,000, or 25%, from the FY 20-21 Adopted Budget, largely due to the anticipated reopening of Sunset Center (\$173,000) and increased funding to marketing partners (\$45,000). Funding to MCCVB (\$160,000) equates to 3% of the FY 21-22 budget of \$5.3 million for transient occupancy tax revenue while funding to Visit Carmel (\$101,000) reflects a 5% increase over the FY 20-21 Adopted Budget.
- The FY 21-22 Budget includes placeholder funding of \$7,500 for month-to-month management of the Forest Theater by the Sunset Center through October 2021 while the City reviews proposals for a new lease agreement for theatrical programming and facility management of the Forest Theater.

ECONOMIC DEVELOPMENT

Marketing & Economic Development					
Account Number	Account Description	Details	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-20 Recommended
101-122-00-42005	Community Promotions	Monterey County Film Commission	\$0	\$0	\$0
101-122-00-42008	Marketing & Economic Dev	SCC- Sunset Center Operating Grant	\$577,500	\$577,500	\$750,000
101-122-00-42008	Marketing & Economic Dev	SCC- Forest Theater Operating Grant	\$16,000	\$0	\$7,500
101-122-00-42008	Marketing & Economic Dev	Monterey County Convention & Visitors Bureau	\$120,000	\$120,000	\$160,007
101-122-00-42008	Marketing & Economic Dev	Visit Carmel	\$96,000	\$96,000	\$100,800
101-122-00-42008	Marketing & Economic Dev	Carmel Chamber of Commerce	\$15,000	\$15,000	\$15,000
Total			\$824,500	\$808,500	\$1,033,307

LIBRARY AND COMMUNITY ACTIVITIES

Description

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.

2020-2021 Workload Indicators / Performance Measures

- 13,579 reference and information questions were answered
- 241 items were loaned to other libraries across the United States
- 1,224 library cards were issued
- 84,810 library items were circulated
- 5,254 people attended library programs
- 5,433 people used the library's public computers
- 27,079 digital items (e-books, audios, magazines, films, music) were accessed

2020-2021 Initiatives and Accomplishments

- In response to the pandemic pivoted library services to provide reference and tech help via phone, email, and text, and implemented a new curbside pick-up system.
- Completed the Main Library Gathering Place project.

2021-2022 Priorities

- Focus on safely restoring in building library services.
- Continue the implementation of the Library's Strategic Plan.

Budget Summary and Service Impacts

- The City funds the personnel and building maintenance costs for operating the Main and Park Branch libraries. The sources of funding for library materials, programs and services are the Carmel Public Library Foundation, the Friends of the Library, and other donations.

LIBRARY AND COMMUNITY ACTIVITIES

Library				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-120-00-41001	Salaries	\$474,961	\$491,975	\$643,426
101-120-00-41003	Salaries -Part time	\$0	\$9,011	\$131,934
101-120-00-41005	Overtime	\$0	\$0	\$0
101-120-00-41101	Retirement	\$30,366	\$29,889	\$38,541
101-120-00-41103	Deferred Compensation	\$6,450	\$6,484	\$7,350
101-120-00-41104	Health Insurance	\$68,512	\$55,756	\$77,984
101-120-00-41105	Social Security	\$0	\$0	\$8,180
101-120-00-41106	Medicare	\$6,887	\$6,987	\$11,240
101-120-00-41107	LTD/STD/Life	\$923	\$792	\$1,062
101-120-00-41108	Worker's Comp	\$74,255	\$45,284	\$15,658
101-120-00-41109	Benefits-MOU Obligations	\$10,400	\$8,683	\$13,520
Salaries & Benefits Subtotal		\$672,754	\$654,861	\$948,895
101-120-00-42001	Contract Services	\$3,500	\$3,500	\$3,500
101-120-00-42301	Training & Education	\$0	\$0	\$0
Services & Supplies Subtotal		\$3,500	\$3,500	\$3,500
Total		\$676,254	\$658,361	\$952,395

LIBRARY AND COMMUNITY ACTIVITIES

Community Activities

The Community Activities department and Commission encourage and support 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 for special events, beach events, and filming, the City's annual special events, and manages the Vista Lobos Community Room and the Scout House.

2020-2021 Workload Indicators/Performance Measures

- Planned and facilitated seven City special events
- An estimated 5,000 people attended City Special Events
- Issued 11 event and film permits

2020-2021 Initiatives and Accomplishments

- In lieu of traditional gatherings during the pandemic year, the Community Activities Commission developed the "Pumpkins on Parade" and "Lights-by-the-Sea" campaigns to encourage residents and business owners to decorate the village and encourage community connection through socially distanced joyful celebration.
- Began conducting outreach at the Farmer's Market and encouraging other community groups to use the Farmer's Market as a venue for soliciting community input on various topics
- Completed a new Strategic Plan (May 2021)

2021-2022 Priorities

- Begin implementing the new strategic plan that includes goals to maximize communication opportunities, embrace opportunities for community connections – whatever the form, engaging in environmentally sustainable practices, and to put our community spaces to their best use.
- Continue to streamline processes for special event permit applications.

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. Contractual Services includes the cost of holiday tree decorating and audio for the annual holiday tree lighting.

LIBRARY AND COMMUNITY ACTIVITIES

Community Activities				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-121-00-41001	Salaries	\$42,000	\$48,287	\$42,000
101-121-00-41101	Retirement	\$3,373	\$4,101	\$3,310
101-121-00-41103	Deferred Compensation	\$150	\$216	\$150
101-121-00-41104	Health Insurance	\$5,039	\$5,897	\$5,660
101-121-00-41106	Medicare	\$609	\$707	\$609
101-121-00-41107	LTD/STD/Life	\$65	\$80	\$65
101-121-00-41108	Worker's Comp	\$9,468	\$4,394	\$5,176
101-121-00-41109	Benefits-MOU Obligations	\$0	\$173	\$0
	Salaries & Benefits Subtotal	\$60,704	\$63,855	\$56,970
101-121-00-42001	Contract Services	\$12,950	\$12,950	\$9,000
101-121-00-42005	Community Promotions	\$14,136	\$14,136	\$19,500
101-121-00-42009	Advertising and Legal Notice	\$2,000	\$2,000	\$3,000
101-121-00-42101	Office Supplies	\$200	\$100	\$300
101-121-00-42301	Training & Education	\$0	\$0	\$0
101-121-00-42403	Printing	\$500	\$500	\$2,500
	Services & Supplies Subtotal	\$29,786	\$29,686	\$34,300
	Total	\$90,490	\$93,541	\$91,270

COMMUNITY PLANNING AND BUILDING

Description

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.

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

2020-2021 Initiatives and Accomplishments

- Updated the Title 15 Building and Construction Code
- Responded to County-issued COVID-19 protocols pertaining to construction activities by ensuring on-site compliance during inspections
- Continued planning review and other land use permit processing services while adhering to shelter in place protocols, including holding virtual Planning Commission and Historic Resources Board meetings.
- Implementation of Council direction regarding beach fires, short-term rentals within the commercial district, and adoption of a permanent Street Vending program
- Successful implementation and continued oversight of the temporary encroachment permit program for “parklets” in the public right of way

2021-2022 Priorities

- Continued response to County-issued COVID-19 protocols for construction, restaurants, retail and hospitality, including reopening CPB offices to the greatest extent possible
- Continued implementation of the CPB 2019 strategic plan, with a focus on customer service, technology, and streamlining processes
- Select and hire consultant to begin work on housing planning study in accordance with State “SB 2”, local “LEAP”, regional “REAP” grants
- Finalize the Historic Context Statement update
- Adoption of: (1) updated Accessory Dwelling Unit Ordinance; (2) updated Wireless Ordinance; and (3) updated City Zoning Code, Residential and Commercial Design Guidelines
- Scan/digitize historic property files for online public access

Budget Summary and Service Impacts

- Contract services include \$290,000 in FY 21-22 representing State, local and regional grants for affordable housing and \$15,000 for 3rd party review of Zoning and Design Guideline amendments.
- As part of the Capital Improvement Plan, CPB is contracting to scan and upload historic property files for online access via the City’s GIS mapping tool by the public. The estimated cost to implement this project is \$132,500, with the first phase of funding included within the FY 21-22 Recommended Budget.

COMMUNITY PLANNING AND BUILDING

Community Planning & Building				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-115-20-41001	Salaries	\$661,984	\$706,444	\$950,401
101-115-20-41005	Overtime	\$0	\$99	\$0
101-115-20-41101	Retirement	\$38,847	\$35,945	\$51,592
101-115-20-41103	Deferred Compensation	\$7,200	\$4,800	\$7,200
101-115-20-41104	Health Insurance	\$134,650	\$108,562	\$165,529
101-115-20-41106	Medicare	\$11,049	\$9,581	\$13,781
101-115-20-41107	LTD/STD/Life	\$1,273	\$1,023	\$1,273
101-115-20-41108	Worker's Comp	\$28,935	\$21,436	\$15,818
101-115-20-41109	Benefits-MOU Obligations	\$14,560	\$14,581	\$14,560
Salaries & Benefits Subtotal		\$898,498	\$902,471	\$1,220,154
101-115-20-42001	Contract Services	\$298,950	\$123,607	\$383,350
101-115-20-42009	Advertising and Legal Notice	\$500	\$500	\$500
101-115-20-42015	Other Services	\$0	\$0	\$0
101-115-20-42101	Office Supplies	\$4,450	\$2,500	\$3,650
101-115-20-42102	Publications & Subscriptions	\$775	\$350	\$775
101-115-20-42104	Safety Equipment and Supplies	\$0	\$0	\$800
101-115-21-42106	Small Tools and Equipment	\$0	\$0	\$0
101-115-20-42107	Gas and Oil	\$1,560	\$960	\$1,560
101-115-20-42115	Other Supplies	\$1,000	\$800	\$600
101-115-20-42301	Training & Education	\$3,835	\$620	\$4,085
101-115-20-42302	Conferences & Meetings	\$6,650	\$675	\$5,450
101-115-20-42304	Dues & Memberships	\$4,580	\$3,300	\$4,580
101-115-20-42305	Mileage Reimbursement	\$300	\$0	\$300
101-115-20-42403	Printing	\$3,000	\$1,000	\$3,000
Services & Supplies Subtotal		\$325,600	\$134,312	\$408,650
Total		\$1,224,098	\$1,036,783	\$1,628,804

PUBLIC WORKS

Description

The mission of the Public Works Department is to plan, design, construct, operate, and maintain public infrastructure, facilities, urban forest, and equipment that contribute to the health, safety, and well-being of the community, and do so in an efficient, cost-effective manner without detrimental effects on the environment. Public Works consists of five operating divisions with responsibilities as follows:

- **Administration Unit:** Prepare Council reports and presentations, perform City engineering services, serve on the Traffic Safety Committee, and provide daily oversight of the five operating divisions.
- **Environmental Compliance:** enforce storm water quality state regulations, promote trash diversion goals, review development plans, inspect businesses and construction sites, coordinate with regional agencies, provide training, manage special environmental projects and provide public outreach.
- **Facilities Maintenance:** maintenance and repair of 20 City-owned buildings with 149,050 square feet, support capital projects, oversee janitorial contract and implement small construction projects.
- **Forestry, Parks and Beach:** staff the Forest & Beach Commission, maintain 8 municipal parks, Carmel Beach, shoreline pathway, and landscaped islands, manage 9,000 City trees, process tree removal and pruning permits, and oversee landscape maintenance services.
- **Project Management:** implement the Capital Improvement Plan, perform condition assessments and cost estimates, plan, design, inspect, and manage construction of capital projects, administer the public bidding process, and coordinate with consultants, contractors, utilities, and other departments.
- **Streets Maintenance:** maintain streets, sidewalks, and curbs, repair potholes, maintain storm drainage system, traffic signs, striping and pavement markings, provide street sweeping, coordinate repairs of City fleet, review encroachment permit applications, support City events, and emergency response.

2020-2021 Initiatives and Accomplishments

- Established a unique, public/private partnership with Carmel Cares, who are volunteering to restore the Scenic Pathway, Forest Theater, and Devendorf and Vista Lobos Parks, and donated a multi-purpose truck for watering, various maintenance tools, and a sidewalk scrubber machine.
- Completed the Scout House Roof Replacement and Sunset Center Boiler Replacement CIP Projects.
- Made notable progress on the Climate Committee and the Climate Action and Adaptation Project.
- Coordinated with the Friends of Mission Trail Nature Preserve (MTNP) to remove additional dead and invasive trees, weeds, and fire fuel, while completing the renovation of Doolittle Trail.
- In the North Dunes, removed a significant quantity of weeds and invasive plants, removed and pruned non-native trees, installed post and cable railing, and presented progress to Council and Commissions.
- Installed 25 dual trash/recycling, metal ribbon cans in downtown, all paid by a Cal Recycle grant.
- Resumed basic vehicle maintenance tasks in-house for the first time since the 1990s.
- Installed three more dual electric vehicle chargers in the Sunset Center north parking lot.
- Resumed landscape maintenance services in-house, versus by contractor, to save funds and a position.
- Obtained rigging equipment enabling crews to remove mid-sized dead or diseased trees in-house.
- Cleared tree limbs, debris, and drainage channels following winter storms.

PUBLIC WORKS

2021-2022 Priorities

- Re-commence Capital Improvement Program projects, halted due to economic impacts of COVID-19.
- Support the Climate Committee by completing the Vulnerability and Greenhouse Gas Emissions Studies.
- Continue to guide Carmel Cares, Friends of MTNP, and other volunteer organizations who are supplementing staff with landscaping, aesthetic improvements, repairs, and donations.
- Issue an RFP for Citywide janitorial services for the next three fiscal years.
- Resume the annual traffic striping and markings program, on hold due to the pandemic.
- Update Coastal Development Permits for the North Dunes and MTNP.
- Update the Carmel Municipal Code relative to trees, organics recycling, and storm water quality.
- Decrease the backlog of dead tree and stump removals, and plant many new trees.

PUBLIC WORKS

Public Works Department Total				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-119-00-41001	Salaries	\$1,312,435	\$1,336,024	\$1,521,663
101-119-00-41005	Overtime	\$8,800	\$441	\$8,800
101-119-00-41101	Retirement	\$81,189	\$79,167	\$88,011
101-119-00-41103	Deferred Compensation	\$10,380	\$12,011	\$12,612
101-119-00-41104	Health Insurance	\$234,625	\$243,927	\$278,844
101-119-00-41106	Medicare	\$18,574	\$18,639	\$22,064
101-119-00-41107	LTD/STD/Life	\$2,055	\$2,264	\$2,423
101-119-00-41108	Worker's Comp	\$95,738	\$92,142	\$67,744
101-119-00-41109	Benefits-MOU Obligations	\$27,040	\$26,864	\$28,600
Salaries & Benefits Subtotal		\$1,790,836	\$1,811,479	\$2,030,761
101-119-00-42001	Contract Services*	\$539,213	\$498,804	\$663,385
101-119-00-42009	Advertising and Legal Notice	\$1,000	\$0	\$1,000
101-119-00-42101	Office Supplies	\$2,500	\$1,042	\$2,500
101-119-00-42102	Publications & Subscriptions	\$3,860	\$5,500	\$6,860
101-119-00-42104	Safety Equipment and Supplies	\$8,000	\$8,000	\$8,000
101-119-00-42105	Materials and Supplies	\$214,030	\$251,506	\$110,500
101-119-00-42106	Small Tools and Equipment	\$10,309	\$10,309	\$750
101-119-00-42107	Gas and Oil	\$21,000	\$22,004	\$24,000
101-119-00-42201	Building Maintenance*	\$13,280	\$13,280	\$0
101-119-00-42202	Equipment Maintenance	\$5,500	\$5,500	\$10,000
101-119-00-42203	Vehicle Maintenance	\$46,000	\$46,000	\$41,000
101-119-00-42301	Training & Education	\$2,215	\$600	\$5,000
101-119-00-42304	Dues & Memberships	\$1,150	\$1,000	\$1,500
101-119-00-42403	Printing	\$400	\$0	\$400
101-119-00-42408	Permits and Licenses	\$9,500	\$9,500	\$9,500
101-119-00-42409	Rentals	\$2,250	\$2,250	\$2,250
Services & Supplies Subtotal		\$880,207	\$875,294	\$886,645
101-119-00-43002	Buildings & Improvements*	\$7,034	\$7,034	\$0
101-119-00-43004	Machinery & Equipment*	\$10,380	\$10,380	\$0
101-119-00-43005	Vehicles & Fire Trucks*	\$22,450	\$22,450	\$0
101-119-00-43006	Other Assets*	\$5,000	\$5,000	\$0
Capital Assets Subtotal		\$44,864	\$44,864	\$0
Total		\$2,715,907	\$2,731,638	\$2,917,406

*Per accounting principles, the value of donated items is included.

PUBLIC WORKS

PW Administration				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-119-40-42001	Contract Services	\$36,164	\$36,164	\$15,900
101-119-40-42009	Advertising and Legal Notice	\$1,000	\$0	\$1,000
101-119-40-42101	Office Supplies	\$2,500	\$1,042	\$2,500
101-119-40-42102	Publications & Subscriptions	\$3,860	\$5,500	\$6,860
101-119-40-42104	Safety Equipment and Supplies	\$8,000	\$8,000	\$8,000
101-119-40-42105	Materials and Supplies*	\$63,750	\$63,500	\$51,500
101-119-40-42106	Small Tools and Equipment*	\$7,978	\$7,978	\$750
101-119-40-42107	Gas and Oil	\$21,000	\$22,004	\$24,000
101-119-40-42202	Equipment Maintenance	\$5,500	\$5,500	\$10,000
101-119-40-42203	Vehicle Maintenance	\$46,000	\$46,000	\$41,000
101-119-40-42301	Training & Education	\$2,215	\$600	\$5,000
101-119-40-42304	Dues & Memberships	\$1,150	\$1,000	\$1,500
101-119-40-42403	Printing	\$400	\$0	\$400
101-119-40-42409	Rentals	\$2,250	\$2,250	\$2,250
Services & Supplies Subtotal		\$201,767	\$199,538	\$170,660
101-119-40-43002	Buildings & Improvements*	\$7,034	\$7,034	\$0
Capital Assets Subtotal		\$7,034	\$7,034	\$0

PW Streets				
101-119-41-43004	Machinery & Equipment*	\$10,380	\$10,380	\$0
Capital Assets Subtotal		\$10,380	\$10,380	\$0

PW Facilities				
101-119-42-42001	Contract Services	\$268,949	\$259,499	\$362,720
101-119-42-42105	Materials and Supplies*	\$45,000	\$91,316	\$35,000
101-119-42-42106	Small Tools and Equipment*	\$2,331	\$2,331	\$0
101-119-42-42201	Building Maintenance*	\$13,280	\$13,280	\$0
Services & Supplies Subtotal		\$329,560	\$366,427	\$397,720
101-119-42-43006	Other Assets*	\$5,000	\$5,000	\$0
Capital Assets Subtotal		\$5,000	\$5,000	\$0

PW Environmental Compliance				
101-119-43-42001	Contract Services	\$109,100	\$115,275	\$124,765
101-119-43-42105	Materials and Supplies	\$80,280	\$75,889	\$0
101-119-43-42408	Permits and Licenses	\$9,500	\$9,500	\$9,500
Services & Supplies Subtotal		\$198,880	\$200,664	\$134,265

PUBLIC WORKS

PW Forest & Beach				
101-119-45-42001	Contract Services*	\$125,000	\$87,865	\$160,000
101-119-45-42105	Materials and Supplies*	\$25,000	\$20,801	\$24,000
Services & Supplies Subtotal		\$150,000	\$108,666	\$184,000
101-119-45-43005	Vehicles & Fire Trucks*	\$22,450	\$22,450	\$0
Capital Assets Subtotal		\$22,450	\$22,450	\$0

*Per accounting principles, the value of donated items is included.

Budget Summary and Service Impacts

- The Administration division has budgeted for higher costs in roadway materials, vehicle maintenance and resuming training opportunities that were put on hold due to COVID-19.
- The Facilities division reflects an increase in costs to complete building maintenance repairs that were put on hold due to COVID-19.
- The Environmental Compliance division reflects an increase in costs for the contracted services of required environmental testing.
- The Forestry division reflects an increase in costs for the use of tree removal contract services to assist in maintaining the health of Carmel’s forest.

PUBLIC SAFETY

Description

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

- 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 that assists with daily clerical activities, errands, public outreach and special events and the City Community Emergency Response Team of volunteers ready to assist the community during an emergency situation.
- 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** 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. The City of Monterey also provides administrative oversight of this function through a contractual agreement managed by the Public Safety Department.

2020-2021 Initiatives and Accomplishments

- Managed pandemic-related challenges including emergency ordinances, closures and re-opening.
- Managed multiple protests resulting from police incidents that occurred nationally.
- Began an investigation of a resident attack at Scenic and 13th in May 2020. With witness statements and the City's surveillance camera system, the suspect was identified within 48 hours and placed in custody in 4 days.
- In August, assisted Cal Fire and the Monterey County Sheriff's Department with the evacuation order of multiple residents in Carmel valley.
- In January 2021, utilized police officers and Community Emergency Response Team (CERT) members to assist the Monterey County Sheriff's Department with flood evacuation orders at Carmel Point.
- Increased the number of volunteer group and CERT members and utilized their services on multiple occasions to include assistance with evacuations, beach closures and vaccination clinics.

2021-2022 Priorities

- Fill vacancies, including Firefighter/Paramedic, Police Officer, Dispatchers, and Police Commander.
- Develop new contract language for Fire Services with the City of Monterey.
- Improve radio communications and complete the radio transition from analog to digital for police services.
- Continue to align policies and procedures with federal and State legislation regarding police tactics.
- Work with City Staff and Council on the implementation of paid parking in the City.
- Increase commitment to service in the Village through police programs to include increased bicycle patrols, community camera sharing, and use of volunteer groups like CERT.

PUBLIC SAFETY

Budget Summary and Service Impacts

Ambulance

- The FY 21-22 Budget increases by \$42,000 primarily due to anticipated training and equipment costs by filling a vacancy. Contract services include station coverage by the City of Monterey as needed (\$170,000), ambulance billing (\$40,000), Monterey Fire management of Ambulance personnel (\$21,000), narcotics management (\$11,000). Other major expenses include medical supplies (\$39,000), fuel and vehicle maintenance (\$17,000), safety equipment (\$11,000) and required training to maintain credentials (\$13,000).

Ambulance				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-118-00-41002	Salaries -Safety	\$640,288	\$706,593	\$709,018
101-118-00-41006	Overtime -Safety	\$160,000	\$80,307	\$160,000
101-118-00-41009	Holiday in Lieu	\$58,460	\$55,234	\$64,574
101-118-00-41102	Retirement -Safety	\$88,642	\$82,996	\$99,761
101-118-00-41103	Deferred Compensation	\$4,350	\$4,200	\$4,500
101-118-00-41104	Health Insurance	\$112,013	\$65,923	\$81,349
101-118-00-41106	Medicare	\$12,500	\$11,928	\$13,589
101-118-00-41107	LTD/STD/Life	\$780	\$702	\$858
101-118-00-41108	Worker's Comp	\$49,641	\$46,858	\$52,072
101-118-00-41111	Uniform Allowance	\$3,300	\$3,000	\$3,600
Salaries & Benefits Subtotal		\$1,129,974	\$1,057,741	\$1,189,321
101-118-00-42001	Contract Services	\$259,600	\$203,796	\$261,528
101-118-00-42101	Office Supplies	\$1,100	\$0	\$1,100
101-118-00-42103	Medical Supplies	\$39,150	\$30,485	\$39,150
101-118-00-42104	Safety Equipment and Supplies	\$10,000	\$10,000	\$11,000
101-118-00-42107	Gas and Oil	\$7,000	\$9,864	\$7,000
101-118-00-42201	Building Maintenance	\$1,500	\$4,000	\$1,500
101-118-00-42202	Equipment Maintenance	\$3,500	\$1,500	\$3,500
101-118-00-42203	Vehicle Maintenance	\$42,000	\$42,000	\$17,000
101-118-00-42301	Training & Education	\$7,800	\$3,675	\$12,800
101-118-00-42302	Conferences & Meetings	\$0	\$0	\$0
Services & Supplies Subtotal		\$371,650	\$305,320	\$354,578
Total		\$1,501,624	\$1,363,061	\$1,543,899

PUBLIC SAFETY

Fire

- The FY 21-22 Budget increases by \$128,700 over the FY 20-21 Adopted Budget. Contract services include fire services provided to the Village by the City of Monterey (\$2,670,900) and dispatch services (\$30,000). Funding for a wildfire risk assessment is also included within the budget (\$20,000).
- The FY 21-22 Budget also includes funding for fuel (\$14,000) and vehicle maintenance (\$35,000) as Carmel is responsible for vehicle repair and replacement under the contract with Monterey.

Fire				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-117-00-42001	Contract Services	\$2,611,495	\$2,611,495	\$2,740,196
101-117-00-42005	Community Promotions	\$500	\$500	\$500
101-117-00-42103	Medical Supplies	\$3,000	\$3,000	\$3,000
101-117-00-42104	Safety Equipment and Supplies	\$7,000	\$7,000	\$7,000
101-117-00-42107	Gas and Oil	\$14,000	\$14,000	\$14,000
101-117-00-42202	Equipment Maintenance	\$4,450	\$4,450	\$4,450
101-117-00-42203	Vehicle Maintenance	\$35,000	\$35,000	\$35,000
Total		\$2,675,445	\$2,675,445	\$2,804,146

Police

- The FY 21-22 Budget increases by \$363,000 over the FY 20-21 Adopted Budget, primarily due to salary and benefits being budgeted for filling positions that were frozen during the FY20-21 year. The Department will continue to focus on patrol and responding to public safety needs. The Department continues to look for opportunities to reduce overtime through reduced staffing and using both virtual and hosted training to minimize costs.
- The FY 21-22 Budget reflects an increase of \$5,700 in services and supplies over FY 20-21. The increase is primarily the result of equipment, training and supplies needed to fill vacant positions. Training expenses increase to add Critical Incident Training, De-escalation and Racial Bias Training for all department members. Contract services include expenses critical to operations including dispatch, jail booking and animal services provided by Monterey County, body and surveillance cameras and associated software and maintenance costs.

PUBLIC SAFETY

Police				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
101-116-00-41001	Salaries	\$517,156	\$526,278	\$619,434
101-116-00-41002	Salaries -Safety	\$1,717,710	\$1,738,694	\$1,931,512
101-116-00-41006	Overtime -Safety	\$185,000	\$98,161	\$185,000
101-116-00-41009	Holiday in Lieu	\$128,289	\$122,635	\$141,270
101-116-00-41101	Retirement	\$38,636	\$39,471	\$42,945
101-116-00-41102	Retirement -Safety	\$293,267	\$295,578	\$327,515
101-116-00-41103	Deferred Compensation	\$16,440	\$13,225	\$21,294
101-116-00-41104	Health Insurance	\$383,078	\$351,720	\$441,847
101-116-00-41106	Medicare	\$37,398	\$36,044	\$42,201
101-116-00-41107	LTD/STD/Life	\$3,203	\$3,152	\$3,469
101-116-00-41108	Worker's Comp	\$180,179	\$135,886	\$98,498
101-116-00-41109	Benefits-MOU Obligations	\$0	\$0	\$520
101-116-00-41111	Uniform Allowance	\$30,960	\$29,840	\$33,120
Salaries & Benefits Subtotal		\$3,531,316	\$3,390,684	\$3,888,625
101-116-00-42001	Contract Services	\$245,500	\$159,136	\$268,800
101-116-00-42005	Community Promotions	\$2,050	\$2,050	\$1,000
101-116-00-42101	Office Supplies	\$7,500	\$3,504	\$7,500
101-116-00-42102	Publications & Subscriptions	\$915	\$748	\$915
101-116-00-42104	Safety Equipment and Supplies	\$8,950	\$11,320	\$9,450
101-116-00-42106	Small Tools and Equipment	\$17,000	\$14,202	\$0
101-116-00-42107	Gas and Oil	\$32,500	\$30,008	\$32,500
101-116-00-42201	Building Maintenance	\$1,000	\$1,650	\$1,000
101-116-00-42202	Equipment Maintenance	\$49,774	\$78,357	\$42,300
101-116-00-42203	Vehicle Maintenance	\$23,000	\$22,267	\$23,000
101-116-00-42301	Training & Education	\$6,750	\$6,750	\$14,250
101-116-00-42304	Dues & Memberships	\$1,450	\$750	\$1,400
101-116-00-42403	Printing	\$4,700	\$2,777	\$4,700
101-116-00-42404	Shipping/Postage/Freight	\$500	\$503	\$500
101-116-00-42405	Telephone and Communications	\$8,500	\$12,000	\$8,500
101-116-00-42415	Other Expenditures	\$6,000	\$1,955	\$6,000
Services & Supplies Subtotal		\$416,089	\$347,977	\$421,815
Total		\$3,947,405	\$3,738,661	\$4,310,440

DEBT SERVICE

DEBT SERVICE

Description: Fund 401

Debt service includes payments for the Next Generation Radio Project, the Sunset Center, and the Pension Obligation bonds. These payments total \$882,656 as shown in Table 1, *FY 21-22 Debt Service*, below.

Countywide Radio Project: On April 7, 2009, City Council authorized the City's participation in the Countywide Monterey County Next Generation Radio project (NGEN), including approving a pro-rata share of infrastructure costs and debt financing. The purpose of the project was to enhance communication among public safety agencies. The Certificate of Participation (COP), issued for \$381,440, matures on June 30, 2023. A recent radio count by the County indicated that the City has 29 less radios than previously billed (41 radios in total), resulting in a reduction in the debt service payment for FY 21-22.

2020 Refunding Lease Revenue Bonds: On September 10, 2010, City Council approved the issuance and sale of certificates to finance improvements at 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 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 COVID-19 on the City's revenues. The 2020 Refunding Lease Revenue Bond of approximately \$3.9 million matures on November 1, 2032. As part of the refinancing, the City will make significantly lower interest only payments in FY 21-22; however, payments will increase to approximately \$500,000 annually beginning in FY 23-24.

2012 Taxable Pension Obligation Bonds: In 2003, the City's pension plans were pooled with other small cities and agencies and the California Public Employees Retirement System (CalPERS) estimated that the pension liabilities of the City's two pension plans exceeded the plans' assets by approximately \$6 million. CalPERS sought to realign assets with liabilities and created the "side fund." On July 3, 2012, the City Council authorized the issuance of pension obligation bonds to refinance the City's side fund obligations to CalPERS. The COP of approximately \$6.3 million matures on June 1, 2023.

Table 1: FY 21-22 City Total Debt Service

Debt Service				
Account Number	Account Description	FY20-21 Amended Budget	FY20-21 Estimated Actual	FY21-22 Recommended
401-411-00-44001	Principal	\$1,003,770	\$662,896	\$677,110
401-411-00-44002	Interest	\$237,565	\$130,311	\$200,546
401-411-00-44003	Administrative Fees	\$3,180	\$3,913	\$5,000
Total		\$1,244,515	\$797,120	\$882,656

Table 2: FY 21-22 Debt Service by Bond

Debt Service: by Bond				
Bond	Principal	Interest	Admin. Fee	Total
NGEN Radio	\$17,110	\$0	\$0	\$17,110
Sunset Center	\$0	\$160,128	\$2,500	\$162,628
Pension Obligation	\$660,000	\$40,418	\$2,500	\$702,918
Total	\$677,110	\$200,546	\$5,000	\$882,656

Funding Sources

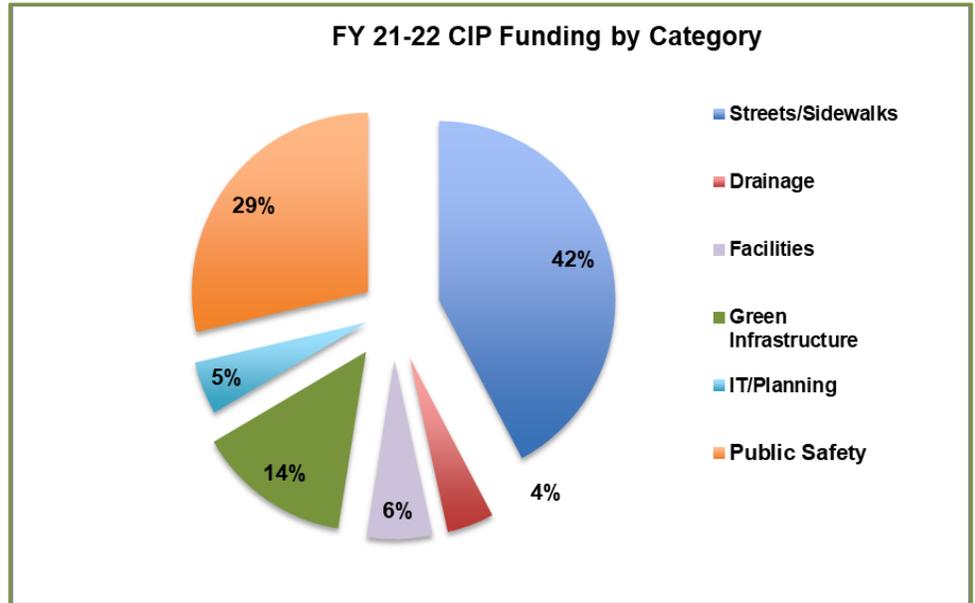
General Fund revenues are the source of funding for debt service payments. The General Fund (Fund 101) will transfer \$883,000 to Debt Service (Fund 401) in FY 21-22.

CAPITAL IMPROVEMENT PLAN (CIP)

Description

The FY 21-22 Recommended Budget includes \$2.3 million for capital projects. Capital spending represents 9% of the total citywide budget of \$25.3 million. As the economy starts to rebound from the economic impact of the pandemic, sales tax revenue generated by Measure C, the City’s local sales tax, will increase and provide a funding source for the City’s capital needs. In FY 21-22, Measure C funds the purchase of vehicles, equipment, and capital projects, as described in more detail below.

Capital Outlay funds several types of projects as depicted to the right in the “FY 21-22 CIP Funding by Category” chart. Streets and sidewalks account for 42% of capital expense, with a proposed budget of \$981,000, largely due to the revenues the City receives specifically for street maintenance and other transportation-related projects. Funding prioritizes public safety response capabilities, including enhanced radio communications and the purchase of new vehicles. Public safety is \$665,000, or 29%, of the Capital budget. The FY 21-22 Budget recognizes the importance of also investing in our “green” infrastructure and includes \$327,250, or 14%, of the capital budget for projects pertaining to the Mission Trail Nature Preserve, the Carmel Beach, North Dunes and the Scenic Pathway. The Scenic Pathway in particular is one of the Village’s endearing assets, in terms of both its natural beauty and its ability to promote community involvement and partnership between the City and its residents whom have volunteered time and money to be stewards of this resource. Likewise, many other volunteers, support groups and organizations are instrumental in caring for the North Dunes, the Carmel Beach and the Mission Trail Nature Preserve through such efforts as beach cleanup days, weed pulls and invasive plant eradication efforts. The FY 21-22 Budget also allocates funding of \$111,000, or 5%, for IT infrastructure to help ensure continuity of citywide operations and for a Planning-led project for public access to property files to improve customer service and operational efficiency.



Capital outlay includes \$785,000 for the projects listed in Table 1, FY 21-22 Recommended Vehicle and Equipment Acquisitions and Funding Source.

Table 1: FY 21-22 Recommended Vehicle and Equipment Acquisitions and Funding Source

Vehicle and Equipment Fund			
Account Number	Account Description	FY 21-22 Recommended	Funding Source
503-513-00-43002	Sunset Center Windows	\$60,000	Measure C FY 21-22 revenue
503-513-00-43003	Police Radio Antenna	\$200,000	Measure C FY 21-22 revenue
503-513-00-43003	Police Radio Antenna	\$175,000	Federal Grant
503-513-00-43004	Park Branch Library Generator	\$15,000	Measure C FY 21-22 revenue
503-513-00-43005	Ambulance	\$200,000	Measure C FY 21-22 revenue
503-513-00-43005	Police Patrol Vehicle	\$60,000	Measure C FY 21-22 revenue
503-513-00-43006	Police Radios Lease (Year 1 of 6)	\$30,000	Measure C FY 21-22 revenue
503-513-00-43007	Servers (Resilience Computer Equipment)	\$45,000	Measure C FY 21-22 revenue
Total		\$785,000	

FUNDS

Projects:

- **Sunset Center Materials testing and Windows:** This is the first phase of the project and includes testing, asbestos and lead paint remediation around the windows of the Sunset Center buildings as needed, and window repair. The second phase is to complete exterior repairs and paint the exterior walls.
- **Police Radio Antenna:** This antenna will meet 2013 Federal Communications Commission (FCC) requirements for digital radio usage. The City anticipates receiving an Urban Areas Security Initiative grant for \$175,000 to offset the cost of the installation.
- **Park Branch Library Backup Generator:** The backup generator at the Park Branch Library is past its useful life. If the generator should fail during a storm, it is likely to cause flooding in the library basement.
- **Ambulance:** This purchase replaces the 22-year-old back up ambulance, which has far exceeded its life expectancy and is no longer a reliable resource. In addition, 11-year-old ambulance recently experienced an engine failure due to the vehicle's age, high miles and accumulated engine hours.
- **Police Vehicle:** The patrol car has exceeded its useful life and a new vehicle contributes to the Department's ability to respond to incidents.
- **Police Radios:** The existing hand-held radios, previously purchased in 2009, are past their useful life. At \$8,200 each, the new 22 radios cost \$180,400. Funding pays the first year of a six-year lease for the radios.
- **Servers:** This project reconfigures the City server system to a hybrid-cloud model system to improve redundancy and disaster recovery services.

In addition to the Vehicle and Equipment Fund, approximately \$1.5 million is budgeted within the Capital Projects Fund to pay for other capital projects. These projects include:

- **FY 2019-20 Citywide Annual Paving Project:** The design of this paving project, coupled with the San Carlos Street Bike Route and San Carlos Street Median Islands, (three CIP Projects) is nearly complete. (Approximately 90% of the final design occurred last spring and construction halted due to the economic impact of COVID-19). Based on the Pavement Management System's Pavement Condition Index ratings, this project includes resurfacing pavement along Junipero Street, between Third and Ocean Avenues, San Antonio Avenue between Fourth and Eighth Avenues, and introducing micro-surfacing technology along San Carlos Street between Eighth and Thirteenth Avenues.

Funding for the paving projects includes transportation-related revenues generated through State gas tax and vehicle registration fees. In addition, the City received an allocation of local sales tax (Measure X) administered by the Transportation Agency for Monterey County (TAMC). As the City placed the FY 19-20 paving project on hold in the spring of 2020 and has not undertaken a paving project in the current fiscal year, there are prior years' revenues available for use in FY 21-22. In order to receive this funding, the City is required to contribute general fund monies for road maintenance and other eligible projects. This "Maintenance of Effort" funding helps ensure a funding commitment to road maintenance and rehabilitation and that these specific revenues do not replace, or supplant, local funding for roads.

VEHICLE AND EQUIPMENT FUND

The FY 21-22 Recommended Budget uses \$175,000 from a federal grant and \$610,000 of Measure C revenue to fund the projects, listed on the left of this page, for a total cost of \$785,000.

In light of the City's need to purchase vehicles, such as the street sweeper and fire engine, in the near future, the FY 21-22 Recommended Budget also allocates \$358,000 of Measure C revenue to the Vehicle and Equipment Fund. With this infusion of funding, the projected FY 21-22 Vehicle and Equipment Fund Balance is \$314,000 as shown on the fund balance tables located within this budget document.

FUNDS

- **Mission Street Sidewalk Repairs:** This project removes and replaces the entire 720 square feet of uneven sidewalk on the west side of Mission Street, between Fifth and Sixth Avenues. Partial funding includes the City's allocation of Regional Transportation Improvement Program (RSTIP) through TAMC.
- **Sidewalk Repairs:** Sidewalk repairs at San Carlos and Fourth Avenue and Dolores and Sixth Avenue.
- **Wayfinding Signs:** As approved at the March 2, 2021 Council meeting, TAMC will reimburse the City up to \$18,500 for approximately 15 wooden signs. These signs will provide directions to various Carmel area points of interest, especially for bicyclists, pedestrians, and visitors. Staff will seek Planning Commission and Council approval regarding the design and locations.
- **Drainage System Repairs:** The Drainage Master Plan identified numerous spot repairs needed for the existing underground storm drain pipes, as well as significant "bottlenecks" in the drainage system that result in excess surface runoff flowing down streets and potentially onto private properties during heavy storms. This is the first phase of a multi-year project. The estimated cost to fix the two most critical bottlenecks is \$4 million.
- **ADA Upgrades, Year 4:** This funds various facility improvements based on the results of the City's 2018 Americans with Disabilities Act Transition Plan.
- **Public Access to Digital Property Files- Phase 1:** The budget provides funding to begin scanning and electronically digitizing of all property files and utilize the City's existing, interactive GIS map tool on the website to create a link to these property-specific digital records. This will allow the public the ability to go online at any time and from anywhere, click on any lot in the City, and receive a link to all public documents in the current physical property file. This project will provide better customer service, free up staff time for productivity, and utilize technology to make operations more efficient.
- **Library Master Plan:** This complements the Library's Strategic Plan objective to develop facility plans for the Harrison Memorial and Park Branch library buildings. The plan will identify opportunities for improvements within the buildings, including accessibility, shelving, modular furniture and improved catalog access.
- **North Dunes Habitat Restoration Project:** The budget includes funding to continue the multi-year effort pertaining to the North Dunes habitat restoration. Funding continues biological monitoring and reporting of endangered and sensitive species, as well as other enhancements, such as new interpretive signage and/or split rail border fencing.
- **Beach Sand Survey and Wall Inspections:** This project involves collecting and reviewing existing data and aerial imagery to determine rates of beach sand loss. Next, the project establishes a series of beach profile transects to facilitate long-term beach sand monitoring. In addition, this project funds the initial, non-destructive inspection by a coastal engineer of the shoreline armoring structures during low sand levels to determine priorities and phasing for anticipated repairs.
- **Scenic Pathway Barriers:** Constructed in the 1980s, the existing barriers between the Scenic Pathway and the top of the Dunes consist of different wooden configurations, posts and cable railings. Most of the wooden structures have deteriorated due to age, exposure to the elements and limited preventative maintenance. This project replaces the most heavily deteriorating railings along the Scenic Pathway.
- **Mission Trails Nature Preserve Well Decommission and Tank Removal:** This project involves the proper regulatory decommissioning of the water well located within the Mission Trail Nature Preserve and the physical removal of the elevated tank.
- **Mission Trails Nature Preserve (MTNP) Stream Stability Projects:** The FY 21-22 Budget includes initial funding to retain an engineering and environmental consultant to design and obtain environmental permits for the first (3 out of 8) stream restoration and erosion control measures for MTNP, as recommended in the 2019 MTNP Stream Stability Report. The California Department of Parks and Recreation Per Capita Grant of \$187,000 funds the majority of the design, environmental permit acquisitions, and construction costs. A City match of 20% is required.

FUNDS

Table 2, labeled the FY 21-22 Recommended Capital Projects and Funding Source, as shown below illustrates the funding source for various capital projects. Sources include the City's local sales tax (Measure C), Monterey County local sales tax (Measure X), State gas taxes, Regional Transportation Improvement Program (RSTIP), funding from the Transportation Agency for Monterey County and a California Department of Parks and Recreation grant.

Table 2: FY 21-22 Recommended Capital Projects and Funding Source

Capital Projects Fund		
Account Number 301-311-00-43008		
Description	FY 21-22 Recommended	Funding Source
Paving Project includes San Carlos Bike Route & Medians	\$227,000	General Fund
Paving Project	\$319,352	Transportation Safety Fund
Paving Project	\$306,567	Gas Tax & RMRHA
Mission Street Sidewalk	\$15,311	RSTIP
Mission Street Sidewalk	\$21,000	General Fund
Sidewalk Repair: San Carlos/4th & Dolores/6th	\$73,000	General Fund
Paving and Sidewalk	\$962,230	
Wayfinding Signs	\$18,850	TAMC
Drainage Repair	\$100,000	Measure C
ADA Upgrades (Year 4)	\$15,000	Measure C
Library Master Plan	\$50,000	Measure C
Digital Property Files- Phase 1	\$66,250	Measure C
North Dunes Habitat Restoration	\$12,250	Measure C
Beach Sand Survey and Wall Inspections	\$25,000	Measure C
Scenic Pathway Phase 2 Barrier Rails	\$50,000	Measure C
MTNP Well Decommissioning & Tank Removal	\$150,000	Measure C
MTNP Stream Stability Design	\$70,000	CA State Park Per Capita grant
MTNP Stream Stability Design	\$20,000	Measure C (Required Match)
MTNP Stream Stability Design	\$90,000	
Total	\$1,539,580	

Five-Year CIP Summary

The estimated cost of the Five-Year Capital Improvement Plan is \$19.8 million as follows:

- \$4.8M for roadway improvement projects, including paving, sidewalks, and bicycle facilities
- \$4.6M for facility repairs and upgrades, including \$1.4M for the Police Building Renovation Project
- \$3.6M for libraries, including the \$2.5M Sixth Avenue/Devendorf Park Community Improvement Project
- \$2.0 M for equipment and fleet acquisitions, including a fire engine and street sweeper
- \$1.7M to repair broken drainage pipes and eliminate critical drainage system bottlenecks
- \$1.3M for environmental resilience from climate change and beach stabilization
- \$1.0M for forestry and park projects including \$0.7M for upgrades in the Mission Trail Nature Preserve
- \$0.8M for IT systems, including records management and hardware upgrades

With an identified cost of \$2.5 to \$4 million for each of the four fiscal years subsequent to FY 21-22, the City's infrastructure needs far exceed the anticipated budget available for capital projects for all five years.

FUNDS

OTHER FUNDS

FUNDS

Description

The City uses a fund accounting structure, which is an accounting structure to record and track resources that are limited in use by law or governing agency. The major governmental funds are the General Fund, Measure D and Capital Projects. The first set of funds listed below are discretionary, meaning there are no legal or policy-related 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.

Hostelry Fund (102)

This fund is used to account for the transient occupancy tax 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 revenues.

Measure C Sales Tax (Fund 206) (Formerly Measure D)

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.

The next set of funds are restricted as 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 account for 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 accounts for the expenditures for eligible transportation safety projects.

COPS Grant

This fund accounts for the 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 account for activities associated with parking in-lieu fees as prescribed by Carmel Municipal Code Section 17.38.040.

Asset Seizure (Fund 205)

This fund accounts for expenditures related to asset seizures.

FUNDS

The next two funds pertain to certain types of expenditures.

Capital Projects (Fund 301)

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

Debt Service (Fund 401)

This fund accounts for activities related to the repayment of the Certificate of Participation, Pension Obligation Bond and capital lease obligations.

The next set of funds are considered to be internal service funds.

Workers Compensation (Fund 501)

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

Other Post-Employment Benefits (OPEB) Liability Reserve Fund

This fund accounts for other post-employment benefits.

Vehicle and Equipment Replacement Fund

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

There is one agency fund.

Refundable Deposits

This fund accounts for monies received that are unearned and required to be returned by the City.

The accompanying tables depicts the Projected Fund Balance for FY 20-21 and FY 21-22.

General Fund

The General Fund is estimated to start FY 21-22 with a fund balance of \$7.7 million and end with \$7.7 million on June 30, 2022 due to the General Fund budget being balanced with the use of estimated new revenue and transfers in from other funds, such as the Hostelry Fund. Fund balance is the accumulation of prior years' savings and may also be considered a "rainy day fund". Carmel Municipal Code Section 3.06.040 states that the City shall maintain a General Fund balance equivalent to at least 10% of the General Fund budget in each fiscal year and this is referred to as the reserve. A reserve may be considered as a minimum amount of savings that the City has available for emergency or other purposes.

Hostelry Fund

FY 21-22 assumes \$5.3 million in new revenue that will be transferred to the General Fund to support citywide operations.

Gas Tax (Fund 201)

Revenue of \$180,591 is anticipated in FY 21-22. The funds, along with \$125,976 of fund balance, will be transferred to Capital Projects for street paving.

Transportation Safety (Fund 202)

Revenue of \$196,212 is anticipated in FY 21-22. The funds, along with \$123,140 of fund balance, will be transferred to Capital Projects for street paving.

FUNDS

COPS Grant

Revenue of \$158,000 is anticipated in FY 21-22 and will be transferred to the General Fund for Police Department salaries for eligible positions.

Parking in Lieu (Fund 204)

There is no activity budgeted in this fund for FY 21-22.

Asset Seizure (Fund 205)

There is no activity budgeted in this fund for FY21-22.

Measure C Sales Tax (Fund 206)

Measure C has a projected fund balance of \$1.3 million as of 7/1/21. The FY 21-22 projected revenue of \$4.2 million will be transferred to the General Fund (\$2.7 million), Capital Improvement Projects (\$510,000), and Vehicle & Equipment Replacement (\$968,000). There is no reserve requirement for Measure C.

Capital Projects (Fund 301)

This fund is projected to start and end FY 21-22 with \$454,000 due to anticipated activity being covered by new revenue and transfers in.

Debt Service (Fund 401)

The FY 21-22 debt service activity is \$883,000. Additional details on the bonds is found within the debt service section of this document. This fund includes a reserve required by the Sunset Center bond.

Workers Compensation (Fund 501)

The anticipated costs of claims payments and third party administrator services are reflected in this fund. Previously, these expenses were accounted for in the General Fund. Based upon the auditor recommendation, they will be accounted for in this fund.

Other Post-Employment Benefits (OPEB) Liability Reserve Fund

This fund was created by Council resolution to set aside funding to address OPEB liabilities. There is no reserve requirement. There is \$1.8 million in the fund and no planned activity for FY 21-22.

Vehicle and Equipment Replacement Fund

The planned activity in this fund for FY 21-22 in the amount of \$785,000 will be covered by new revenue and transfers in.

PROJECTED REVENUE BALANCE

Projected Fund Balance as of June 30, 2021

Fund	Description	Audited Fund Balance June 2020	Revenue and Transfers In	Expenditures and Transfers Out	Estimated Fund Balance June 2021
101	General Fund	7,748,874.70	18,198,133.00	18,237,115.00	7,709,892.70
102	Hostelry	1,009,271.52	4,000,409.00	2,488,198.00	2,521,482.52
201	Gas Tax	51,425.61	164,846.00	-	216,271.61
202	Transportation Safety	36,452.37	184,794.00	-	221,246.37
203	COPS	58,971.09	156,727.00	160,000.00	55,698.09
204	Parking in Lieu	734,766.95	-	-	734,766.95
205	Asset Seizure	5,437.44	-	-	5,437.44
206	Local Measure Sales Tax	678,802.09	3,713,170.00	3,050,000.00	1,341,972.09
301	Capital Projects	571,656.53	22,250.00	140,014.00	453,892.53
401	Debt Service	323,191.60	1,244,515.00	797,120.00	770,586.60
501	Worker's Comp	0.19	79,440.00	78,975.00	465.19
502	OPEB Reserve	1,839,428.64	-	-	1,839,428.64
503	Veh & Eq Replacement	200,451.87	-	244,420.63	(43,968.76)
		13,258,730.60	27,764,284.00	25,195,842.63	15,827,171.97

PROJECTED REVENUE BALANCE

Projected Fund Balance as of June 30, 2022

Fund	Description	Estimated Fund Balance June 2021	Revenue and Transfers In	Expenditures and Transfers Out	Proposed Fund Balance June 2022
101	General Fund	7,709,892.70	23,309,908.00	23,309,908.00	7,709,892.70
102	Hostelry	2,521,482.52	5,333,562.00	5,333,562.00	2,521,482.52
201	Gas Tax	216,271.61	180,591.00	306,567.00	90,295.61
202	Transportation Safety	221,246.37	196,212.00	319,352.00	98,106.37
203	COPS	55,698.09	158,000.00	213,698.00	0.09
204	Parking in Lieu	734,766.95	-	-	734,766.95
205	Asset Seizure	5,437.44	-	-	5,437.44
206	Local Measure Sales Tax	1,341,972.09	4,206,660.00	4,206,660.00	1,341,972.09
301	Capital Projects	453,892.53	1,539,580.00	1,539,580.00	453,892.53
401	Debt Service	770,586.60	882,656.00	882,656.00	770,586.60
501	Worker's Comp	465.19	116,158.00	116,158.00	465.19
502	OPEB Reserve	1,839,428.64	-	-	1,839,428.64
503	Veh & Eq Replacement*	(43,968.76)	1,143,291.00	785,000.00	314,322.24
		15,827,171.97	37,066,618.00	37,013,141.00	15,880,648.97

