



CITY OF CARMEL-BY-THE-SEA

Fiscal Year 2026-2027
Budget Adoption

Resolution 2026-035

June 2, 2026



Meeting Objective

- Review and approve the amended budget
- Provide policy direction regarding split between Operating Expenses and Capital outlay. Should policy formally remain 90/ 10 or be changed to 85/ 15 or some other measure?



Updates and Timeline

May 12, 2026 Budget workshop

- Discretionary Grants increased to \$25k
- Removed Visit Carmel \$90k
- Added Beach Emergency Vehicle and Storage \$60k
- Added back Operating Cost Cuts

June 2, 2026 Council Approval of Fiscal Year 2026 – 2027 Budget

- If approved, additional Budget Adjustments can be approved at the July Regular Meeting
- If not approved, City Council will hold a special meeting on June 23 to continue work



Budget Changes to Date

Department	Description	Original Budget Ask	Pre-Workshop Cuts	Draft Budget	Post-Workshop Changes	Final Budget
Forestry	Contract Services- tree maintenance	\$ 600,000	\$ (300,000)	\$ 300,000	\$ 300,000	\$ 600,000
Forestry	Contract Services- fuel mitigation	300,000	(150,000)	150,000	150,000	300,000
Forestry	Contract Services-landscaping maint	250,000	(50,000)	200,000	50,000	250,000
Plan/Build	Digitization, consultants	85,000	(45,000)	55,000	45,000	100,000
Comm Activities	Holiday decorations	12,900	(5,400)	7,500	5,400	12,900
Human Res.	Records digitization	10,000	(5,000)	5,000	5,000	10,000
Human Res.	Employee appreciation expenditures	18,500	(3,500)	15,000	3,500	18,500
Administration	Conferences and trainings	7,700	(3,900)	3,800	3,900	7,700
Human Res.	Employee trainings & education	1,000	(500)	500	500	1,000
Information Tech	Conferences and trainings	10,000	(2,500)	7,500	2,500	10,000
Public Works	Conferences and trainings	13,500	(3,000)	10,500	3,000	13,500
Human Res.	Human Resources trainings	1,800	(1,800)	-	1,800	1,800
Information Tech	IT conferences and trainings	5,500	(1,500)	4,000	1,500	5,500
Council	Conferences and trainings	5,200	(5,200)	-	5,200	5,200
Vehicle&Equip.	Beach rescue vehicle	-	-	-	30,000	30,000
CIP	Storage area for beach rescue vehicle	-	-	-	30,000	30,000
Council	Community Promotions	128,500	(16,000)	112,500	5,000	117,500
Council	Meetings	31,550	(18,600)	12,950	8,000	20,950
Vehicle&Equip.	Animal control vehicle	75,000	-	75,000	(75,000)	4 -
Econ Dev	Visit Carmel	120,000	(30,000)	90,000	(90,000)	-



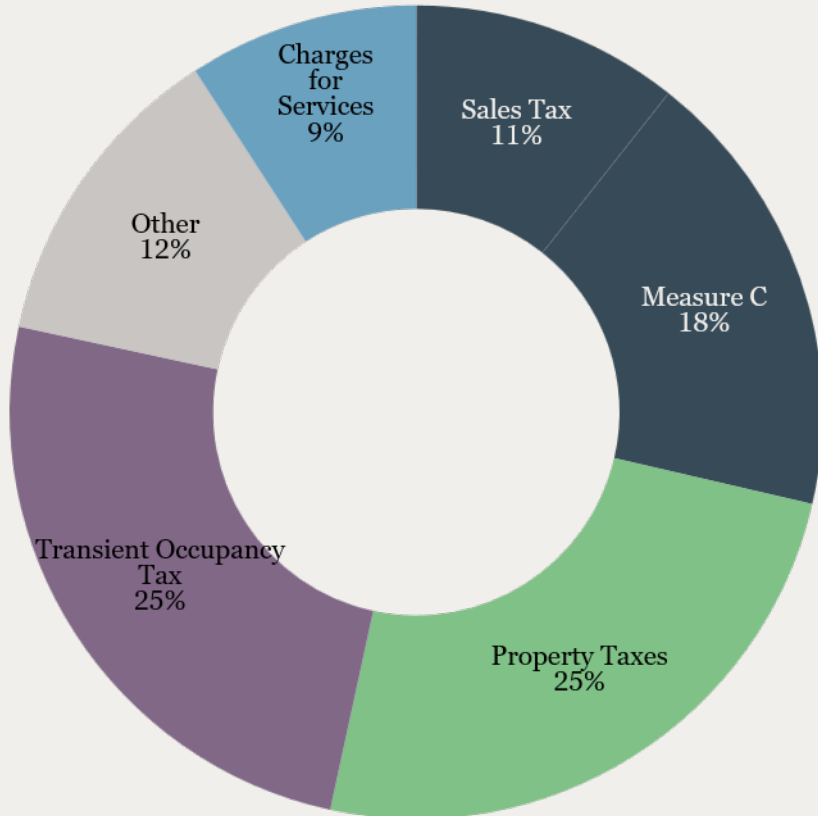
FY 26-27 Budget at-a-Glance

FY26-27 Adopted Revenues	\$39,087,497
General Fund Expenditures	29,782,406
Debt Service Expenditures	518,900
Pension Unfunded Liability Mitigation Expenditures	2,972,561
Capital Outlay Expenditures	8,488,680
FY26-27 Adopted Expenditures	\$41,762,547
Use of Fund Balance for Capital Projects	\$2,675,050
Funded Full Time Equivalent (FTE) positions	92.0



Revenues at-a-Glance

FY 26-27 Citywide Revenue Sources



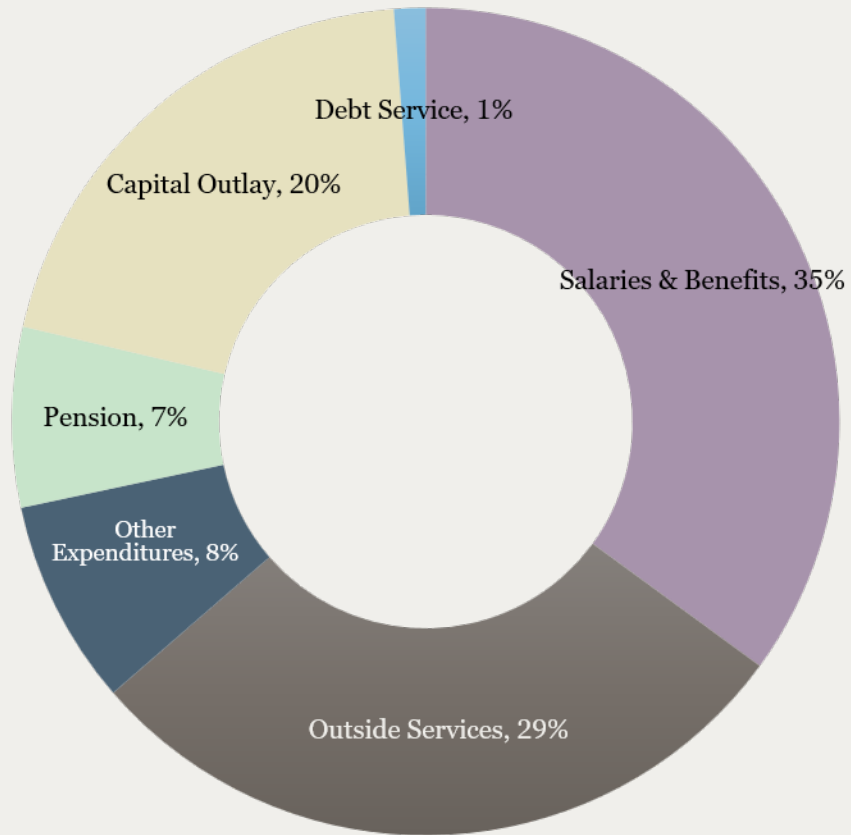
Source	Budget	% of Budget
Sales Tax	\$4,166,843	11%
Measure C	7,023,597	18%
Property Taxes	9,680,988	25%
Transient Occupancy Tax	9,764,905	25%
Other	4,874,727	13%
Charges for Services	3,576,436	8%
Building	976,652	27%
Ambulance	1,477,494	41%
Planning	477,600	13%
Other Departmental Charges	644,690	18%
Total	\$ 39,087,497	100%

} 79%



Expenditures at-a-Glance

FY 26-27 Expenditure by Type

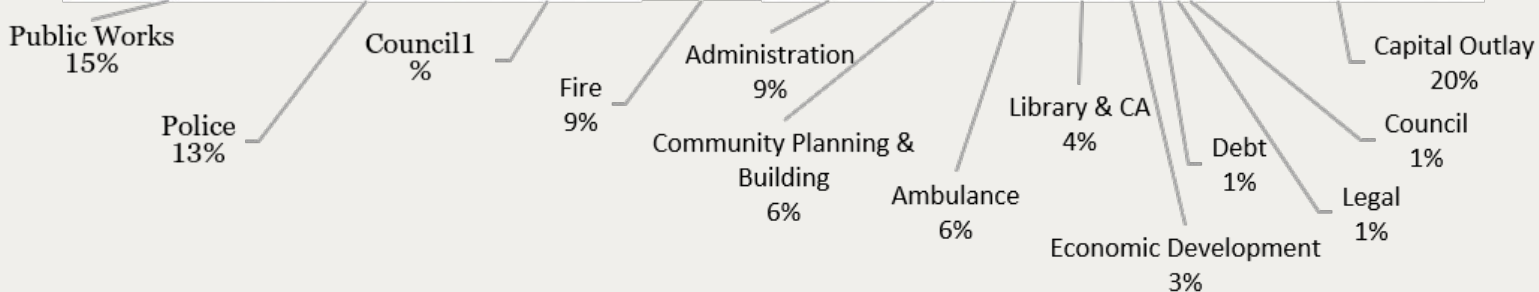


Type of Expenditure	FY26-27 Adopted Budget	% of Budget
Salaries & Benefits	\$14,814,197	35%
Outside Services	11,989,462	29%
Other Expenditures	2,978,747	8%
Pension	2,972,561	7%
Capital Outlay	8,488,680	20%
Debt Service	518,900	1%
Total	\$41,762,547	100%



Expenditures by Function

FY 26-27 Expenditures by Function

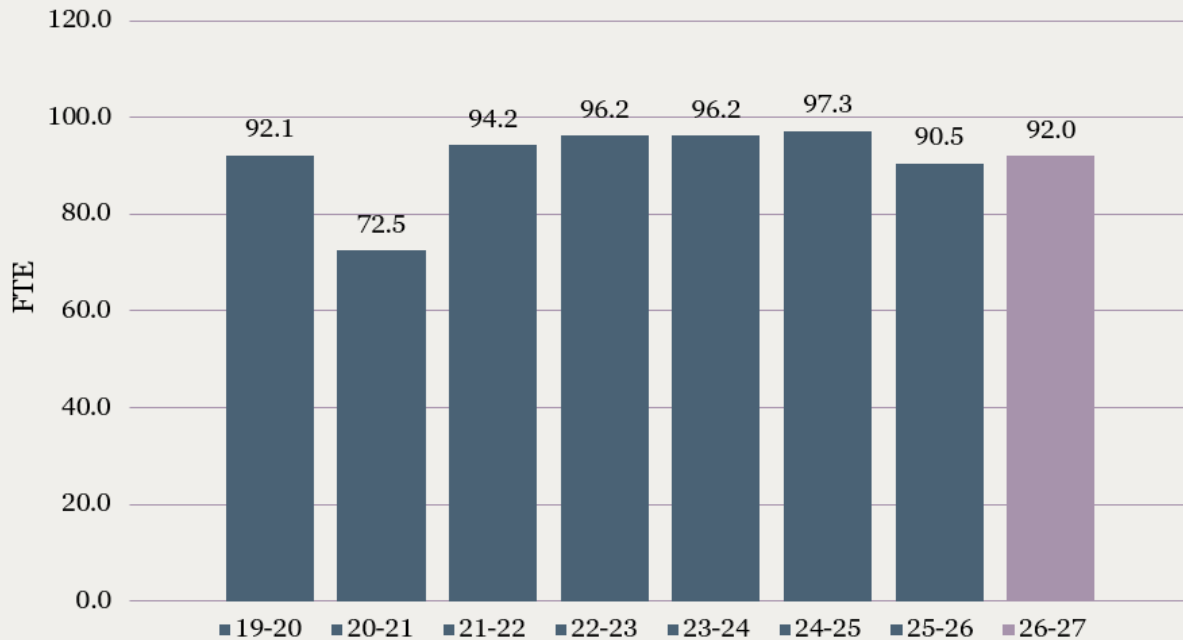


Total Expenditures	Budget	%
Public Works	\$6,190,509	15%
Police	5,401,414	13%
Citywide	5,316,701	13%
Fire	3,797,984	9%
Administration	3,671,312	9%
Planning & Building	2,474,695	6%
Ambulance	2,329,489	6%
Library	1,428,253	3%
Economic Development	1,102,947	3%
Debt	518,900	1%
Legal	495,000	1%
Community Activities	292,047	1%
Council	254,618	1%
Operating Budget	\$33,273,867	80%
Capital	8,488,680	20%
Total	\$41,762,547	100%



Staffing at-a-Glance

Funded FTE by Fiscal Year

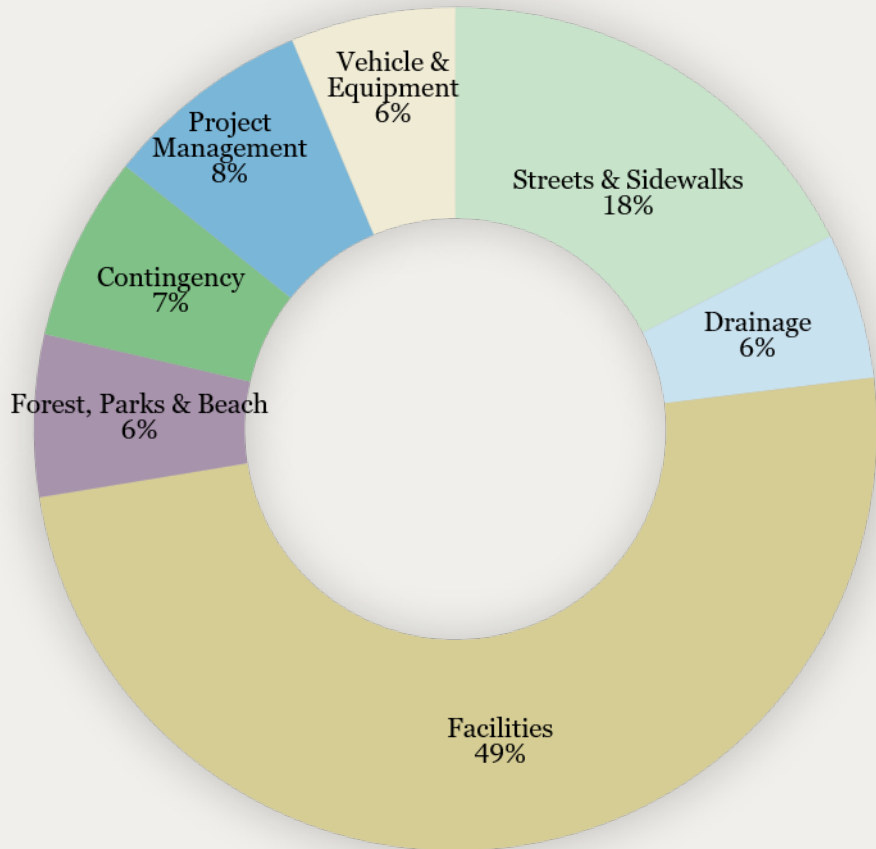


Department and Title	FY25/26	FY26/27	Change
	Adopted	Budget	
Administration			
Administrative Technician	0.00	1.00	1.00
Administrative Coordinator	1.00	0.00	(1.00)
IT Analyst	0.00	1.00	1.00
IT Help Desk/ Technician	1.00	0.00	(1.00)
IT Interns	0.00	0.50	0.50
Community Activities			
Community Services Assistant	0.50	0.00	(0.50)
Administrative Analyst	0.00	1.00	1.00
Executive Assistant	0.50	0.00	(0.50)
Library			
Executive Assistant	0.50	0.00	(0.50)
Administration Technician	0.00	1.00	1.00
Hourly Librarian	1.00	0.50	(0.50)
Public Works			
Streets Maintenance Worker III	2.00	1.00	(1.00)
Streets Maintenance Worker I/ II	5.00	6.00	1.00
Capital Program Manager	0.00	1.00	1.00
Police			
Police Services Officer	6.00	5.50	(0.50)
Community Services Officer/ Animal Control	2.00	2.50	0.50
Total Change in FTE			1.50



Capital Projects at-a-Glance

FY 26-27 CIP Funding by Category



Category		
Streets & Sidewalks	\$1,475,000	17%
Drainage	475,000	6%
Facilities	4,175,000	49%
Forest, Parks & Beach	555,000	7%
Project Management	673,680	8%
Contingency	600,000	7%
Vehicle & Equipment	535,000	6%
Total	\$8,488,680	100%



Budgetary Guideline – Operating Expenses

Policy states that:

Total Expenditures, excluding CIP, shall not exceed 90% of Budgeted Revenue and CIP shall be a minimum of 10% of Budgeted Revenue.

Budget Policy	Policy Amount	%	Budgeted Amount	%
Operational Expenditures to be a maximum of 90%	35,178,748	90%	33,363,867	85%
Capital Outlay Expenditures to be a minimum of 10%	3,908,750	10%	8,488,680	22%



Policy states that:

A balanced budget is a budget in which total funding sources meet or exceed uses.

Budgeted Revenue	\$39,087,497
Budgeted Expenditures, excluding CIP	33,273,867
Budgeted CIP Expenditures	8,488,680
Total Budgeted Expenditures	41,762,547
Use of Fund Balance for Capital Projects	2,675,050





Projected Fund Balances – June 30, 2027

Projected Fund Balances June 30, 2027					
Fund	Description	Estimated Fund Balance June 2026	Revenue & (Expenses)	Transfers In & (Out)	Estimated Fund Balance June 2027
	Unspendible Prepaid Items	\$14,936	\$0	\$0	\$14,936
	Restricted funds	-			
101	General Fund 115 Trust	5,438,844			5,438,844
201	Gas Tax	-	183,106	(183,106)	-
202	Transportation Safety	-	247,373	(247,373)	-
203	COPS	46,425	100,000	(100,000)	46,425
204	Parking in Lieu	788,677	-	-	788,677
205	Asset Seizure	5,838	-	-	5,838
206	Local Measure Sales Tax	-	7,023,597	(7,023,597)	-
401	Debt Service	34,807	(518,900)	518,900	34,807
501	Worker's Comp	-	(127,000)	127,000	-
502	OPEB Reserve	-	-	-	-
503	Veh & Eq Replacement	-	(535,000)	535,000	-
LIB	Library	1,520,824	-	-	1,520,824
	Committed funds				
102	Hostelry Reserve	-	9,764,905	(9,764,905)	-
	Assigned funds				
	Housing Fund			1,000,000	1,000,000
101	General Fund Reserve	16,044,896		637,038	16,681,933
301	Capital Projects	6,200,000	(7,953,680)	7,953,680	6,200,000
	Unassigned funds				
101	General Fund	11,829,838	(10,949,451)	6,547,363	7,427,750
		\$41,925,085	(\$2,765,050)	\$0	\$39,160,035



Projected Fund Balance Summary

Fund Type	Estimated Fund Balance June 2027
Unspendible Prepaid Items	\$14,936
Restricted funds	7,835,415
Assigned funds	23,881,933
Unassigned funds	7,427,750
	\$39,160,035



The Budget Puzzle

Capital
Expenses



Operating
Expenses

Revenue



Budget Results

- Policy goals exceeded
- Capital Expenditures addressing \$100MM deferred maintenance
- Operating expenditures transparently analyzed
- Revenues assumptions increased, sustainability to be considered
- Momentum into future



Recommendation

**Adopt Resolution 2026-035
Approving the FY 2026-27
Annual Operating
and Capital Budget**



Additional Objective

Provide direction whether to amend the budget policy.

The policy currently requires Operating Expenditures to a maximum of 90% of revenues and Capital Outlays to be a minimum of 10% of revenues.



Questions?





Capital Projects

Category	Description	Carryover Budget	FY26-27 Adopted Budget	Total Projected Spend
Streets	Street Improvement Project - Design		200,000	200,000
Streets	Street Preventative Maintenance Program		850,000	850,000
Streets	Resurfacing Parking Lots - Sunset Center	150,000	150,000	300,000
Streets	Sidewalk Improvement Project		275,000	275,000
Drainage	Drainage Improvement Project - Design	175,000	275,000	450,000
Drainage	Scenic Drainage Improvement & Pathway Restoration	100,000	200,000	300,000
Facilities	Vista Lobos Panel Upgrade EV	560,000		560,000
Facilities	Picadilly Restroom - Design	70,000	80,000	150,000
Facilities	ADA Upgrades		20,000	20,000
Facilities	Sunset Center Piano Room Floor		25,000	25,000
Facilities	Sunset Center Guardrail Replacement		50,000	50,000
Facilities	Fire Station Alert System Upgrade		200,000	200,000
Facilities	Police Station / Public Works Architecture		3,500,000	3,500,000
Facilities	Flanders Foundation Repair		150,000	150,000
Facilities	Transfer Switches for City Hall & Vista Lobos		100,000	100,000
Facilities	Fire Service Backflow Preventer Upgrade	200,000	50,000	250,000
FP&B	Sand Ramp 8th Avenue Repair Project	275,000	125,000	400,000
FP&B	Eroded Bluff Emergency Repair		200,000	200,000
FP&B	Shoreline Infrastructure Repairs	400,000		400,000
FP&B	North Dunes Habitat Restoration Area - Invasive Species Removal		200,000	200,000
FP&B	Beach Emergency Vehicle Storage		30,000	30,000
Planning	ODDS Element	150,000		150,000
Project Mgmt	Project Management		673,680	673,680
Contingency	CIP Contingency		600,000	600,000
	Total New CIP	\$2,080,000	\$7,953,680	\$10,033,680

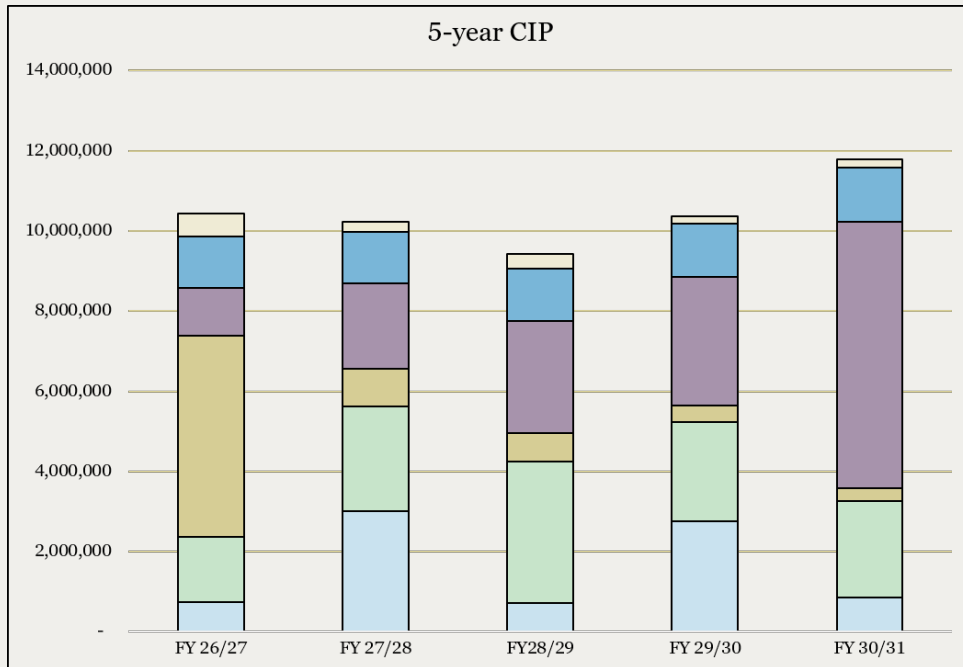


Vehicle & Equipment

Vehicle and Equipment Fund		
		FY26-27 Adopted Budget
Account Number	Account Description	Budget
503-513-00-43005	PW Patch Truck	125,000
503-513-00-43005	PD Radar Trailer	25,000
503-513-00-43005	PD Parking Vehicle	50,000
503-513-00-43005	Beach Emergency Vehicle	30,000
503-513-00-43005	PD Animal Control Vehicle	75,000
503-513-00-43006	Police Radios Year 6 of 6	30,000
503-513-00-43007	Tracnet Replacement (RIMS Sun System)	200,000
Vehicle and Equipment Total		\$535,000



Years 2 -5 CIP



Category	Year 2	Year 3	Year 4	Year 5
	FY 2027/2028	FY 2028/2029	FY 2029/2030	FY 2030/2031
Drainage	3,000,000	715,000	2,750,000	865,000
Streets	2,626,000	3,523,600	2,480,960	2,399,056
Facilities	940,000	720,000	420,000	320,000
Forest/ Park/ Beach	2,125,000	2,800,000	3,200,000	6,650,000
Planning				
Project Management	1,290,522	1,307,785	1,325,480	1,343,617
Fleet	245,000	365,000	200,000	200,000
Total	10,226,522	9,431,385	10,376,440	11,777,673



Five-Year Forecast

Five Year Financial Forecast	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget	FY27-28 Projection	FY28-29 Projection	FY29-30 Projection	FY30-31 Projection
Revenues							
Property	9,147,434	9,445,000	9,680,988	9,923,013	10,171,088	10,425,366	10,686,000
Sales tax - Bradley Burns	3,956,282	4,092,183	4,166,843	4,279,348	4,394,890	4,513,552	4,635,418
Sales tax - Local Meas. C	6,913,837	6,900,734	7,023,597	7,220,258	7,422,425	7,630,253	7,843,900
Transient Occupancy Tax (TOT)	9,559,155	9,526,737	9,764,905	9,891,849	10,020,443	10,150,709	10,282,668
Charges for Services	2,903,856	2,725,019	3,584,379	3,684,742	3,787,915	3,893,976	4,003,007
Other Revenues **	5,302,347	4,600,827	4,866,785	5,003,055	5,143,140	5,287,148	5,435,188
Revenue Total	37,782,913	37,290,499	39,087,497	40,002,264	40,939,901	41,901,004	42,886,181
Expenditures							
Salaries/ Benefits/ WC	13,749,575	15,598,822	14,952,897	15,456,883	15,977,856	16,516,388	17,073,071
CalPERS Unfunded Liability Payment	2,298,486	2,708,158	2,972,561	3,001,737	3,176,353	3,124,497	3,064,255
Services/ Supplies	11,722,679	14,226,458	14,919,509	15,337,255	15,766,698	16,208,166	16,661,994
Debt Service Total	510,631	509,100	518,900	517,960	517,960	517,960	517,960
Operating Expense Total	28,281,371	33,042,538	33,363,867	34,313,835	35,438,867	36,367,010	37,317,280
Revenue Net of Operating Costs	9,501,542	4,247,961	5,723,631	5,688,429	5,501,034	5,533,993	5,568,901
Capital Expenditures	3,862,210	6,319,916	8,488,680	8,701,522	9,361,385	10,376,440	11,777,673
Expenses Total	32,143,581	39,362,454	41,852,547	43,015,357	44,800,252	46,743,450	49,094,953
Surplus/(Deficit) *	5,639,332	(2,071,955)	(2,765,050)	(3,013,093)	(3,860,351)	(4,842,446)	(6,208,771)
Pension Mitigation	1,000,000	1,000,000					
Housing Trust			1,000,000				
Available Resources - Unassigned and CIP Fund Balances	21,758,242	18,686,287	14,921,237	11,908,144	8,047,793	3,205,347	(3,003,424)



Capital Improvement Projects

Picadilly Restroom Design (\$150,000)

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

North Dunes Habitat Restoration (\$200,000)

This ecological restoration project targets invasive species removal and habitat restoration within the North Dunes area. The effort supports recovery of native dune ecosystems while improving habitat conditions for coastal wildlife. Work may include invasive plant removal, restoration planning, and revegetation with native species.

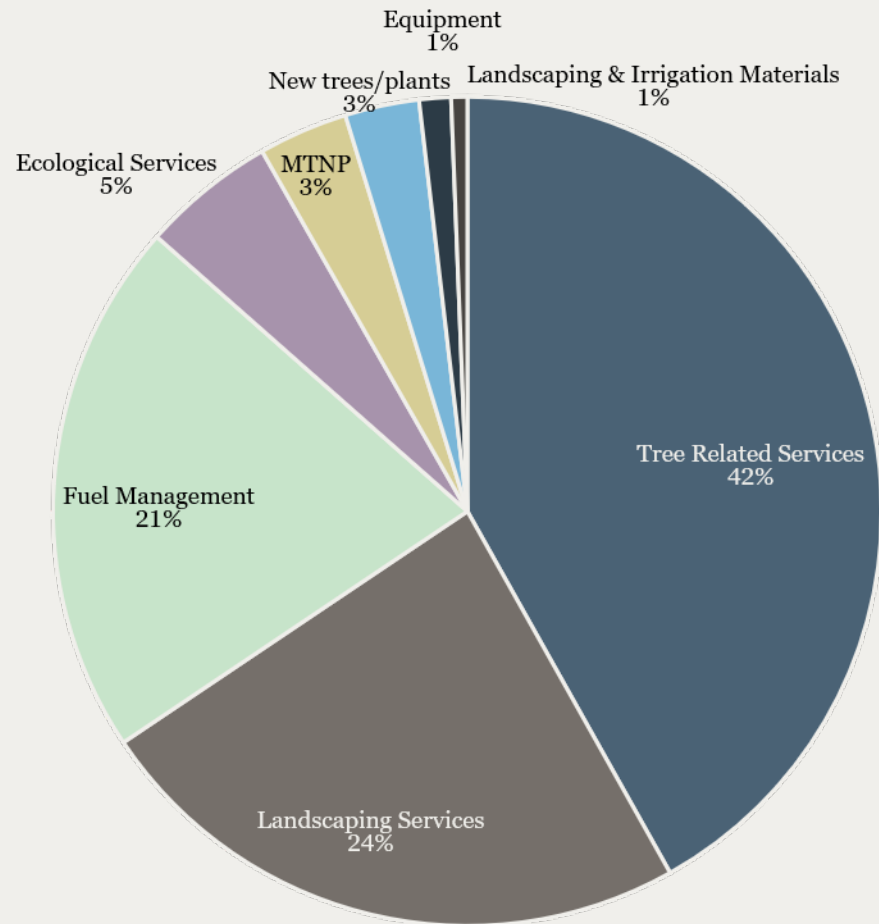
Resurface Parking Lot – Sunset Center (\$300,000)

This project completes asphalt rehabilitation improvements at the Sunset Center north and south parking lots, one of the City's most heavily used public parking facilities. Work includes pavement resurfacing, localized asphalt repair, restriping, and accessibility improvements where needed. These upgrades extend the service life of the parking lots while improving safety, circulation, and ADA compliance for visitors to the Sunset Center campus.



Departments at-a-Glance – Forest, Parks & Beach

FY26-27 Forestry, Parks & Beach Expenditure Detail



Type of Expenditure	Budget	%
Tree Related Services	\$600,000	42%
Fuel Management	300,000	21%
Landscaping Services	340,000	24%
Ecological Services	75,000	5%
MTNP	50,000	3%
New trees/plants	41,500	3%
Equipment	17,725	1%
Materials-Lndscp&Irr	9,000	1%
Total	\$1,433,225	100%

} \$900,000



Departments at-a-Glance – Economic Development

Economic Development

City contributions:

- Support business development

Economic Development				
Account Number	Details	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-122-00-42008	SCC- Sunset Center Operating Grant	\$750,000	\$750,000	\$750,000
101-122-00-42008	See Monterey	226,297	226,297	292,947
101-122-00-42008	Visit Carmel	120,000	120,000	0
101-122-00-42008	Carmel Chamber of Commerce	60,000	60,000	60,000
Total		\$1,156,297	\$1,156,297	\$1,102,947

