



CITY OF CARMEL-BY-THE-SEA CITY COUNCIL AGENDA

Contact: 831.620.2000 www.ci.carmel.ca.us

Mayor Dale Byrne
Councilmembers Jeff Baron, Hans Buder, Bob Delves, and
Alissandra Dramov

All meetings are held in the City Council Chambers
East Side of Monte Verde Street
Between Ocean and 7th Avenues

Special Meeting Tuesday, March 24, 2026 4:00 PM

HYBRID MEETING ATTENDANCE OPTIONS

This meeting will be held in person and via teleconference ("hybrid"). The public is welcome to attend the meeting in person or remotely via Zoom, however, the meeting will proceed as normal even if there are technical difficulties accessing Zoom. The City will do its best to resolve any technical issues as quickly as possible. To view or listen to the meeting from home, you may also watch the live stream on the City's YouTube page at: <https://www.youtube.com/@CityofCarmelbytheSea/streams>. To participate in the meeting via Zoom, copy and paste the link below into your browser.

<https://ci-carmel-ca-us.zoom.us/j/88610357139>

Webinar ID: 886 1035 7139

Passcode: 758920

Dial-in: (253) 215-8782

HOW TO OFFER PUBLIC COMMENT

The public may give public comment at this meeting in person, or use the Zoom teleconference module, provided that there is access to Zoom during the meeting. Zoom comments will be taken after the in-person comments. The public can also email comments to cityclerk@ci.carmel.ca.us. Comments must be received at least 2 hours before the meeting in order to be provided to the legislative body. Comments received after that time and up to the beginning of the meeting will be made part of the record.

PUBLIC COMMENT GUIDELINES FOR SPECIAL MEETINGS

During Special City Council Meetings, public comments are permitted on items listed on the agenda. After each item on the agenda is introduced, the Mayor will invite public comment on that item. Each speaker has 3 minutes to speak unless otherwise adjusted by the Mayor. While stating your name is optional, it helps to identify speakers in the meeting minutes. Remote or in-person participants who do not comply with the requirements of the Brown Act will be muted.

CALL TO ORDER AND ROLL CALL - 4:00 p.m.

EXTRAORDINARY BUSINESS

ORDERS OF BUSINESS

Orders of Business are agenda items that require City Council discussion, debate, direction to staff, and/or action.

- 1) Resolution 2026-022 receiving the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2025
- 2) Receive a presentation on the updated Council Strategic Priorities list following the January 22nd workshop, and provide direction to staff
- 3) Receive a presentation on the Five-Year Financial Forecast and provide direction to staff
- 4) Receive a presentation on the proposed FY 26-27 CIP Program and Five-Year plan and provide direction to staff

RECESS

The City Council will take a 30-minute break around 6:30 p.m. if needed.

ADJOURNMENT

This agenda was posted at City Hall, Monte Verde Street between Ocean Avenue and 7th Avenue, Harrison Memorial Library, located on the NE corner of Ocean Avenue and Lincoln Street, the Carmel-by-the-Sea Post Office, 5th Avenue between Dolores Street and San Carlos Street, and the City's webpage (<http://www.ci.carmel.ca.us>) in accordance with applicable legal requirements.

CORRESPONDENCE RECEIVED AFTER THE POSTING OF THE AGENDA

Any correspondence or supplemental materials related to items on this agenda that are received after the agenda has been posted will be distributed to the City Council and made available for public review at City Hall (Monte Verde Street between Ocean and Seventh Avenues) during regular business hours. Written comments emailed to the City Clerk will not be read aloud, but will be posted online with the related agenda at: <https://carmelbytheseaca.portal.civicclerk.com/>.

SPECIAL NOTICES TO PUBLIC

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at 831-620-2000 at least 48 hours prior to the meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting (28CFR 35.102-35.104 ADA Title II).



CITY OF CARMEL-BY-THE-SEA
City Council
Staff Report

March 24, 2026
ORDERS OF BUSINESS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Jayme Fields, Finance Manager

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Resolution 2026-022 receiving the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2025

RECOMMENDATION:

Adopt Resolution 2026-022 receiving the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2025.

BACKGROUND / SUMMARY:

This item is on the Council's agenda to receive the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2025 (Fiscal Year 2024-2025). The ACFR includes the City's audited basic financial statements and the independent auditor's report. It also includes a narrative on the City's financial activities known as the Management Discussion and Analysis and a statistical section pertaining to financial trends, revenue capacity, debt capacity, demographic and economic information and operating information.

State law requires that the accounts and fiscal affairs of all municipal entities be examined annually by an independent certified public accountant. The City has retained an independent auditor, Chavan and Associates, LLP, to audit the City's financial statements. The audit was performed in accordance with auditing standards generally accepted in the United States, including financial auditing standards issued by the Comptroller General of the United States, in order to determine if the City's financial statements were misstated or misrepresented, either due to fraud or error. Chavan and Associates, LLP, has issued an unmodified opinion that the financial statements for the year ended June 30, 2025, are fairly presented in conformity with

generally accepted accounting principles (GAAP).

As part of the audit process, Chavan and Associates, LLP, also test the City’s internal controls over financial reporting and compliance and reports on the outcome of these tests (“findings”) as part of the Communication Letter. There are different categories of findings, including a material weakness, meaning that a deficiency, or a combination of deficiencies, in internal controls exists and that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, detected or corrected on a timely basis. No material weaknesses or other findings were identified as part of the audit. Sheldon Chavan of Chavan and Associates LLP will give a presentation on the Fiscal Year 2024-2025 audit as part of the Council's March 24, 2026 special meeting.

The Fiscal Year 2024-2025 ACFR was prepared using guidelines issued by the Government Finance Officers Association of the United States and Canada (GFOA) as part of its Certificate of Achievement for Excellence in Financial Reporting Program. The intent of this program is to encourage state and local governments to prepare reports that exceed the minimum requirements of generally accepted accounting principles in order to produce a readable and efficiently organized document intended to allow greater public transparency and full disclosure of the City’s financial health. The City received a Certificate of Achievement for its Fiscal Year 2023-2024 and the Fiscal Year 2024-2025 ACFR has been submitted to the GFOA for consideration of a new Certificate of Achievement

FISCAL IMPACT:

There is no fiscal impact associated with receiving the ACFR. The cost for the audit for fiscal year 2024-2025 is included within the adopted budget for a not to exceed amount of \$40,000.

PRIOR CITY COUNCIL ACTION:

There is no prior action taken on this item.

ATTACHMENTS:

- 1. Resolution 2026-022
- 2. 2024-25 City of Carmel-by-the-Sea ACFR_C&ALLP
- 3. Governance Audit Letter FY25_C&ALLP
- 4. Management Letter FY25_C&ALLP

**CITY OF CARMEL-BY-THE-SEA
CITY COUNCIL**

RESOLUTION NO. 2026-022

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA RECEIVING THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDING JUNE 30, 2025

WHEREAS, State law requires that all accounts and fiscal affairs of municipal entities be examined annually by an independent certified public accountant; and

WHEREAS, the City retained the independent auditing firm of Chavan and Associates, LLP to audit the City' s financial statements; and

WHEREAS, the audit was performed in accordance with auditing standards generally accepted in the United States, including financial auditing standards issued by the Comptroller General of the United States, in order to determine if the City's financial statements were misstated or misrepresented, either due to fraud or error; and

WHEREAS, Chavan and Associates, LLP has issued an unmodified opinion that the financial statements for the fiscal year ending June 30, 2025 ("Fiscal Year 2024-2025)" are fairly presented in conformity with generally accepted accounting principles; and

WHEREAS, the audited financial statements are a component of the Annual Comprehensive Financial Report (ACFR); and

WHEREAS, the ACFR is a report that goes beyond minimum requirements of generally accepted accounting principles and was prepared using the guidelines developed by the Government Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting program in order to produce a readable and efficiently organized document intended to allow greater public transparency and full disclosure of the City's financial health.

NOW THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA DOES HEREBY:

Receive the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ending June 30, 2025.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 24th day of March, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Dale Byrne, Mayor

Nova Romero, MMC, City Clerk

Annual Comprehensive Financial Report



*City of Carmel-by-the-Sea
California*

Fiscal Year Ended June 30, 2025

Page Intentionally Left Blank

City of Carmel-by-the-Sea California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025



Prepared by the Finance Department

Page Intentionally Left Blank

**CITY OF CARMEL-BY-THE-SEA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Transmittal Letter 1
Principal Officials11
Organizational Chart12
GFOA Certificate13

FINANCIAL SECTION

Independent Auditor’s Report.....16
Management’s Discussion and Analysis (Required Supplementary Information)21

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position.....38
Statement of Activities.....39

Fund Financial Statements

Governmental Funds:

Balance Sheet42
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position.....43
Statement of Revenues, Expenditures and Changes in Fund Balances44
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Government-Wide
Statement of Activities45

Proprietary Funds:

Statement of Net Position46
Statement of Revenues, Expenses, and Changes in Fund Net Position.....47
Statement of Cash Flows.....48

Notes to the Basic Financial Statements49

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual (GAAP Basis):

General Fund85
Measure C Sales Tax Fund86
Harrison Memorial Library Fund.....87

Schedule of Pension Contributions88

Schedule of Proportionate Share of Net Pension Liability89

Schedule of Total OPEB Liability90

**CITY OF CARMEL-BY-THE-SEA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

SUPPLEMENTARY INFORMATION*Combining Nonmajor Governmental Funds:*

Combining Balance Sheet.....	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	96
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis):	
Gas Tax Fund.....	98
Transportation Safety Fund	99
COPS Grant Fund.....	100
Parking In-Lieu Fun	101
Asset Seizure Fun.....	102
Debt Service Fund.....	103
Schedule of Revenues, Expenditures and Changes in Fund Balances – Capital Projects - Budget and Actual (GAAP Basis)	104
<i>Combining Internal Service Funds:</i>	
Combining Statement of Net Position	106
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	107
Combining Statement of Cash Flows	108

STATISTICAL SECTION

Net Position by Component.....	113
Changes in Net Position.....	115
Fund Balances of Governmental Funds.....	117
Changes in Fund Balances of Governmental Funds.....	119
General Governmental Tax Revenues by Source.....	121
General Fund Tax Revenues by Source.....	122
Net Assessed Value of Taxable Property	123
Direct and Overlapping Property Tax Rates.....	124
Principal Property Tax Owners	125
Property Tax Levies and Collections	126
Ratios of Outstanding Debt by Type.....	127
Ratios of Net General Bonded Debt Outstanding	128
Computation of Direct and Overlapping Debt.....	129
Legal Debt Margin Information.....	131
Pledged Revenue Coverage	132
Demographic and Economic Statistics	133
Principal Employers.....	134
Number of City Employees by Department.....	135
Operating Indicators by Function	136
Capital Asset Statistics by Function	137

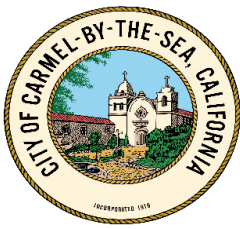
OTHER INDEPENDENT AUDITOR REPORTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	140
---	-----



TRANSMITTAL LETTER

This page is intentionally blank



CITY OF CARMEL-BY-THE-SEA
P.O. BOX CC
CARMEL-BY-THE-SEA, CA 93921

ATTACHMENT 2

March 17, 2026

Honorable Mayor Dale Byrne
Members of the Carmel-by-the-Sea City Council, and
Citizens of Carmel-by-the-Sea

SUBJECT: Annual Comprehensive Financial Report – June 30, 2025

The Annual Comprehensive Financial Report (ACFR) for the City of Carmel-by-the-Sea for the fiscal year ended June 30, 2025 is hereby submitted.

REPORT PURPOSE AND ORGANIZATION

In accordance with State law, which requires that the accounts and fiscal affairs of all municipal entities be examined annually by an independent certified public accountant, the City of Carmel-by-the-Sea retained an independent auditor, Chavan and Associates, LLP, to audit the City's financial statements. Chavan and Associates, LLP, has issued an unmodified opinion that the financial statements for the year ended June 30, 2025, are fairly presented in conformity with generally accepted accounting principles (GAAP). This opinion, along with the basic financial statements, are submitted as the Annual Comprehensive Financial Report (ACFR) for the City for the fiscal year ended June 30, 2025. The information included in the financial section of this report fulfills the above requirement.

This report consists of City management's representations regarding the finances of the City of Carmel-by-the-Sea. Management assumes full responsibility for the completeness, data accuracy, and fairness of the information presented, including all footnotes and disclosures. Management believes the data presented are accurate in all material respects and presented in a manner designed to fairly set forth the financial position and results of operations of the City.

To provide a reasonable basis for making these representations, City management has established a comprehensive framework of internal controls that is designed to both protect the City's assets from loss, theft or misuse and to compile sufficiently reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles.

Because the cost of internal controls should not exceed their benefits, the City's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatements. The audit is intended to provide users with reasonable assurance that the information presented is free from material misstatements. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Generally accepted accounting principles require management to provide a narrative introduction, overview, and analysis that accompanies the basic financial statements in a format known as the Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to augment the MD&A and is meant to be read in conjunction with the MD&A. The MD&A can be found in the Financial Section of this document, immediately following the report of the independent auditor.

CITY OF CARMEL-BY-THE-SEA PROFILE

Located 120 miles south of San Francisco on the Monterey Peninsula, the City of Carmel-by-the-Sea is a coastal village with a population of 3049 that is renowned for its natural beauty, including a white sand beach, urban forest of over 10,000 public trees comprised of Monterey pines, live oaks, and Monterey cypress and natural parklands all within a one-square-mile, built-out community. In addition to recreational opportunities afforded by such scenery, the City is also known for its architecture and dining and shopping opportunities, which may be found in the walkable downtown area. In addition to many City sponsored events like the City Halloween Parade, Sandcastle Contest and Pumpkin Roll, other special events also occur throughout the year and cultural activities abound, including at such venues as the Sunset Center performing arts center and the Forest Theater, an outdoor amphitheater.

The median age of the City's residents is 68.9 years. Nearly 76% of the population age 25 or older have a bachelor's degree. The City's median household income is \$115,729. The Carmel area offers outstanding educational opportunities through the Carmel Unified School District as well as institutions of higher learning on the Monterey Peninsula including the Monterey Peninsula College, the Middlebury Institute for International Studies, California State University Monterey Bay, and the Hopkins Marine Station operated by Stanford University.

Form of Government

The City of Carmel-by-the-Sea was incorporated on October 31, 1916. As a General Law City, Carmel-by-the-Sea operates under a Council-City Manager (City Administrator) style of government and derives its power from the California Constitution and laws enacted by the State legislature.

All legislative power is held by the publicly elected, five-member City Council that consists of the Mayor and four Councilmembers. The Mayor serves a two-year term while Council members serve a four-year term, with overlapping terms with municipal elections occurring in November of each even numbered year. City Council is the policy making legislative body of the City and it adopts the annual budget, enacts ordinances, and approves major contracts, acquisitions and leases. The Council appoints the City Administrator to serve as the City's chief administrative officer.

The City Administrator is responsible for the enforcement of City laws and ordinances; ensuring that the orders of the City Council are executed; for supporting Council, which includes the preparation of agendas and the maintenance of records; and overseeing the City's day-to-day operations. This includes oversight of the departments of Community Planning and Building, Library, Community Activities, Public Safety and Public Works. The City Administrator also directs the centralized administrative functions of the City Clerk, Finance, Human Resources and Information Technology.

City Services

The City provides a variety of services to residents, businesses and visitors to the village of Carmel-by-the-Sea. Administration provides oversight of daily City functions and financial activity. Community Planning and Building provides building safety services, code compliance and planning functions while Community Activities and Library manage new and ongoing special events and provide library services at two branch locations. Public Safety services related law enforcement, and crime prevention are provided by the Police Department, while fire and ambulance services are provided through a contract with the City of Monterey. Public Works is responsible for facility and vehicle maintenance, development and management of capital projects; construction, improvement and repair of streets, sidewalks, pathways and storm drain systems and maintaining the Village forest, parks and shoreline areas.

The ACFR includes all financial activities of the City. Financial data for all funds through which services are provided by the City have been included in this report using criteria adopted by the Governmental Accounting Standards Board (GASB), which is the authoritative body establishing U.S. Generally Accepted Accounting Principles (GAAP) for local governments.

Budgetary Policy and Control

The accounts of the City are organized into funds. A fund is an independent fiscal and accounting entity with a self-balanced set of accounts. The minimum number of funds is maintained consistently with legal and managerial requirements. Annually appropriated budgets are legally adopted on a budgetary basis for the governmental fund types and are controlled on a fund and departmental level. These funds are used to account for most of the City's general government activities. Governmental fund types use the flow of current financial resources, measurement focus, and the modified-accrual basis of accounting and budgeting. Expenditures are recognized as encumbrances when a commitment is made. Unencumbered appropriations lapse at year-end.

The goal of the City Administrator is to present a balanced budget to the City Council for review and adoption. A balanced budget is a budget in which funding sources meet or exceed uses. Available funding sources shall be at least equal to recommended appropriations. As a general rule, the year-end undesignated General Fund balance should not be used to fund ongoing operations.

As set in the Carmel Municipal Code prior to the beginning of each fiscal year, the City Council shall adopt a budget for expenditures and anticipated revenues. On or before 15 February of each year, the City Administrator will present to the City Council a proposed budget schedule. The City Administrator prepares and submits to the City Council a proposed operating and capital budget for the forthcoming fiscal year. The City Council shall adopt the budget by 1 July.

The City Administrator shall have the right to approve the transfer of appropriations within a departmental budget; however, no additional positions shall be created without the authorization of the City Council. All transfers of appropriations between departments, or in regard to capital items or projects, shall be approved by the City Council. The City Administrator shall be charged with the responsibility of controlling the expenditures for all departments in accordance with the approved budget. A report on current year revenues, expenditures, and fund balances shall be maintained.

FACTORS AFFECTING FINANCIAL CONDITION

This brief narrative on the local economy, City financial policies and major initiatives outlined within the annual budget are intended to provide context to the MD&A and financial statements.

Local Economy

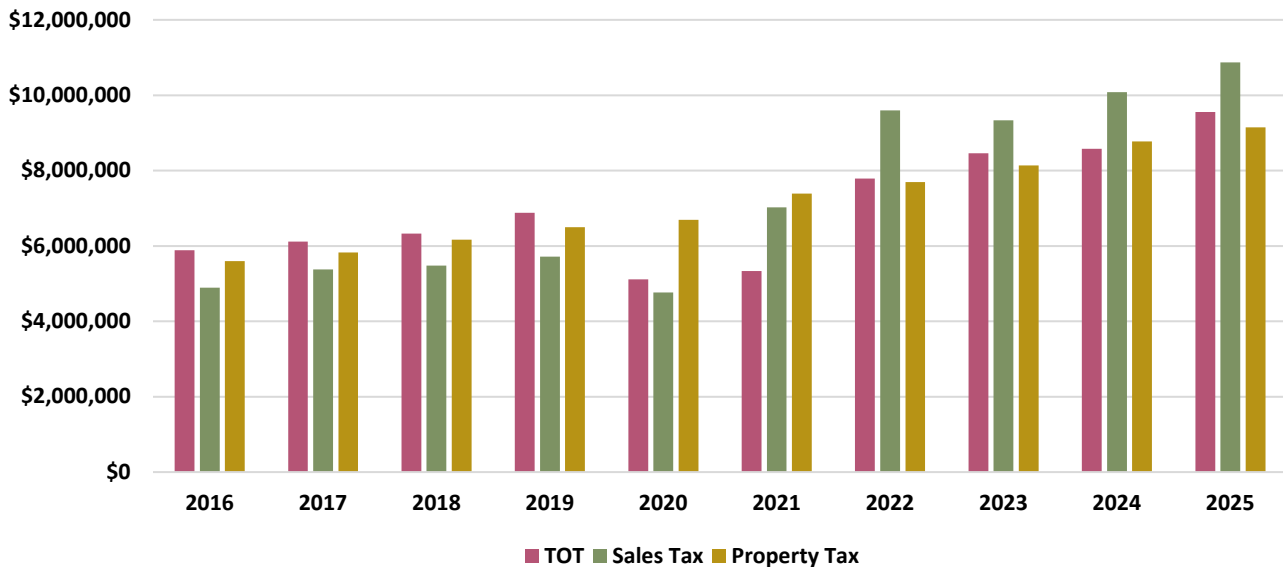
The City's three major sources of General Fund revenue include Property Tax, Sales and Use Tax, and Transient Occupancy Tax. As shown on the chart on the next page entitled "City's Major Revenues Historical Trend", property taxes have historically been a strong component to the City's financial health. Property tax revenue reached \$9.15 million, a 4.3% increase over the prior fiscal year. Revenue generated from sales and use taxes has become increasingly important to the City, especially after the passage of a local 1% sales tax measure by Carmel voters in 2012 and the subsequent approval of a new 1.5% sales tax for 20 years in March 2020. Sales and use tax revenue for fiscal year 2024-2025 ("24/25") totaled \$10.87 million, a 7.9% increase over the prior fiscal year. Transient occupancy taxes ("TOT") have also significantly contributed to the City's revenues, rising to \$9.60 million in fiscal year 24/25, a 11.4% increase over the prior year.

The City’s three major revenue sources also illustrate the unique opportunities attributed to the City of Carmel-by-the-Sea. Located within one square mile, the City is considered to be built out, limiting the availability of new housing stock. This limited supply, coupled with a high demand for housing driven by the City’s desirability as a place to live and proximity to the San Francisco metropolitan area, contributes to a healthy real estate market and thus the stability and strength of property tax revenues.

Many of the features that contribute to residential quality of life, such as a temperate climate, natural beauty, architecture, unique design standards and cultural, dining and shopping opportunities also attract visitors. The variety of restaurants and other dining options located within the City’s boundary as well as art galleries, jewelry and clothing retailers contribute to shopping opportunities for residents and visitors alike. Similarly, visitors have many lodging options to choose from when staying overnight within the City. The lodging establishments charge a 10% Transient Occupancy Tax for stays of 30 days or less, which is remitted to the City.

On November 6, 2012, the Carmel electorate approved a temporary 1% transaction and use tax (“sales tax”) for ten years to raise revenue for general purposes, known as Measure D. The advent of Measure D increased the viability of sales tax as the City’s top major revenue sources, as shown in the chart “City’s Major Revenues Historical Trend” below. On March 3, 2020, the Carmel electorate voted and approved Measure C to increase the sales tax rate to 1.5%. The timing of Measure C helped minimize the effects of reduced sales tax revenue suffered during the pandemic, allowing the City to survive and recover to pre-pandemic levels. Sales tax revenue has been the largest source of revenue for the City over the last four fiscal years.

City's Major Revenues Historical



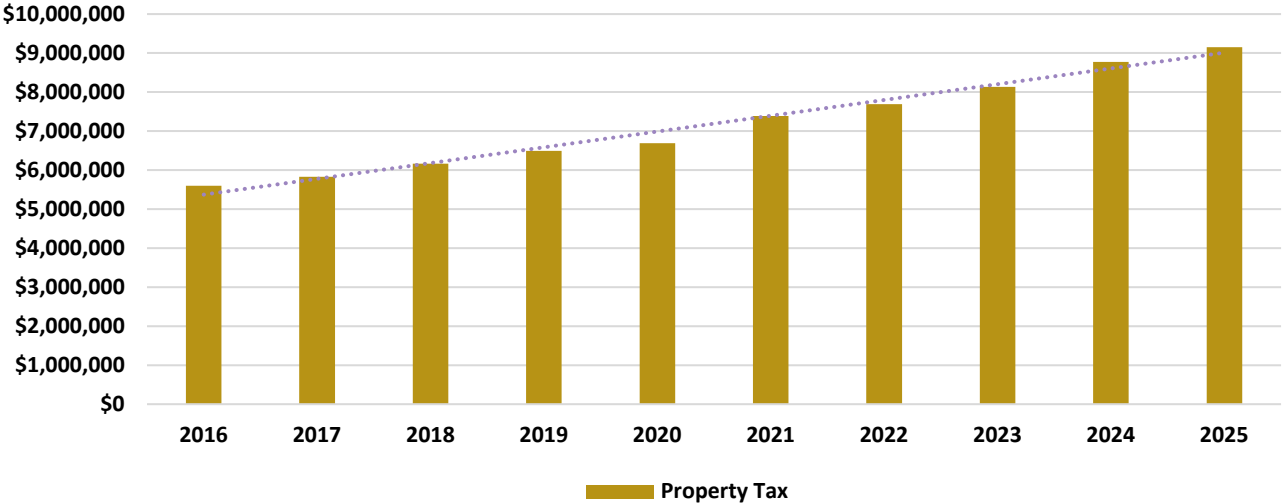
While fiscal year 2020 was on track to meet revenue projections, the City’s economic forecast for two of its major revenue streams quickly began to change as news regarding the coronavirus (“COVID-19”) emerged. Travel restrictions coupled with decreased consumer spending and demand, particularly in the areas of travel and leisure, resulted in the underperformance of sales tax and TOT in fiscal year 20/21. TOT returned to pre-COVID levels in fiscal year 21/22, a tribute to Carmel’s claim as a unique travel destination. The economy has changed over the past fiscal year, with consumer spending higher across the City’s three major pillars of tax revenue. In fiscal year 24/25, Property tax reached a high of \$9.15 million, TOT reached a high of \$10.87 million, and Sales and Use tax reached a high of \$9.60 million.

Property Taxes

The desirability of Carmel-by-the-Sea as a place to reside, coupled with its limited housing stock, contributes to a strong local real estate market. Property tax revenue totaled \$5.60 million in fiscal year 15/16, increasing on average by 5.6% over the past 9 years, reaching \$9.15 million in fiscal year 24/25. Local Property taxes grew at rates of 7.8% and 4.3% in fiscal year 23/24 and fiscal year 24/25, respectively, as the average home price continued to rise.

The median home price in Monterey County peaked in October 2023 at \$1.12 million, with an average median price of \$956,000 and \$934,000 for fiscal years 23/24 and 24/25, respectively. Opposite to the County’s median home price decrease of 2% over the prior fiscal year, the City has enjoyed a 4.3% growth in property taxes in that same period, largely due to increases in home values and home sales.

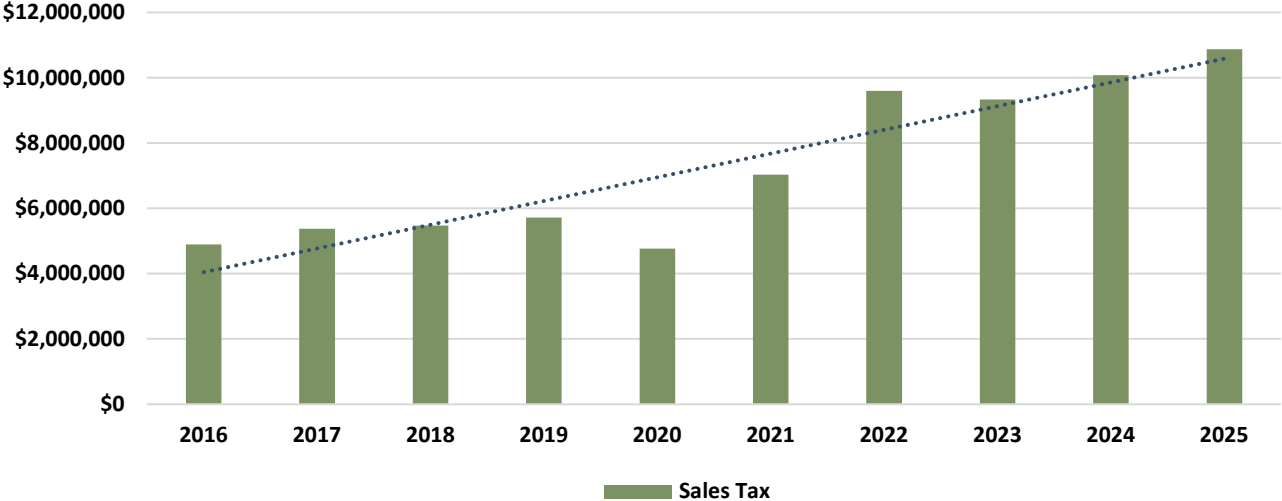
Property Tax Trend



Sales and Use Taxes

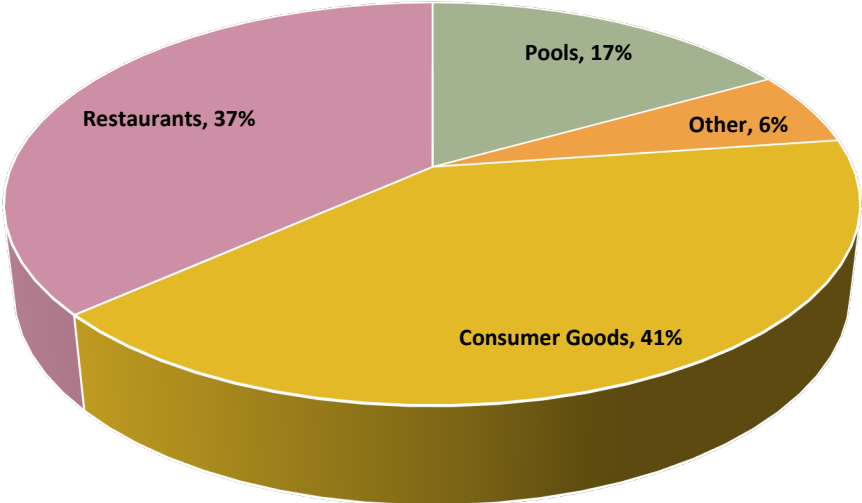
The majority of the City’s sales and use taxes are attributed to businesses within the categories known as general consumer goods and restaurants. The City receives a portion (1%) of the statewide sales tax, known as Bradley-Burns tax, as well as revenue from a local sales tax. The Carmel electorate approved a local 1% sales tax measure in November 2012. Sales tax has steadily increased each year since 2013 to reach approximately \$10.87 million in 24/25. As explained in more detail within the *Transient Occupancy Tax* narrative below, the City faced a decline in the number of visitors due to COVID-19 for the last quarter of fiscal year 19/20, which also impacted sales tax. Sales tax in 2020 totaled approximately \$4.80 million. On March 3, 2020, the Carmel voters approved Measure C, increasing the sales tax rate by 1.5%. The timing of Measure C helped minimize the effects of reduced sales suffered during the pandemic, allowing the City to survive and recover to pre-pandemic levels by fiscal year 20/21. In fiscal year 2022, the City of Carmel-by-the-Sea experienced a surge in sales and use tax revenue, a reflection of “revenge” consumer spending and relief from the consumer goods shortages and logistic nightmares brought out during COVID-19. Sales and use tax revenue increased again in fiscal year 24/25 with revenue of \$10.87 million, an increase of 7.85% over 23/24.

Sales and Use Tax Trend



Visitors to the City were more generous with their spending compared to what has been seen in the rest of the state at the end of fiscal year 24/25. This allowed both the restaurant and general consumer goods groups to report their eighth consecutive quarter of gains. Carmel’s Bradley-Burns tax receipts from April through June were 10.5% above the second sales period in 2024. Net of aberrations, taxable sales for all Monterey County grew 7.4% over the comparable period while those of the Central Coast region were up 2.5%. Spending on general consumer goods was especially strong in fiscal year 24/25, particularly for jewelry, family apparel, and women’s apparel. Restaurants also did well, posting consecutive growth throughout the fiscal year.

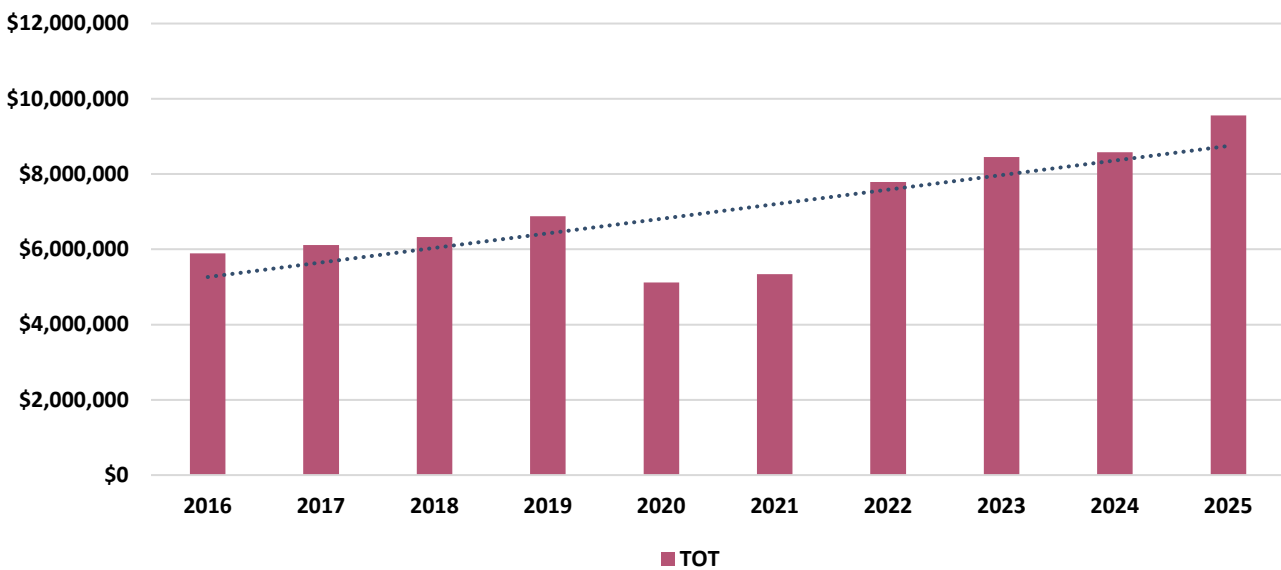
Revenue by Business Group



Transient Occupancy Taxes

Transient occupancy taxes (“TOT”) of \$5.89 million was included in citywide revenues in fiscal year 15/16. TOT grew on average by 6.9% over the next 9 fiscal years until reaching \$9.60 million in fiscal year 24/25 with expected strong performance on the horizon. TOT revenue appears to have recovered from the coronavirus pandemic that started in 19/20. Local hotels had experienced an immediate decline in occupancy due to international travel restrictions and Monterey County issued a shelter in place (“SIP”) order on March 17, 2020, followed by a statewide SIP issued by Governor Newsom on March 19, 2020. As a result, TOT revenue declined by \$1.77 million from 18/19 to 19/20, a decrease of 25.7%. The City began to see an increase in TOT starting in 20/21 with a 45.9% increase in 21/22 (\$2.45 million) as more travelers sought to escape to Carmel. TOT increased by \$979,811 in 24/25, an 11.4% increase from 23/24.

Transient Occupancy Tax Trend



Relevant Financial Policies

Financial and Budget Policies

The City Council adopted Council Policy C94-01: *Financial and Budget Policies* to provide direction to help ensure sound fiscal planning and the management of fiscal integrity. The policies pertain to capital and operating budgets, fund balance, debt management and investments. On June 2, 2025, the City Council adopted amendments that reorganize the policies for consistency, clarify Capital Improvements, and establish new budgetary and reserve policy limits. The fiscal year 24/25 budget was adopted under the Policy C94-01 dated September 1, 2020 and the fiscal year 24/25 financial statements were adjusted after the adoption of the amendments.

Highlights of policy guidelines include the following:

Capital

- In the fiscal year 24/25 Adopted Budget, total capital outlays were budgeted at \$12,184,000 at the beginning of the fiscal year, representing 39% of revenues compared to the minimum required budget of 10% (per the new budget policy adopted on June 2, 2025 during the current fiscal year), as the City budgeted to use reserves in order to catch-up on CIP needs. Excluding Vehicle and Equipment acquisitions of \$570,000 and paving projects of \$2,810,000, capital expenses were budgeted at approximately \$8,804,000 or 28% of total budgeted revenue. Actual capital expenditures totaled \$3,870,000.

- The new capital reserve policy adopted June 2, 2025 allows CIP projects that have not been completed to be carried over into the subsequent fiscal year, requiring that a reserve be maintained for the balance of the uncompleted projects. The previously required reserve, equal to 20% of estimated five-year CIP expenditures, is now included in the City's overall General Fund reserve of 50% of operating expenditures. The CIP fund balance reserved for carryover CIP project balances was 4,700,000 at the end of fiscal year 24/25.
- The Vehicle and Equipment (V&E) Replacement Fund reserve is maintained at a target of 10% of the total fleet replacement value. At the end of fiscal year 24/25, the V&E reserve balance is \$960,000 with total unrestricted net position of \$1.82 million.

Operating

- In the fiscal year 24/25 Adopted Budget, total expenditures excluding CIP were budgeted at \$31,310,000 at the beginning of the fiscal year representing 100% of revenues compared to the maximum budget of 90% for non-CIP expenditures (per the new budget policy adopted on June 2, 2025 during the current fiscal year), as the City budgeted to use reserves to catch-up on CIP needs while maintaining current operating service levels.
- Due to the above CIP catch-up, the fiscal year 24/25 Adopted Budget did not project a balanced budget. Ongoing expenses were not funded with one-time revenues. At fiscal year-end, governmental fund sources were greater than uses by \$7,872,643.

Fund Balance

- General Fund reserves shall be maintained at no less than 50% of annual projected operating expenditures after the adoption of Policy C94-01 amendments on June 2, 2025. The General Fund Reserve balance is \$15,997,900, or 51% of annual projected operating expenditures, at the end of fiscal year 24/25.

Major Initiatives

Continued Investment in Protecting Natural Resources and Critical Infrastructure

The fiscal year 23/24 Adopted Budget allocated \$10.9 million in funding for capital projects and vehicle and equipment purchases intended to rehabilitate City facilities; address sidewalks and street improvements; enhance public safety and protect and preserve the natural environment. The fiscal year 23/24 budget recognizes the importance of investing our "green" infrastructure by including \$1 million for projects pertaining to the Urban Forest master plan, Mission Trail Nature Preserve tank and well demo, coastal engineering study, North Dunes restoration including split rail fencing and signage, and shoreline infrastructure repairs. Additional capital funding included the Police building project, drainage design, City Hall roof replacement, Harrison Memorial Library painting, and Sunset Center cottage windows, ongoing implementation of accessibility improvements at various City facilities, an electric sweeper, two forestry electric trucks, and an electric vehicle for Police administration.

Revenue Enhancement and Stability

On November 6, 2012, the Carmel electorate approved a temporary 1% transaction and use tax ("sales and use tax") known as Measure D. Measure D sunset in 2023. Recognizing the importance of this revenue to the City's financial health, the City Council began discussions regarding the renewal of Measure D well ahead of the sunset date. Council drafted a new sales tax initiative to replace the existing Measure D and increase the local sales tax by 0.50%. On March 3, 2020, Carmel voters approved Measure C, which authorizes a 1.5% tax for 20 years for general City purposes. The criticality of Measure C to both the City's short and long-term fiscal sustainability immediately became apparent with the emergence of the coronavirus pandemic in the spring of 2020. As the new sales tax rate became effective on July 1, 2020, the additional 0.50% tax rate mitigated projected decreases in visitor-driven sales tax performance. In addition, online purchases are subject to local sales tax and this type of spending greatly increased during the pandemic.

Addressing Pension Liabilities

The California Public Employees' Retirement System ("CalPERS") is the largest pension fund in the country, managing investments for nearly 2 million members on behalf of the state, schools and other public agencies. The City is a participating member of CalPERS and has two primary CalPERS plans, one for miscellaneous members and one for safety members.

Annually, the City makes a payment to CalPERS that consists of (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, it is the difference between what CalPERS needs in order to pay for retirement benefits when people retire and the value of assets that CalPERS currently has on hand to pay for the estimated costs of the retirement benefits. Similar to other public agencies, the City's pension costs have risen. The UAL for the City is \$29,600,000, based on the valuation date of June 30, 2023, as measured through June 30, 2024.

The City has historically used a combination of strategies to help mitigate the costs associated with pension liability, such as the:

- Issuance of pension obligation bonds;
- Negotiation of employee contributions toward the employer's cost of pensions; and
- Prepaying the annual UAL payment in order to save interest.

In January 2019, Council endorsed the City's participation in a Pension Rate Stabilization Program to pre-fund pension obligations and authorized staff to issue a request for proposals for a Section 115 Trust Administrator. A Section 115 Trust is a tax-exempt investment vehicle authorized by the Internal Revenue Services to pre-fund government expenses, such as retirement plan benefits. Funds placed within the trust can remain within the trust until such time that the City chooses to draw on its assets to pay an annual benefit obligation (i.e. make either an annual and/or additional payment to CalPERS) or seek reimbursement for a pension-related expense. Other benefits associated with the establishment of a trust include (1) greater investment flexibility and risk diversification compared to the City's general investment options and (2) City oversight of investment and control over the risk tolerance of its investment portfolio as compared to investments managed by CalPERS. On August 2, 2021, Council authorized the adoption of a Section 115 Trust known as the Public Agencies Post-Employment Benefits Trust administered by the Public Agency Retirement Services (PARS) and authorized the City's participation within this program. Subsequently, on September 7, 2021, Council authorized City staff to make an initial deposit of \$1 million into the Trust. \$1 million annual deposits are to be made over the next five years in the Section 115 Trust. The City deposited the fourth annual \$1 million tranche into the Section 115 Trust in fiscal year 24/25.

AWARDS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Carmel-by-the-Sea for its comprehensive annual financial report for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

As a result of the professionalism and dedication of the Finance Division staff, the City continues to make strides in updating and enhancing its financial policies, procedures and systems, and its financial reporting capabilities, as evidenced by the production of this annual comprehensive financial report. The preparation of this report also required the involvement of many City departments in gathering statistics, as well as the guidance and support of the City’s independent auditor, and we extend our appreciation to these individuals for the assistance provided.

The annual comprehensive financial report is a document that strives to achieve transparency and full disclosure in financial reporting. As such, the preparation of this document would not be possible without the support of the City Council. We wish to acknowledge the City Council’s leadership and commitment to organizational excellence, public transparency and sound fiscal management.



Brandon Swanson
Acting City Administrator



Jayme Fields
Finance Manager

**CITY OF CARMEL-BY-THE-SEA
PRINCIPAL OFFICERS
Fiscal Year 2024-2025**

City Council

Dale Byrne, Mayor, Term: December 2024 – December 2026

Bob Delves, Mayor Pro Tempore, Term: December 2024 – December 2028

Jeff Baron, Councilmember, Term: December 2018 – December 2026

Alissandra Dramov, Councilmember, Term: November 2022 - December 2026

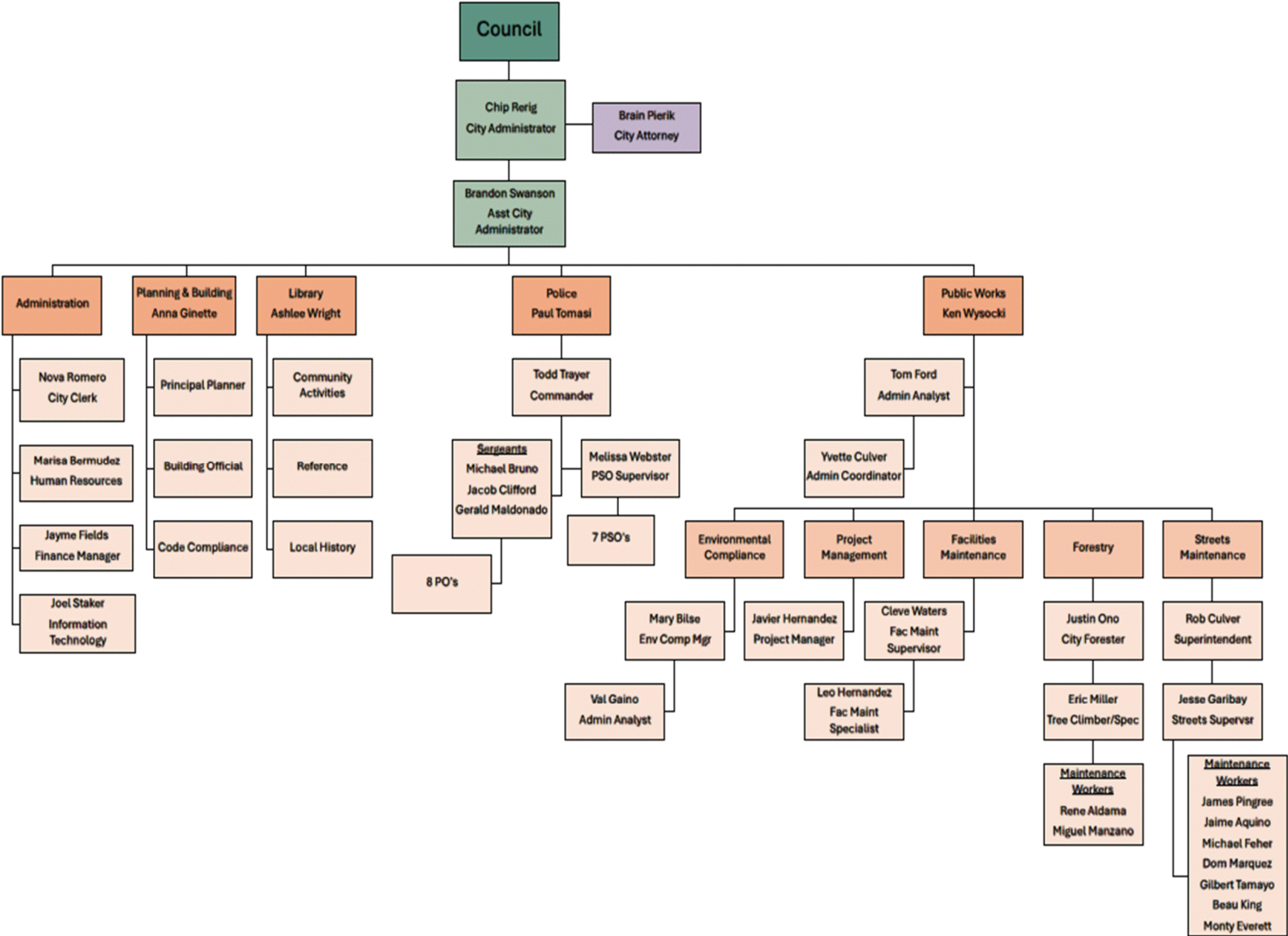
Hans Buder, Councilmember, Term: December 2024 - December 2028

City Administrator

Chip Rerig

CITY OF CARMEL-BY-THE-SEA ORGANIZATIONAL CHART

Fiscal Year 2024-2025





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Carmel-by-the-Sea
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Page Intentionally Left Blank



FINANCIAL SECTION



Chavan and Associates, llp
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the
City Council of the City of Carmel-By-The-Sea
Carmel-by-the-Sea, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Carmel-By-The-Sea (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Carmel-By-The-Sea, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

City management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Chavan and Associates, llp
Certified Public Accountants

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because



Chavan and Associates, LLP
Certified Public Accountants

the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, schedules, and other information listed in the supplementary information section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

C & A LLP

March 17, 2026
Morgan Hill, California

16450 Monterey Road, Ste. #5, Morgan Hill, CA 95037
Tel: 408-217-8749 • E-Fax: 408-872-4159
info@cnallp.com • www.cnallp.com



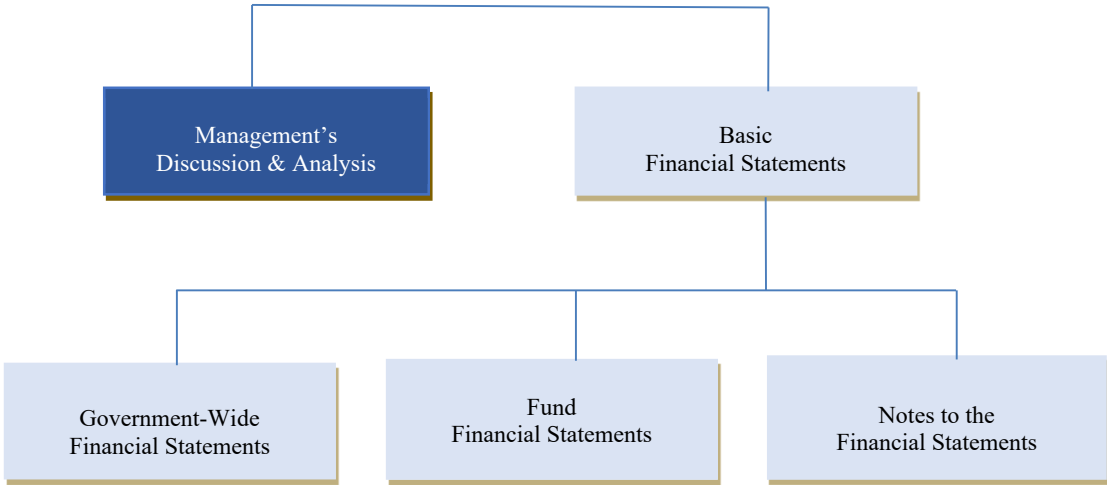
MANAGEMENT'S DISCUSSION AND ANALYSIS

This page is intentionally blank

INTRODUCTION

As management of the City of Carmel-By-The-Sea, we offer readers of the City’s financial statements this narrative overview and analysis of financial activities of the City of Carmel-By-The-Sea for the fiscal year that ended on June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the other sections of the attached audited financial statements, required supplemental information and other supplemental information. The required components of the report are listed below.

Required Components of the Annual Financial Report



FISCAL YEAR 2024/25 FINANCIAL HIGHLIGHTS

Government-Wide Highlights

- The assets and deferred outflows of resources of the City of Carmel-by-the-Sea exceeded liabilities and deferred inflows of resources at the close of the fiscal year by \$55.61 million (net position). Of this amount, net position included \$36.65 million classified as net investment in capital assets; \$2.40 million as restricted; and \$16.56 million as unrestricted net position.
- The City’s pension liability in accordance with GASB 68 as of June 30, 2025 was \$29.60 million vs. \$29.20 million in the prior fiscal year.
- The City of Carmel-by-the-Sea’s total net position increased by \$6.03 million from last fiscal year mostly due to an increase current assets of \$6.80 million, and an increase in general revenues of \$2.89 million.

Fund Highlights

- At the close of Fiscal Year 24/25 the City reported a combined fund balance in its governmental funds of \$44.61 million, an increase of \$8.60 million in comparison with the prior year. Approximately 38% or \$17.06 million was classified as unassigned fund balance and was available for spending at the government's discretion, which increased by \$5.16 million over the prior year.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$33.05 million, or 135% of total general fund expenditures, prior to transfers, versus \$17.15 million and 76% in the prior year.
- The City's long-term liabilities decreased by \$159 thousand primarily as the result of increases to employee benefit liabilities totaling \$361 thousand, offset by decreases to long-term debt of \$520 thousand.
- The City's net capital assets increased by 3% or \$1.17 million primarily as a result of new construction, offset by depreciation during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Carmel-by-the-Sea's financial statements. The City of Carmel-by-the-Sea's basic financial statements are comprised of (1) Government-wide Financial Statements (2) Fund Financial Statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Carmel-by-the-Sea's finances, in a manner similar to a private-sector business. Government-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole. Government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* presents financial information on all of the City of Carmel-by-the-Sea's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Carmel-by-the-Sea is improving or deteriorating.

The *Statement of Activities* presents information showing how the City of Carmel-by-the-Sea's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This is consistent with a full accrual concept, which may result in the reporting of revenues and expenses in the current fiscal year, with cash flows occurring in future fiscal periods (e.g. uncollected revenues and earned but not used vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Carmel-by-the-Sea that are principally support by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). An overview of the City's functions associated with each classification is listed below.

Governmental Activities – All of the City's basic services are considered to be governmental activities. This includes general government, public safety, public works, library, and community planning and building. These services are supported by general City revenues such as taxes, and by specific program revenues such as development and general government program fees. The City also operates three internal service funds, which are combined with the governmental funds and reported as governmental activities. See the table of contents for reference to the government-wide financial statements pages within this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Major funds are presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the City for the fiscal year and may change from year to year as a result of changes in the pattern of the City's activities. The City's funds are segregated into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same function reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. This represents a modified accrual basis of accounting, with capital assets, long-lived assets, and long-term liabilities excluded from the financial statements. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The City maintains eleven governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Measure C Sales Tax Fund, the Capital Projects Fund and the Harrison Memorial Library Fund. These funds are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Carmel-by-the-Sea adopts an annual budget for its governmental funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget. See the table of contents for where the basic governmental fund financial statements can be found this report.

Proprietary Funds

Internal service funds are an accounting mechanism used to accumulate and allocate costs internally among the City of Carmel-by-the-Sea's various functions. The City uses internal service funds to account for the management of its retained risks associated with liability, self-insurance, workers' compensation and other post-employment benefits (OPEB). The City also uses an internal service fund, the Vehicle & Equipment Replacement Fund, to manage the costs of various equipment purchased, maintained and utilized to operate City services for various departments. Because these internal services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the Government-Wide Financial Statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. See the table of contents for where the proprietary fund financial statements can be found this report.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Carmel-by-the-Sea's budgetary information for the General Fund and Major Special Revenue Funds, and the City's funding progress for its employee pension and OPEB benefit obligations. The page numbers for the required supplementary information can be found in the table of contents.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the *required supplementary information*. The page numbers for the combining and individual fund statements and schedules can be found in the table of contents.

An un-audited statistical section provides historical and current data on financial trends, revenue and debt capacity, demographic and economic information, and operating information. The table contents list the page numbers for where this information can be found.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Over time, net position may serve as an indicator of a government's financial position. In the case of the City of Carmel-by-the-Sea, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49.58 million at the close of the Fiscal Year. This represents an increase of \$6.03 million over the prior year.

The following table summarizes the City's ending net position:

	Governmental Activities		Increase
	2025	2024	(Decrease)
Assets			
Current and other assets	\$ 49,960,232	\$ 43,166,255	\$ 6,793,977
Capital assets	40,707,674	39,535,950	1,171,724
Total Assets	\$ 90,667,906	\$ 82,702,205	\$ 7,965,701
Deferred Outflows of Resources	\$ 9,515,106	\$ 11,802,249	\$ (2,287,143)
Liabilities			
Current and other liabilities	\$ 3,790,175	\$ 2,553,119	\$ 1,237,056
Noncurrent liabilities	37,351,111	38,319,743	(968,632)
Total Liabilities	\$ 41,141,286	\$ 40,872,862	\$ 268,424
Deferred Inflows of Resources	\$ 3,436,009	\$ 4,053,488	\$ (617,479)
Net Position			
Net investment in capital assets	\$ 36,648,844	\$ 34,957,532	\$ 1,691,312
Restricted	2,396,571	4,614,831	(2,218,260)
Unrestricted	16,560,302	10,005,741	6,554,561
Total Net Position	\$ 55,605,717	\$ 49,578,104	\$ 6,027,613

A significant portion, \$36.65 million, of the City's net position reflects its investment in capital assets, (e.g., land, buildings, general government infrastructure, equipment, etc.), less accumulated depreciation and any outstanding debt that was used to acquire or construct those assets. Capital assets represent infrastructure which provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

An additional \$2.40 million of the City of Carmel-by-the-Sea's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16.56 million is classified as unrestricted. The City participates in the CalPERS Miscellaneous and Safety pension plans. GASB 68 impacted local governments by requiring them to report a proportional share of their pension plan's net pension liabilities on financial statements. As of June 30, 2025, the City's proportionate share of the CalPERS pension liability was \$29.60 million. See note 7 for detailed information related to the Plans, along with the required supplementary information section of this report.

At the end of the current fiscal year, the City of Carmel-by-the-Sea is able to report a positive balance for the government as a whole. The reasons for the overall financial changes are discussed in the following sections for governmental activities.

Governmental Activities

As shown in the *Statement of Changes in Net Position* schedule below, the change in net position for governmental activities decreased by \$688 thousand. This decrease is largely due to an increase of \$1.14 million in general government expenses, \$1.81 million in public safety expenses, and \$555 thousand in public works expenses. These increases were mostly due to pension expense adjustments and deferrals that create inconsistencies in the expenses from year to year. Total revenues from governmental activities increased by \$2.86 million from the prior year. The net change in expenses from the prior year was an increase of \$3.54 million.

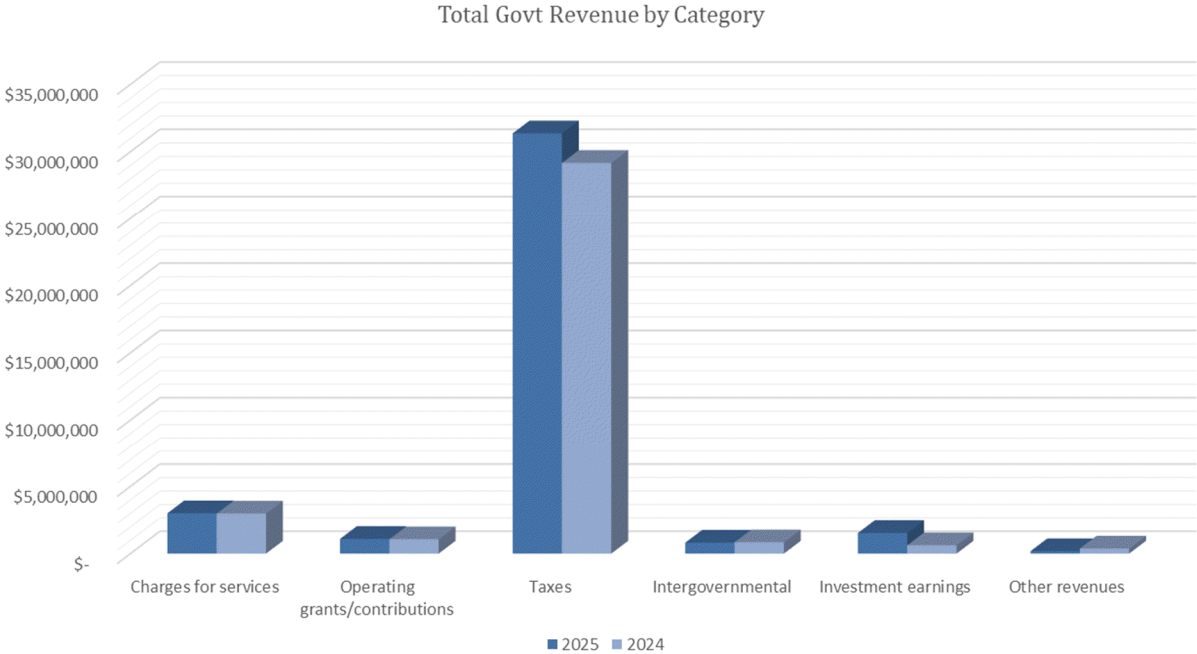
With total revenues for the fiscal year at \$38.15 million and total expenses at \$32.84 million, the change in net position for current activity was \$5.31 million. An analysis of the changes in revenues and expenses is as follows:

Table 2 - Statement of Changes in Net Position

Functions/Programs	Governmental Activities		Increase
	2025	2024	(Decrease)
Program Revenues			
Charges for services	\$ 2,998,667	\$ 2,975,335	\$ 23,332
Operating grants and contributions	1,090,077	1,064,653	25,424
Capital grants and contributions	177,951	263,557	(85,606)
Total Program Revenues	4,266,695	4,303,545	(36,850)
General Revenues			
Taxes	31,360,896	29,166,647	2,194,249
Intergovernmental	811,711	837,891	(26,180)
Investment earnings	1,530,758	613,944	916,814
Other revenues	180,912	372,760	(191,848)
Total General Revenues	33,884,277	30,991,242	2,893,035
Expenses			
General government	8,212,478	7,076,239	1,136,239
Community Planning and Building	1,817,807	1,888,267	(70,460)
Public Safety	12,144,337	10,332,228	1,812,109
Public Works	7,017,740	6,462,552	555,188
Library	2,210,464	2,145,612	64,852
Community Activities	211,811	173,958	37,853
Economic Revitalization	1,151,514	1,127,937	23,577
Interest	72,768	87,779	(15,011)
Total Expenses	32,838,919	29,294,572	3,544,347
Increase / (Decrease) in Net Position	5,312,053	6,000,215	(688,162)
Prior Period Restatement	715,560	-	715,560
Net Position, Beginning of Year	49,578,104	43,577,889	6,000,215
Net Position, End of Year	\$ 55,605,717	\$ 49,578,104	\$ 6,027,613

Governmental Revenues

The following chart summarizes the changes in revenues by category during the fiscal year:

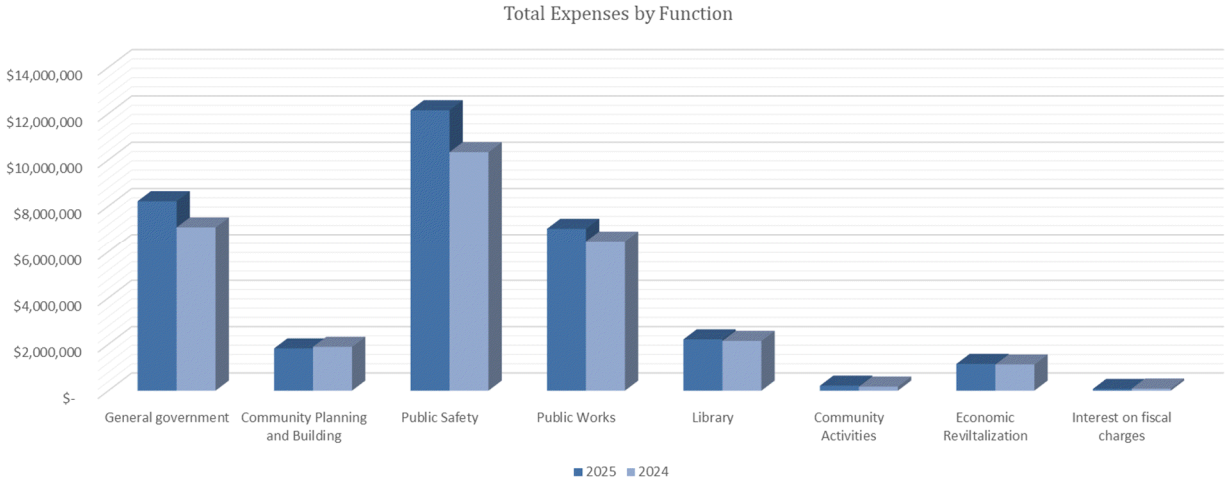


Significant changes in governmental revenues consisted of the following:

- Property taxes increased by \$377 thousand, or approximately 4%, over the prior year due to continued strength in the real estate market resulting from the desirability of Carmel-by-the-Sea as a place to reside, coupled with its limited housing stock.
- Travel and tourism continued to be strong. Sales and use taxes increased by \$791 thousand, or approximately 8%. Transient occupancy taxes increased by \$980 thousand, or approximately 11%, over the prior year due to increases in both the number of visitors and the average daily room rates charged by lodging operators.
- Investment earnings increased by \$884 thousand, or approximately 163%, mostly from better returns related to investments and increased fair values.

Governmental Expenses

The following chart summarizes the changes in expenses by category during the fiscal year:



Significant changes in governmental expenses include increases to general government, public safety and public works expenses of \$ 1.14 million, \$1.81 million and \$555 thousand, respectively. The increases in were mostly due a need for increased services and pension costs.

FINANCIAL ANALYSIS OF THE CITY’S GOVERNMENTAL FUNDS

As noted earlier, the City of Carmel-by-the-Sea uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City of Carmel-by-the-Sea’s Council.

The following is a summary of the changes in fund balance of the major and other (nonmajor) governmental funds:

Table 3 - Summary of Changes in Fund Balance - Governmental Funds

	Major Funds					Total
	General	Measure C	Capital	Harrison	Other	
	Fund	Sales Tax	Projects	Memorial	Governmental	
Total Revenues	\$ 29,835,547	\$ 6,913,837	\$ 177,952	\$ 463,835	\$ 668,761	\$ 38,059,932
Total Expenditures	27,711,042	-	3,528,318	396,662	510,631	32,146,653
Revenues Over (Under) Expenditures	2,124,505	6,913,837	(3,350,366)	67,173	158,130	5,913,279
Other Financing Sources (Uses)	9,350	-	-	-	-	9,350
Transfers in	16,845,181	-	2,121,161	-	510,631	19,476,973
Transfers out	(2,494,135)	(9,066,376)	(5,164,793)	-	(801,655)	(17,526,959)
Net change in fund balances	16,484,901	(2,152,539)	(6,393,998)	67,173	(132,894)	7,872,643
Beginning of year	20,306,904	2,152,539	11,096,555	1,453,651	1,008,641	36,018,290
Prior Period Restatement	715,560	-	-	-	-	715,560
End of year	\$ 37,507,365	\$ -	\$ 4,702,557	\$ 1,520,824	\$ 875,747	\$ 44,606,493

Overall fund balance increased by \$8.59 million mostly due to an increase in total revenues of \$3.37 million, driven by an increase in taxes of \$2.19 million. The fund balance of the City's General Fund increased by \$16.48 million, mostly due to transfers in from the Measure C Sales Tax fund, Capital Projects fund and other funds of \$16.85 million. The fund balance in the Measure C Sales Tax Fund decreased by \$2.15 million due to transfers into the General Fund. The fund balance in the Capital Projects fund decreased by \$6.39 million mostly from transfers made to the General Fund to pay for capital projects. The fund balance in the Library Fund increased by \$67 thousand as revenues increased by \$52 thousand and expenses decreased by \$9 thousand from the prior year.

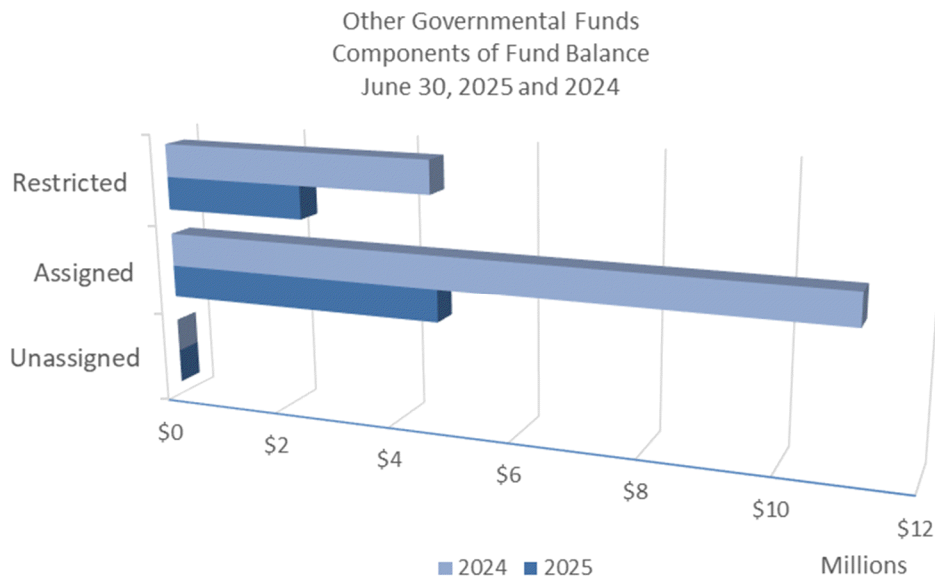
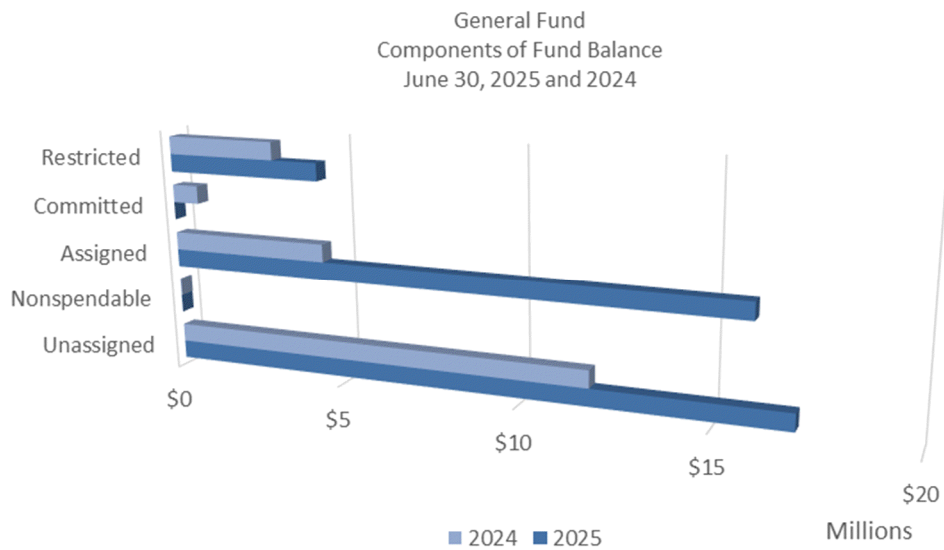
Combined Funds – Components of Fund Balance

As of June 30, 2025, the City of Carmel-by-the-Sea's reported combined fund balances of \$44.61 million, which represents a \$8.59 million increase over the prior year. Approximately 38%, or \$17.06 million, was classified as unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance was either committed, restricted, or assigned. The restricted balance of \$6.84 million reflects fund that are legally required to remain intact, \$15 thousand was classified as nonspendable for prepaid items, while the remainder of \$20.70 million represents funds that were assigned to a particular purpose by the City Council or management given legal authority by the Council.

General Fund – Components of Fund Balance

The general fund is the chief operating fund of the City of Carmel-by-the-Sea. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$17.06 million, and the total fund balance increased to \$37.51 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The total general fund expenditures prior to transfers were \$29.84 million. Unassigned fund balance represents approximately 62% of the total general fund expenditures, while total fund balance represents approximately 135% of total general fund expenditures.

The following charts provide an annual comparison of the fund balance components included in the general fund and the other governmental funds.



The assigned fund balance in other governmental funds was from the Capital Projects Fund which had \$4.70 million in fund balance assigned for capital projects.

FINANCIAL ANALYSIS OF CITY'S INTERNAL SERVICE FUNDS

The following is a summary of the changes in fund balance of the City's internal service funds:

Table 4 - Summary of Changes in Net Position - Internal Service Funds

	Workers Compensation Fund	OPEB Reserve Fund	Vehicle & Equipment Replacement Fund	Total
Total Revenues	\$ 63,017	\$ -	\$ 5,000	\$ 68,017
Total Expenditures	69,051	-	329,750	398,801
Revenues Over (Under) Expenditures	(6,034)	-	(324,750)	(330,784)
Nonoperating Revenue (Expense)	32,967	71,593	10,105	114,665
Transfers in	-	-	424,515	424,515
Transfers out	(329,352)	(1,888,772)	(156,405)	(2,374,529)
Net change in fund balances	(302,419)	(1,817,179)	(46,535)	(2,166,133)
Beginning of year	302,419	1,817,179	3,565,080	5,684,678
End of year	\$ -	\$ -	\$ 3,518,545	\$ 3,518,545

CAPITAL ASSETS

The City of Carmel-by-the-Sea's investment in capital assets includes land, buildings, systems, improvements, machinery, equipment, facilities, roads, and other similar assets and infrastructure. The following table summarizes the City's capital assets at the end of the year:

Table 5 - Capital Assets at Year End - Net

	Governmental Activities		Increase
	2025	2024	(Decrease)
Land	\$ 5,692,634	\$ 5,101,641	\$ 590,993
Construction in Progress	3,157,238	1,784,310	1,372,928
Buildings and improvements	14,001,986	13,845,546	156,440
Infrastructure	16,359,965	17,288,278	(928,313)
Vehicles	939,393	850,671	88,722
Technology/Hardware and Software	191,874	133,183	58,691
Subscription based assets	208,029	263,386	(55,357)
Machinery and equipment	156,555	268,935	(112,380)
Total Capital Assets, Net	\$ 40,707,674	\$ 39,535,950	\$ 1,171,724

The City reported depreciation expense of \$2.63 million for fiscal year 2024/25 as compared to \$2.16 million for fiscal year 2023/24.

See Note 5 in the notes to financial statements section for additional information.

DEBT ADMINISTRATION (LONG-TERM LIABILITIES)

During the year, Long-Term Liabilities from governmental activities decreased by \$159 thousand primarily due debt service payments as shown below and described in the financial highlights section.

The following table summarizes the City's debt at the end of the year:

Table 6 - Outstanding Long-Term Liabilities

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2025</u>	<u>2024</u>	<u>(Decrease)</u>
Sunset Center LRB	\$ 3,165,000	3,540,000	(375,000)
Sunset Center LRB Premium	577,933	650,175	(72,242)
Financed Purchases	107,473	132,334	(24,861)
Subscription Liabilities	208,424	255,909	(47,485)
Compensated Absences	938,430	888,842	49,588
Net Pension Liability	29,598,050	29,203,964	394,086
Claims Liability	575,000	575,000	-
Total OPEB Liability	2,990,609	3,073,522	(82,913)
Total Long-Term Liabilities	<u>\$ 38,160,919</u>	<u>\$ 38,319,746</u>	<u>\$ (158,827)</u>

See Note 6 in the notes to financial statements section for additional information.

GENERAL FUND BUDGETARY HIGHLIGHTS

Changes from the City's General Fund original budget to the final budget are detailed in the *Required Supplementary Information* section along with a comparison to actual activity for the year ended. In Fiscal Year 24/25, the City originally estimated a decrease of \$8.24 million in fund balance. However, the City ended the year with a surplus of revenues over expenditures of \$2.12 million and an overall increase to fund balance of \$17.20 million after net transfers of \$14.36 million.

Revenues

The General Fund adopted and final revenue budgets were \$24.82 and \$25.38 million, with actual revenues recorded at \$29.84 million. This \$4.45 million difference was primarily from increased transient occupancy tax collections which were \$1.63 million over budget and taxes overall which were \$2.32 million over budget.

Expenditures

The General Fund adopted expenditure budget was \$30.66 million and the final budget was \$31.17 million. The actual expenditures totaled \$27.71 million, which resulted in a net difference of \$3.46 million. Most of the savings can be attributed to salary and benefit savings.

ECONOMIC OUTLOOK

Summary

The City's primary revenue sources include property taxes, sales and use taxes, and transient occupancy taxes. The desirability of Carmel-by-the-Sea as a place to reside and visit drives the overall increase to the City's revenue in fiscal year 24/25. Property tax revenue continues to steadily grow year over year as limited stock drives home prices higher. After experiencing a slight decline in fiscal year 19/20, sales taxes and transient occupancy taxes are currently outperforming budget expectations, reaching all-time highs. These increases are the result of increased travel-related spending and consumer spending shifting back to consumer goods, causing an increase in sales and use tax revenue for the City over last fiscal year. Restaurants and general consumer goods (retail) are the City's leading drivers of sales and use tax revenue.

The City has recovered and surpassed pre-pandemic tourism and related spending levels. Projections for the City's three major revenues total \$28.7 million, or 82%, of the \$34.9 million in estimated total citywide revenues for fiscal year 25/26. Projections for the three major revenues increase \$2.7 million over the fiscal year 24/25 Adopted Budget, primarily driven by continued strong performance in transient occupancy taxes as well as increases in property and sales and use taxes. While the approaching fiscal year reflects increased revenue receipts, the economic outlook assumes the leveling off of sales and use taxes, anticipating only a conservative 2% growth over prior year revenues as consumers sort through higher prices in the market. Similarly, the City is cautiously projecting growth in transient occupancy taxes (TOT) as the total occupied rooms is slightly lower than at this time last year (a decrease of 1.9%) while the average daily room rate is trending 6.8% higher than the same period in the prior year.

Planned expenditures also increase in the fiscal year. City staffing levels fell from 97.25 to 90.50 full-time equivalents (FTE) in fiscal year 25/26 due to the City transferring its Ambulance staffing to the City of Monterey. The budgeted cost of staffing decreased from \$16 million to \$15 million due to a reduction in employees as well as a change in how the City forecasts salaries and benefits.

Even with lower staffing levels, the City faces rising personnel costs primarily attributed to pension-related expenses. In addition to its annual contributions toward retirement costs for existing employees, the City makes an annual required payment to the California Public Employees' Retirement System (CalPERS) for the City's unfunded actuarial liability ("UAL"). The UAL payment for the upcoming fiscal year is approximately \$2.7 million. To help address its pension obligations, the City established a Section 115 Trust with an initial investment of \$1 million in fiscal year 21/22 and has made an additional \$1 million contribution each fiscal year thereafter.

The City's ability to provide ongoing funding into the trust while maintaining an annual balanced budget is contingent on (1) revenues sustaining annual growth over the next several years and (2) controlling increases in Citywide expenses, particularly regarding salary and benefits and capital outlay. Inflation also affects the ability to reduce costs for staffing, services and supplies.

Outlook for Major Revenues

Property Taxes

Located within one square mile, the City's land capacity for new housing is limited, which curtails the availability of housing stock. This limited supply, coupled with a high demand for housing driven by the City's desirability as a place to live and close proximity to the San Francisco metropolitan area, contributes to a healthy real estate market and thus the stability and strength of property tax revenues.

Unlike sales tax and transient occupancy tax, the fiscal year 25/26 budget assumed incremental growth in property tax and continued resiliency. The median home price in Monterey County decreased 10.4% when compared to last year while the number of sales increased. Similarly, the median home sales price for December 2025 decreased while the number of sales increased. The upward pressure in mortgage rates continues to impact home prices in the County while available inventory is another large factor in the City. Carmel has a consistently strong property tax base. While fiscal year 25/26 property tax revenue outpaces projections, annual growth of 2% is conservatively realistic. Historically, the City's annual increase in property taxes over the last ten years averages 6.1%. The financial forecast assumes 2% annual growth over the next several years.

Sales and Use Taxes

Many of the features that contribute to residential quality of life, such as a temperate climate, natural beauty, architecture and unique design standards, and cultural, dining and shopping opportunities, also attract visitors. The variety of restaurants and other dining options located within the City, as well as art galleries, jewelry and clothing retailers contributes to shopping opportunities for residents and visitors alike.

Restaurants and general consumer goods (retail) are the City's leading drivers of sales and use tax revenue. Projections statewide for the restaurant category anticipate growth of 1.7% in fiscal year 25/26 and 2.8% in fiscal year 26/27, as ever-increasing menu prices statewide have increased 3.7% over the past year. Fine dining has seen a decrease of 4.8% in sales while casual dining has increased 2.3% as consumers seek value for their dining experience. General consumer goods are expected to grow at 1.0% in fiscal year 25/26, followed by an increase of 1.2% in fiscal year 26/27 on a statewide basis. On a local basis, the forecast is for continued growth as the current "K" shaped economy is showing strong markets where affordability is not an issue.

Transient Occupancy Taxes

Various lodging options are available to visitors and these lodging establishments charge a 10% transient occupancy tax for stays of 30 days or less. Transient occupancy taxes (TOT) are challenging to predict as they are based upon personal choices regarding travel, be it the decision on whether to travel, where to travel, and how much to spend on travel, such as the amount to pay for a hotel room. In addition to facing competition from other popular US destinations that neighbor the Monterey Peninsula to the north and south, the City also competes with other international destinations. On the other hand, given its proximity to San Francisco and location on the California central coast between San Francisco and Los Angeles the City is accessible to many visitors, including guests from California, other states and other countries. Thus, the City's TOT is sensitive to changes in consumer spending, economic conditions, and, to some extent, statewide, national and international policies.

The annual TOT average daily percentage occupancy rate for the City increased 3.4% from fiscal year 23/24 to fiscal year 24/25. The City did see an 7% increase in the average daily room rate for the fiscal year as well. While the City of Carmel-by-the-Sea continues to be a world travel destination, if this trend continues, inflated prices may deter visitors. Therefore, the City remains cautious. The City's financial forecast assumes a conservative reduction of 2% for fiscal year 25/26 over fiscal year 24/25 TOT actual revenue.

Outlook for Major Expenditures

Salaries and Benefits

The City's largest annual expenditure is the cost of personnel. City budgeted staffing levels decreased 6.75

FTE to 90.5 full-time equivalents (FTE) in fiscal year 25/26. This is mostly due to the City contracting with another local government agency for ambulance services starting Fall 2025. Correspondingly, the cost of staffing decreased from \$16 million to \$15.1 million due to decreases in staffing partially offset by increases in costs. Personnel costs are anticipated to steadily increase fiscal year over fiscal year even with no change to fiscal year 25/26 staffing levels.

Pension Costs

The City provides a defined pension plan through the California Public Employees' Retirement System (CalPERS) for its full-time employees. As such, the City is responsible for contributing toward current employees' retirement packages an amount determined by CalPERS based upon a percentage of salary ("employer contribution"). The employer contribution is included within the City's overall budgeted salary and benefit costs. In addition, the City is obligated to make additional pension payments to CalPERS known as the unfunded actuarial liability ("UAL"). The UAL addresses any shortfall between the funding CalPERS needs to pay for retirement benefits when people retire compared to the funding that CalPERS currently has on hand to pay for the estimated costs of these benefits. The total UAL for the City is \$29.5 million, based on the valuation date of June 30, 2023, as measured through June 30, 2024.

To help address its pension obligations, the City established a Section 115 Trust with an initial investment of \$1 million into the trust. Current City Council wishes to provide funding of \$1 million annually into the trust and contributed its fourth tranche in fiscal year 24/25. The City is on track to contribute the final \$1 million tranche in fiscal year 25/26 unless City Council chooses to extend additional contributions into the future.

Other Operating Costs

In order to deliver services to the community, the City procures various types of goods and services. The category of services and supplies assumes 10.6% annual growth in fiscal year 25/26, due largely to the reclassification of ambulance service costs from salaries to outside services. Federal interest rates are easing and inflation is expected to remain around the Fed target of 2% in fiscal years 25/26 and 26/27. The City contracts for specialized professional services and costs trend upward based upon credentials, certifications and qualifications of the individuals providing the service. Moreover, City currently contracts with another governmental agency for fire and ambulance services that are subject to increase based upon salary and benefits, including pension. Overall costs across all sectors are significantly higher compared to prior fiscal years.

Capital Projects

The City's capital expenditures are budgeted at \$7.8 million in fiscal year 25/26. In future years, in accordance with the City's financial policies, capital outlay expenses should at a minimum be 10% of projected total revenue, or at least \$3.5 million annually based upon current revenue assumptions. However, the City's Five-Year Capital Improvement Plan totals \$54 million over the next five fiscal years. Similar to service and supplies, inflation and other market-based conditions drive the availability of contractors and costs to implement public works projects, subject to prevailing wage. In addition, deferring building and infrastructure maintenance drives long-term costs for repair and replacement.

Debt Service

On September 30, 2020, the City refinanced the 2010 Refunding Lease Revenue Bond related to improvements at the Sunset Center (the Sunset Theater Project). Annual future debt service payment is approximately \$509,100 for fiscal year 25/26 through bond maturity on November 1, 2032.

REQUEST FOR FINANCIAL INFORMATION

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact the City of Carmel-by-the-Sea-by-the-Sea Finance Department, P.O. Box CC, Carmel-by-the-Sea, CA 93921, or visit the City's web page at <http://ci.carmel.ca.us/carmel>.



BASIC FINANCIAL STATEMENTS

City of Carmel-By-The-Sea
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 43,587,631
Receivables:	
Accounts	3,877,399
Due from other governments	1,565,574
Other assets	929,628
Total Current Assets	<u>49,960,232</u>
Noncurrent Assets:	
Capital Assets:	
Nondepreciable	8,849,872
Depreciable, net of accumulated depreciation	31,857,802
Total Capital Assets - Net	<u>40,707,674</u>
Total Assets	<u><u>\$ 90,667,906</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB Adjustments	\$ 452,294
Pension Adjustments	9,062,812
Total Deferred outflows of Resources	<u><u>\$ 9,515,106</u></u>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 1,618,527
Payroll related liabilities	848,422
Deposits and other liabilities	488,630
Interest payable	21,000
Claims payable - current portion	57,500
Compensated absences - current portion	215,000
Long-term debt - due within one year	537,308
Total Current Liabilities	<u>3,790,175</u>
Noncurrent Liabilities:	
Long-term debt - due in more than one year	3,521,522
Claims payable	517,500
Compensated absences	723,430
Net pension liability	29,598,050
Total OPEB liability	2,990,609
Total Noncurrent Liabilities	<u>37,351,111</u>
Total Liabilities	<u><u>\$ 41,141,286</u></u>
DEFERRED INFLOWS OF RESOURCES	
OPEB Adjustments	\$ 1,653,809
Pension Adjustments	1,782,200
Total Deferred Inflows of Resources	<u><u>\$ 3,436,009</u></u>
NET POSITION	
Net investment in capital assets	\$ 36,648,844
Restricted for:	
Transportation	46,425
Debt service	34,807
Library	1,520,824
Public parking	788,677
Asset seizure	5,838
Total Restricted	<u>2,396,571</u>
Unrestricted	<u>16,560,302</u>
Total Net Position	<u><u>\$ 55,605,717</u></u>

The accompanying notes are an integral part of these financial statements.

City of Carmel-By-The-Sea
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Total	Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Revenue and Change in Net Position
						Governmental Activities
Primary Government:						
Governmental Activities:						
General government	\$ 8,212,478	\$ 202,299	\$ 683,977	\$ 177,951	\$ 1,064,227	\$ (7,148,251)
Community Planning and Building	1,817,807	1,546,442	-	-	1,546,442	(271,365)
Public Safety	12,144,337	892,164	10,000	-	902,164	(11,242,173)
Public Works	7,017,740	97,303	-	-	97,303	(6,920,437)
Library	2,210,464	10,075	396,100	-	406,175	(1,804,289)
Community Activities	211,811	73,967	-	-	73,967	(137,844)
Economic Revitalization	1,151,514	176,417	-	-	176,417	(975,097)
Interest	72,768	-	-	-	-	(72,768)
Total Governmental Activities	\$ 32,838,919	\$ 2,998,667	\$ 1,090,077	\$ 177,951	\$ 4,266,695	(28,572,224)
General Revenues:						
Taxes:						
Property taxes						9,147,435
Sales and use taxes						10,870,120
Transient occupancy taxes						9,559,155
Franchise taxes						1,017,268
Business license tax						766,918
Total taxes						31,360,896
Intergovernmental revenues not restricted to specific programs						811,711
Investment earnings						1,530,758
Other revenues						180,912
Total General Revenues						33,884,277
Change in Net Position						5,312,053
Net Position - Beginning of Year, as Previously Stated						49,578,104
Prior Period Restatement						715,560
Net Position - Beginning of Year, as Restated						50,293,664
Net Position - End of Year						\$ 55,605,717

The accompanying notes are an integral part of these financial statements.

This page is intentionally blank

MAJOR GOVERNMENTAL FUNDS

Fund Title	Fund Description
General Fund	This fund is used to account for all of the general operations and other financial transactions of the City, which are not accounted for by another fund.
Measure C Sales Tax	This fund is used to account for the transaction and use tax increase to be used to maintain essential services, including fire, ambulance and police response times; fund capital needs, including streets, beach, parks, forest and trails; increase code compliance; maintain libraries, Sunset Center and other public facilities; address CalPERS pension liabilities and other debt; and provide other general City services.
Capital Projects	This fund accounts for resources utilized, committed, assigned or restricted for capital projects.
Harrison Memorial Library	This fund is used to account for activities associated with the Harrison Memorial Library.

City of Carmel-By-The-Sea
Balance Sheet
Governmental Funds
June 30, 2025

	Major Funds					
	General Fund	Measure C Sales Tax Fund	Capital Projects Fund	Harrison Memorial Library Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 34,784,196	\$ -	\$ 4,932,443	\$ 1,542,495	\$ 852,867	\$ 42,112,001
Receivables:						
Accounts	3,866,863	-	6,486	-	-	3,873,349
Due from other governments	-	1,398,826	-	-	166,748	1,565,574
Due from other funds	1,415,493	-	127,201	-	-	1,542,694
Other assets	14,936	-	-	-	-	14,936
Total assets	\$ 40,081,488	\$ 1,398,826	\$ 5,066,130	\$ 1,542,495	\$ 1,019,615	\$ 49,108,554
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,285,229	\$ -	\$ 311,627	\$ 21,671	\$ -	\$ 1,618,527
Accrued liabilities	796,476	-	51,946	-	-	848,422
Deposits	488,630	-	-	-	-	488,630
Due to other funds	-	1,398,826	-	-	143,868	1,542,694
Unearned revenues	3,788	-	-	-	-	3,788
Total liabilities	2,574,123	1,398,826	363,573	21,671	143,868	4,502,061
Fund Balances:						
Nonspendable						
Prepaid items	14,936	-	-	-	-	14,936
Restricted:						
Transportation	-	-	-	-	46,425	46,425
Debt service	-	-	-	-	34,807	34,807
Library	-	-	-	1,520,824	-	1,520,824
Asset seizure	-	-	-	-	5,838	5,838
Public parking	-	-	-	-	788,677	788,677
Pensions	4,438,844	-	-	-	-	4,438,844
Assigned:						
Operational reserves	15,997,900	-	-	-	-	15,997,900
Capital projects	-	-	4,702,557	-	-	4,702,557
Unassigned	17,055,685	-	-	-	-	17,055,685
Total fund balances	37,507,365	-	4,702,557	1,520,824	875,747	44,606,493
Total liabilities and fund balances	\$ 40,081,488	\$ 1,398,826	\$ 5,066,130	\$ 1,542,495	\$ 1,019,615	\$ 49,108,554

The accompanying notes are an integral part of these financial statements.

City of Carmel-By-The-Sea
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025

Total Fund Balances - Total Governmental Funds \$ 44,606,493

Amounts reported for governmental activities in the statement of net position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Capital assets	70,427,855
Less: accumulated depreciation	(31,526,827)
Total Capital Assets	<u>38,901,028</u>

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet. (21,000)

Internal service funds are used by management to charge the costs of stores, vehicle maintenance and various insurance costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. 3,518,546

The differences from benefit plan assumptions and estimates versus actuals are not included in the plan's actuarial study until the next fiscal year and are reported as deferred inflows or deferred outflows of resources in the statement of net position. 6,079,096

Long-term obligations were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Long-term debt	(3,951,357)
Compensated absences	(938,430)
Net pension obligation	(29,598,050)
Total OPEB liability	<u>(2,990,609)</u>
Total Long-Term Obligations	<u>(37,478,446)</u>

Net Position of Governmental Activities \$ 55,605,717

The accompanying notes are an integral part of these financial statements.

City of Carmel-By-The-Sea
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Major Funds					Total Governmental Funds
	General Fund	Measure C Sales Tax Fund	Capital Projects Fund	Harrison Memorial Library Fund	Other Governmental Funds	
REVENUES						
Taxes:						
Property taxes	\$ 9,147,435	\$ -	\$ -	\$ -	\$ -	\$ 9,147,435
Sales and use taxes	3,956,283	6,913,837	-	-	-	10,870,120
Transient occupancy taxes	9,559,155	-	-	-	-	9,559,155
Franchise taxes	1,017,268	-	-	-	-	1,017,268
Business license tax	766,918	-	-	-	-	766,918
Intergovernmental revenues	937,951	-	177,952	-	619,524	1,735,427
License and permits	1,483,379	-	-	-	-	1,483,379
Contributions	-	-	-	396,100	-	396,100
Fines and forfeitures	154,723	-	-	-	-	154,723
Charges for services	1,118,785	-	-	10,075	-	1,128,860
Interest	1,319,301	-	-	57,660	49,237	1,426,198
Rents and concessions	198,436	-	-	-	-	198,436
Other revenues	175,913	-	-	-	-	175,913
Total Revenues	29,835,547	6,913,837	177,952	463,835	668,761	38,059,932
EXPENDITURES						
Current:						
General government	8,127,324	-	-	-	-	8,127,324
Community Planning and Building	1,775,462	-	-	-	-	1,775,462
Public Safety	9,977,934	-	-	-	-	9,977,934
Public Works	5,208,059	-	-	-	-	5,208,059
Library	1,230,263	-	-	396,662	-	1,626,925
Community Activities	161,681	-	-	-	-	161,681
Economic Revitalization	1,156,297	-	-	-	-	1,156,297
Capital outlay	9,350	-	3,528,318	-	-	3,537,668
Debt service						
Principal	56,835	-	-	-	375,000	431,835
Interest	7,837	-	-	-	135,631	143,468
Total Expenditures	27,711,042	-	3,528,318	396,662	510,631	32,146,653
Excess (Deficiency) of						
Revenues over Expenditures	2,124,505	6,913,837	(3,350,366)	67,173	158,130	5,913,279
OTHER FINANCING SOURCES (USES)						
Subscriptions	9,350	-	-	-	-	9,350
Transfers in	16,845,181	-	2,121,161	-	510,631	19,476,973
Transfers out	(2,494,135)	(9,066,376)	(5,164,793)	-	(801,655)	(17,526,959)
Total Other Financing Sources (Uses)	14,360,396	(9,066,376)	(3,043,632)	-	(291,024)	1,959,364
Net Change in Fund Balances	16,484,901	(2,152,539)	(6,393,998)	67,173	(132,894)	7,872,643
Fund Balances Beginning	20,306,904	2,152,539	11,096,555	1,453,651	1,008,641	36,018,290
Prior Period Restatement	715,560	-	-	-	-	715,560
Fund Balances Beginning, Restated	21,022,464	2,152,539	11,096,555	1,453,651	1,008,641	36,733,850
Fund Balances Ending	\$ 37,507,365	\$ -	\$ 4,702,557	\$ 1,520,824	\$ 875,747	\$ 44,606,493

The accompanying notes are an integral part of these financial statements.

City of Carmel-By-The-Sea
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Government-Wide
Statement of Activities
For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 7,872,643
Amounts reported for governmental activities in the Statement of Activities and Changes in net position were different because:	
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in net position, the cost of those assets was allocated over their estimated useful lives as depreciation expense.	
Capital additions	3,442,706
Depreciation expense	(2,304,062)
Internal service funds are used by management to charge the costs of stores, vehicle maintenance, and various insurance costs to individual funds.	
Net revenue (excess expenses) reported with governmental activities	(2,166,133)
Long-term compensated absences and claims payables were reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources and were not reported as expenditures in governmental funds.	
Compensated absences	(49,588)
In governmental funds, actual contributions to benefit plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year benefit expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.	
	(2,217,396)
Repayment of long-term debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of net position.	431,835
Long-term debt issued is reported as other financing sources in the governmental funds but is required to be converted to long-term debt in the statement of net position.	(9,350)
Certain expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the fund statements as follows:	
Other postemployment benefits	236,556
Amortization of prepaid pension obligation premiums	72,242
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in net position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. The following amount represented the net change in accrued interest from and accreted interest from prior year.	
	<u>2,600</u>
Change in Net Position of Governmental Activities	<u><u>\$ 5,312,053</u></u>

The accompanying notes are an integral part of these financial statements.

City of Carmel-By-The-Sea
Statement of Net Position
Proprietary Funds
June 30, 2025

	Governmental Activities - Internal Service Funds
ASSETS	
Current assets:	
Cash and investments	\$ 1,475,630
Accounts receivable	4,050
Other assets	914,692
Total current assets	<u>2,394,372</u>
Noncurrent Assets:	
Capital assets - net	<u>1,806,646</u>
Total assets	<u><u>\$ 4,201,018</u></u>
LIABILITIES	
Current liabilities:	
Financed purchases - current	\$ 25,639
Claims payable - current	57,500
Total current liabilities	<u>83,139</u>
Non-current liabilities:	
Financed purchases	81,834
Claims payable	517,500
Total non-current liabilities	<u>599,334</u>
Total liabilities	<u><u>\$ 682,473</u></u>
NET POSITION	
Net Investment in capital assets	\$ 1,699,173
Unrestricted	1,819,372
Total net position	<u><u>\$ 3,518,545</u></u>

The accompanying notes are an integral part of these financial statements.

City of Carmel-By-The-Sea
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 63,017
Other	5,000
Total operating revenues	<u>68,017</u>
OPERATING EXPENSES	
Claims	69,051
Supplies and materials	2,762
Depreciation	326,988
Total operating expenses	<u>398,801</u>
Operating income (loss)	(330,784)
NONOPERATING REVENUES(EXPENSES)	
Gain (loss) on disposal of capital assets	14,247
Interest expense	(4,142)
Investment earnings	104,560
Total nonoperating revenues(expenses)	<u>114,665</u>
Income (loss) before transfers	(216,119)
Transfers in	424,515
Transfers out	(2,374,529)
Transfers in and out, net	<u>(1,950,014)</u>
Change in net position	(2,166,133)
Total net position - beginning	5,684,678
Total net position - ending	<u>\$ 3,518,545</u>

The accompanying notes are an integral part of these financial statements.

City of Carmel-By-The-Sea
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Receipts from interfund services provided	\$ 75,967
Payments for claims	(65,665)
Net cash provided (used) by operating activities	<u>7,540</u>
Cash flows from noncapital financing activities:	
Interfund transactions	(1,950,014)
Net cash provided (used) by noncapital financing activities	<u>(1,950,014)</u>
Cash flows from capital financing activities:	
Principal payments on debt	(24,861)
Interest payments on debt	(4,142)
Purchases of property and equipment	(345,821)
Net cash provided (used) by capital financing activities	<u>(374,824)</u>
Cash flows from investing activities:	
Investment income received	104,560
Net cash provided (used) by investing activities	<u>104,560</u>
Net increase (decrease) in cash and cash equivalents	(2,212,738)
Cash and cash equivalents - beginning	3,688,368
Cash and cash equivalents - ending	<u><u>\$ 1,475,630</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (330,784)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	326,988
Change in operating assets and liabilities:	
Accounts receivables	7,950
Other assets	3,386
Net cash provided (used) by operating activities	<u><u>\$ 7,540</u></u>

The accompanying notes are an integral part of these financial statements.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Carmel-by-the-Sea, California, (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Carmel-by-the-Sea, California was incorporated on October 31, 1916, under the laws and regulations of the State of California (State). The City operates under a City Council/Manager form of government and provides the following services: general government, community planning and building, public safety (fire, police and ambulance), public works, library, economic revitalization and other community activities.

The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include sales taxes, other intergovernmental revenue from state and federal sources, user fees, and federal and state financial assistance. All property taxes are paid to Monterey County (County) as part of the revenue neutrality payment obligation. The financial statements do not reflect the amounts received on behalf of the City and retained by the County.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

As required by US GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. These component units are reported on a blended basis. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The financial statements of the individual component units, if applicable as indicated below, may be obtained by writing to the City of Carmel-by-the-Sea, Finance Department, Post Office Box CC, Carmel-by-the-Sea, CA 93921.

The City's reporting entity includes the following blended component units:

- Carmel Public Improvement Authority
- Harrison Memorial Library

The above component units are included in the City's basic financial statements using the blended method since the component unit's governing body is substantively the same as the governing body of the City and there is a financial benefit and a burden relationship between the City and the component units. There are no component units of the City that meet the criteria for discrete presentation.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

The City applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. The sources of authoritative GAAP are categorized in descending order of authority as follows:

- a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
- b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a *Statement of Net Position* and a *Statement of Activities and Changes in Net Position*. These statements present summaries of governmental and business-type activities for the City. Fiduciary activities of the City are not included in these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City did not report any business-type activities for the year.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources (including capital assets, as well as infrastructure assets, and long-term liabilities), are included in the accompanying *Statement of Net Position*. The *Statement of Activities* presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. In conformity with the City's indirect cost allocation plan, certain indirect costs are included in the program expense reported for individual functions and activities. Certain types of

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in-regards-to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated. Interfund services provided and used are not eliminated in the process of consolidation. The following interfund activities have been eliminated:

- Transfers in/Transfers out
- Internal Service Fund charges

Governmental Fund Financial Statements

Governmental fund financial statements include a *Balance Sheet* and a *Statement of Revenues, Expenditures and Changes in Fund Balances* for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the balance sheets. The *Statement of Revenues, Expenditures and Changes in Fund Balances* present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales taxes, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Fines, forfeitures, licenses and permits and parking meter revenues are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unearned revenue is removed from the combined balance sheet and revenue is recognized.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

The following funds are major funds:

General Fund

The General Fund is used to account for all of the general operations and other financial transactions of the City, which are not accounted for by another fund.

The Measure C Sales Tax Fund

The Measure C Sales Tax Fund used to account for the transaction and use tax increase to be used to maintain essential services, including fire, ambulance and police response times; fund capital needs, including streets, beach, parks, forest and trails; increase code compliance; maintain libraries, Sunset Center and other public facilities; address CalPERS pension liabilities and other debt; and provide other general City services.

Capital Projects Fund

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

Harrison Memorial Library Fund

This fund accounts for the contributions, revenues and resources used to operate the Harrison Memorial Library.

Additionally, the City reports the following nonmajor fund types of governmental funds:

Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to specific purposes other than debt service or capital projects.

Debt Service Funds

Debt service funds account for the accumulation of resources for, and payment on, long-term obligation debt principal and interest.

Proprietary Funds

In the fund financial statements, proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the “economic resources measurement focus”. This means all assets, deferred outflows of resources, liabilities (whether current or noncurrent) and deferred inflows of resources associated with their activities are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the internal service funds financial statements.

The City’s internal service funds are proprietary funds. Internal service funds account for charges to City departments for services provided, on a cost reimbursement basis. The City has the following internal service funds:

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

Worker's Compensation Fund

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

OPEB Reserve Fund

This fund accounts for other postemployment benefits provided to departments on a cost reimbursement basis.

Vehicle & Equipment Replacement Fund

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

C. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Deposit and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures* (Amendment of GASB Statement No. 3), certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas: Interest Rate Risk, Overall Credit Risk, Custodial Credit Risk, Concentrations of Credit Risk, and Foreign Currency Risk. Other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.

In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

D. Interfund Receivables and Payables

Items classified as interfund receivables/payables are referred to as “advances to/advances from other funds” or as “due to/from other funds”. Due to/from other funds include short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund. Advances to/advances from other funds represents non-current portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and therefore, is not available for appropriation.

E. Receivables

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The City’s experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

The County of Monterey is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due, provided they are collected within 60 days after year-end.

F. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement that are reported at acquisition value rather than fair value. Policy has set the capitalization threshold for reporting at \$5,000 for non-infrastructure capital assets and \$25,000 for infrastructure capital assets.

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to July 1, 2003, governmental funds’ infrastructure assets were not capitalized, since then these assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. No

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

depreciation is recorded in the year of acquisition or in the year of disposition. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Intangible right-to-use assets are amortized over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised, then the lease asset is amortized over the useful life of the underlying asset. Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying asset.

Depreciation and amortization is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings and improvements	20-50 Years
Improvements other than buildings	35 Years
Vehicles, machinery and equipment	5-20 Years
Infrastructure	20-50 Years
Technology/Hardware and Software	5-20 Years

G. Deferred Outflows/Deferred Inflows of Resources

Deferred outflows of resources are a consumption of net assets by the City that is applicable to a future reporting period; for example, prepaid items and deferred charges.

Deferred inflows of resources are an acquisition of net assets by the City that is applicable to a future reporting period; for example, unavailable revenue and advance collections.

H. Interest Payable

In the government-wide financial statements, interest payable of long-term debt is recognized as an incurred liability for governmental fund types. The City has not allocated the interest on long-term debt to departments.

In the fund financial statements, governmental fund types do not recognize the interest payable when the liability is incurred. Interest on long-term debt is recorded in the fund statements when payment is made.

I. Claims Payable

The City records a liability for claims, judgments, and litigation when it is probable that an asset has been impaired or a liability has been incurred prior to fiscal year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

J. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. The liability for compensated absences includes salary-related taxes and benefits, where applicable.

Employees accrue vacation, sick, holiday, and compensatory time off benefits as follows:

Vacation, Holiday and Compensatory Time

The City’s policy permits employees to accumulate earned but unused “time-off” benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment. Also, annually an employee may elect to be compensated for up to 40 hours of unused annual leave. However, this is contingent upon the employee using at least 40 hours during the previous year and, the employee having a minimum balance of 80 annual leave hours after the payment.

Sick Leave

The City’s policy permits employees to accumulate earned but unused sick leave. A liability for the estimated value of sick leave that will be used by employees is included in the liability for compensated absences. Sick leave balances are not paid upon termination.

K. Long-Term Liabilities

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expensed in year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Subscription Based Information Technology Arrangements (SBITAs)

The City recognizes subscription liabilities with an initial, individual value of \$10,000 or more annually and \$50,000 or more over the subscription contract. The City uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate in the arrangement. The City’s estimated incremental borrowing rate is based on its most recent public debt issuance.

M. Benefit Plans

Pension Expense

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s California Public Employees’ Retirement System (CalPERS) plans (the Plans) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

Other Postemployment Benefit (OPEB) Expense

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the City's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

N. Fund Balances

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable

Nonspendable fund balance includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted

Restricted fund balance includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed

Committed fund balance includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Committed fund balances are imposed by the City Council, the City's highest level of decision-making authority, for specific purposes pursuant to constraints imposed by formal action taken such as resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting periods; however the amount can be determined subsequently.

Assigned

Assigned fund balance includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the City Council and the City Manager.

Unassigned

The Unassigned Fund Balance category represents fund balance which may be held for specific types of uses or stabilization purposes, but is not yet directed to be used for a specific purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The detail of amounts reported for each of the above defined fund balance categories is reported in the governmental funds balance sheet and in the combining nonmajor fund balance sheets.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

Flow Assumption / Spending Order Policy

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to be spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to be spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has directed otherwise.

O. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that are attributed to the acquisition, construction, or improvement of the assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position

Restricted Net Position

This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position

This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The detail of amounts reported for each of the above defined net position categories is reported in the government-wide Statement of Net Position.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

Interfund Transactions

Interfund services provided and used are accounted for as revenue, expenditures or expenses, as appropriate. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursed fund. All other interfund transactions, except for interfund services provided and used and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers.

P. Property Taxes

County tax assessments include secured and unsecured property taxes and special assessments. "Unsecured" refers to taxes on personal property. These tax assessments are secured by liens on the property being taxed.

Secured property taxes are levied on or before the first day of July of each year. They become a lien on real property on January 1 proceeding the fiscal year for which taxes are levied. These taxes are

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

paid in two equal installments; the first is due November 1 and is delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, cost, and interest when paid. If the delinquent taxes are not paid at the end of five years, the property is sold at public auction and the proceeds are used to pay the delinquent amounts due. Any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payments and delinquent dates, but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on January 1 each year and are delinquent, if unpaid, on August 31.

The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the “Teeter Plan”, as described by Section 4717 of the California Revenue and Taxation code. Therefore, the City receives 100 percent of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible.

Q. Budgetary Information

In accordance with applicable sections of the California Government Code and the Carmel-by-the-Sea Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, Special Revenue Funds, Capital Projects Funds and the Debt Service Fund.

Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Administrator. The City Administrator prepares an estimate of revenues and prepares recommendations for the next year’s budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Administrator is authorized to transfer budgeted amounts within a fund without formal council action or approval. The City Administrator is authorized to increase expenditures in relation to revenues in funds receiving assigned revenues without approval by the City Council.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year.

Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2025, based on calculations by City management, proceeds of taxes did not exceed appropriations.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

R. Encumbrances

Under encumbrance accounting, purchase orders, contract and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all funds. All appropriations, except open project appropriations, and unexpended grant appropriations and encumbrances, lapse at year end. Valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

S. Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unavailable revenue.

T. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Implemented New Accounting Pronouncements

GASB Statement No. 101, Compensated Absences

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

of the liabilities. The implementation of this standard did not have a material impact on the City's financial statements.

GASB Statement No. 102, *Certain Risk Disclosures*

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions for (1) the concentration or constraint (2) each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (3) actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The implementation of this standard did not have a material impact on the City's financial statements and management determined there were no were concentrations or constraints that make the City vulnerable to the risk of substantial impact.

V. Upcoming New Accounting Pronouncements

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 103, *Financial Reporting Model Improvements*

This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

This Statement establishes new accounting and financial reporting requirements or modifies existing requirements related to (a) Management's discussion and analysis (MD&A) (b) Unusual or infrequent items (c) Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position (d) Information about major component units in basic financial statements (5) Budgetary comparison information (6) Financial trend information in the statistical section. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

NOTE 2 - CASH AND INVESTMENTS

As of June 30, 2025, cash and investments were reported in the financial statements as follows:

Cash and investments	\$ 43,587,631
Total cash and investments	<u>\$ 43,587,631</u>

The following summarized cash and investments by type:

Cash on hand	\$ 1,545
Demand Deposits	5,514,022
Investments	33,633,220
Restricted cash with fiscal agent	<u>4,438,844</u>
Total cash and investments	<u>\$ 43,587,631</u>

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

A. Cash Deposits

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest and places the City ahead of general creditors of the institution. The market value of pledged securities must equal at least 110 percent of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes that have a value of 150 percent of the City's total cash deposits. The City has waived the collateral requirements for cash deposits which are fully insured to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The bank balances before reconciling items totaled \$1,010,611 at June 30, 2025 and were different from carrying amounts due to deposits in transit and outstanding checks. The amount uninsured was \$760,611 which was collateralized by securities held by pledging financial institutions.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

B. Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

C. Investment Policies

City Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of bond indentures of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States (U.S.) Treasury Issues	5 years	None	None
U.S. Government Agency Securities	5 years	50%	50%
California State and Local Bonds, Notes, & Warrants	None	None	None
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	15%	10%
Medium Term Corporate Notes	5 years	30%	30%
Negotiable Certificates of Deposit	5 years	30%	30%
Repurchase Agreements	92 days	None	None
Passbook Savings/Money Market	None	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Federal Instrumentalities	None	None	None

Authorized Investments - Debt Agreements

Investments held by bond fiscal agents (trustees) are governed by the provisions of the underlying indenture agreements rather than the general provisions of the City's investment policy or California Government Code.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

The indenture agreements identify the following permitted investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States (U.S.) Treasury Issues	None	None	None
U.S. Government Agency Securities	None	None	None
Banker's Acceptance	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Funds	None	None	None
Investment Agreements	None	None	None
Local Agency Bonds	None	None	None
Medium Term Notes	None	None	None
Negotiable Certificate of Deposits	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

D. External Investment Pool

The City's investments with LAIF at June 30, 2025, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes

These are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities

The bulk of asset-backed securities are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The approved investments policy is listed on the LAIF website, located at <http://www.treasurer.ca.gov/pmia-laif/>.

D. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment's maturity, the greater the sensitivity to changes in market interest rates. It is the City's practice to manage its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for City's operations.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, Standards and Poor. As of June 30, 2025, the City's investments were in compliance with the ratings required by the City's investment policy, indenture agreements and Government Code.

Concentrations of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2025, the City had no investments in any one issuer (other than external investment pools which are exempt) that represented 5% or more of the total City investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2025, the City's investments had the following maturities and ratings:

Investment Type	12 Months or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	Total	Rating	Input Levels
LAIF (state pool)	\$ 24,444,215	\$ -	\$ -	\$ -	\$ 24,444,215	not rated	n/a
Money market funds	1,693,165	-	-	-	1,693,165	not rated	n/a
Bonds	881,606	-	-	-	881,606	AA+	1
Certificate of deposits	1,234,000	1,476,004	1,725,013	2,179,217	6,614,234	not rated	1
Total Investments	<u>\$ 28,252,986</u>	<u>\$ 1,476,004</u>	<u>\$ 1,725,013</u>	<u>\$ 2,179,217</u>	<u>\$ 33,633,220</u>		

NOTE 3 - ACCOUNTS RECEIVABLE

The following summarizes accounts receivable as of June 30, 2025:

Ambulance	\$ 460,570
Holstery Tax	1,813,697
Measure C	1,398,826
Garbage Franchise Tax	137,573
Sales and Use Tax	764,306
Business License Tax	720,030
Other Accruals	147,971
Total Accounts Receivable	<u>\$ 5,442,973</u>

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

NOTE 4 - INTERFUND TRANSACTIONS

A. Inter-fund Receivables and Payables

Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year. Advances to or from other funds are long-term loans between funds that are to be repaid in their entirety over several years. As of June 30, 2025, the City reported the following interfund balances:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,415,493	\$ -
Measure C Sales Tax Fund	-	1,398,826
Capital Projects Fund	127,201	-
Nonmajor Funds	-	143,868
Total Due From/To Other Funds	\$ 1,542,694	\$ 1,542,694

Transfers In/Out

With Council approval, resources may be transferred from one fund to another. Transfers may be made to pay for capital projects or capital outlays, lease or debt service payments, operating expenses, and to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following summarizes transfers between funds during the fiscal year ended June 30, 2025:

Fund	Transfer in	Transfer out
General Fund	\$ 16,845,181	\$ 2,494,135
Measure C Sales Tax Fund	-	9,066,376
Capital Projects Fund	2,121,161	5,164,793
Internal Service Funds	424,515	2,374,529
Nonmajor Funds	510,631	801,655
Total Transfers	\$ 19,901,488	\$ 19,901,488

Funds were transferred from the General Fund and the Measure C Sales Tax Fund to the Capital Projects Fund for capital improvements. Internal service funds transfers were cost reimbursements not considered to be charges for services. Transfers to and from nonmajor funds were for debt service and operations.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

NOTE 5 - CAPITAL ASSETS

Capital assets for governmental activities consisted of the following as of June 30, 2025:

	Balance July 01, 2024	Additions	Transfers/ Deletions	Balance June 30, 2025
Governmental Activities				
Non-depreciable:				
Land	\$ 5,101,641	\$ 590,993	\$ -	\$ 5,692,634
Construction in Progress	1,784,310	1,946,632	(573,704)	3,157,238
Total Non-Depreciable	6,885,951	2,537,625	(573,704)	8,849,872
Depreciable/Amortizable:				
Buildings and improvements	27,173,600	859,207	-	28,032,807
Infrastructure	29,118,233	610,228	-	29,728,461
Vehicles	3,155,025	250,070	(79,686)	3,325,409
Technology/Hardware and Software	813,834	109,998	-	923,832
Subscription based assets	350,378	9,350	-	359,728
Machinery and equipment	3,125,266	-	-	3,125,266
Total Depreciable/Amortizable	63,736,336	1,838,853	(79,686)	65,495,503
Less Accumulated Dep/Amort for:				
Buildings and improvements	(13,328,054)	(702,767)	-	(14,030,821)
Infrastructure	(11,829,955)	(1,538,541)	-	(13,368,496)
Vehicles	(2,304,354)	(161,348)	79,686	(2,386,016)
Technology/Hardware and Software	(680,651)	(51,307)	-	(731,958)
Subscription based assets	(86,992)	(64,707)	-	(151,699)
Machinery and equipment	(2,856,331)	(112,380)	-	(2,968,711)
Total Accumulated Dep/Amort	(31,086,337)	(2,631,050)	79,686	(33,637,701)
Total Depreciable Capital Assets - Net	32,649,999	(792,197)	-	31,857,802
Total Governmental Capital Assets	\$ 39,535,950	\$ 1,745,428	\$ (573,704)	\$ 40,707,674

Capital assets for governmental activities related to internal service funds consisted of the following as of June 30, 2025:

	Balance July 01, 2024	Additions	Transfers/ Deletions	Balance June 30, 2025
Internal Service Funds (Included with Governmental Activities)				
Buildings and improvements	\$ 754,866	\$ -	-	\$ 754,866
Technology/Hardware and Software	710,844	109,998	-	820,842
Vehicle, Machinery and Equipment	2,124,508	250,070	(32,766)	2,341,812
Accumulated Depreciation	(1,816,652)	(326,988)	32,766	(2,110,874)
Total Internal Service Funds - Net	\$ 1,773,566	\$ 33,080	\$ -	\$ 1,806,646

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

Depreciation expense was allocated to the following governmental activities:

General Government	\$ 52,778
Community Planning and Building	12,008
Public Safety	220,566
Public Works	1,741,410
Library	556,369
Community Activities	47,919
Total depreciation expense	<u>\$ 2,631,050</u>

NOTE 6 - NONCURRENT LIABILITIES

The City's noncurrent liabilities consisted of the following as of June 30, 2025:

Noncurrent Liabilities	Beginning		Deletions	Ending		Due Within One Year
	Balance	Additions		Balance		
Sunset Center LRB	\$ 3,540,000	\$ -	\$ 375,000	\$ 3,165,000	\$ 380,000	
Sunset Center LRB Premium	650,175	-	72,242	577,933	72,242	
Financed Purchases	132,334	-	24,861	107,473	25,639	
Subscription Liabilities	255,909	9,350	56,835	208,424	59,427	
Compensated Absences	888,842	49,588	-	938,430	215,000	
Net Pension Liability	29,203,964	10,511,446	10,117,360	29,598,050	-	
Claims Liability	575,000	343,628	343,628	575,000	57,500	
Total OPEB Liability	<u>3,073,522</u>	<u>1,766,914</u>	<u>1,849,827</u>	<u>2,990,609</u>	<u>-</u>	
Total Noncurrent Liabilities	<u>\$ 38,319,746</u>	<u>\$ 12,680,926</u>	<u>\$ 12,839,753</u>	<u>\$ 38,160,919</u>	<u>\$ 809,808</u>	

2020 Refunding Lease Revenue Bonds - Sunset Center

On September 23, 2020, the City issued \$3,895,000 in 2020 Refunding Lease Revenue Bonds at a \$866,901 premium with interest at 4%. The issuance costs were \$183,992. The bonds were issued to refund the Sunset Center COPs and the aggregate difference in debt service between the refunding debt and the refunded debt was \$1,042,418. The net savings on the defeasance totaled \$128,099.

The annual debt service requirements were as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2026	380,000	126,600	\$ 506,600
2027	405,000	111,400	516,400
2028	425,000	95,200	520,200
2029	440,000	78,200	518,200
2030	455,000	60,600	515,600
2031-2034	1,060,000	70,000	1,130,000
Total	<u>\$ 3,165,000</u>	<u>\$ 542,000</u>	<u>\$ 3,707,000</u>

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

Financed Purchases

The City entered into a finance purchase agreement to buy Motorola radios for \$203,021, including interest, at 3.13%, and principal. The payments commenced on July 1, 2022 and end on July 1, 2028. The annual debt service requirements were as follows:

Fiscal Year Ending June 30:	Principal	Interest	Total
2026	\$ 25,639	\$ 3,364	\$ 29,003
2027	26,442	2,561	29,003
2028	27,269	1,734	29,003
2029	28,123	880	29,003
Total	\$ 107,473	\$ 8,539	\$ 116,012

Subscription Based Information Technology Agreements

During the year, the City implemented GASB 96, Subscription Based Information Technology Arrangements (SBITAs). The following summarizes the City's terms and conditions for its SBITAs as of June 30, 2025:

Terms	Spring Brook	AXON BWP	GovInvest
Start	7/1/2022	1/1/2023	9/30/2023
End	7/1/2027	6/30/2032	9/26/2026
Annual Rate	2.52%	3.54%	2.52%
Principal Paid	\$ 53,038	\$ 49,251	\$ 48,786
Interest Paid	\$ 4,526	\$ 10,077	\$ 1,214
Lease Amortization	\$ 19,400	\$ 8,943	\$ 24,391

The following summarizes the City's right of use assets and subscription liabilities:

Subscription Right of Use Assets	Spring Brook	AXON BWP	GovInvest	Total
Beginning	\$ 107,281	\$ 169,925	\$ 73,172	\$ 350,378
Additions	9,350	-	-	9,350
Deletions	-	-	-	-
Ending	116,631	169,925	73,172	359,728
Accumulated Amortization	(58,201)	(44,717)	(48,781)	(151,699)
Subscription ROA, Net	\$ 58,430	\$ 125,208	\$ 24,391	\$ 208,029

Subscription Liabilities	Spring Brook	AXON BWP	GovInvest	Total
Beginning	\$ 72,092	\$ 135,645	\$ 48,172	\$ 255,909
Additions	9,350	-	-	9,350
Principal Paid	(18,079)	(14,970)	(23,786)	(56,835)
Ending	63,363	120,675	24,386	208,424
Due Within One Year	19,541	14,970	24,386	58,897
Due in More Than One Year	\$ 43,822	\$ 105,705	\$ -	\$ 149,527

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

The annual subscription payments are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	\$ 59,427	\$ 6,487	\$ 65,914
2027	37,141	4,830	41,971
2028	39,349	3,731	43,080
2029	17,207	2,569	19,776
2030	17,817	1,959	19,776
2031-2035	37,483	2,069	39,552
Total Debt Service	<u>\$ 208,424</u>	<u>\$ 21,645</u>	<u>\$ 230,069</u>

NOTE 7 - RISK MANAGEMENT

The City of Carmel-by-the-Sea (City) is a member of PRISM (Public Risk Innovation, Solutions, and Management) which is a shared risk pool. PRISM covers claims for the City for both Workers Compensation and General Liability. The City's Liability Self Insured Retention ("SIR") is pre-funded through PRISM for eight quarters of payments made on behalf of City. Currently, the SIR fund for the City with PRISM is maintained at \$8,183. If the pre-funded SIR balance drops below this amount, the City is billed by PRISM to replenish the fund to the \$8,183 level. The City does not make claim payments, they are all issued by the city's third-party administrator from a PRISM account.

The City has three layers of Liability coverage through PRISM and under the first layer, the Primary General Liability layer, there is an SIR (Self Insured Retention) of \$10,000 per claim. Thereafter, the next layer of coverage kicks in (General Liability 1 program) which carries an SIR of \$100,000 which is satisfied by exhausting the coverage limit of \$100,000 under the Primary Liability program. The maximum limit of coverage under the primary General Liability 1 program is \$25 million. The third layer is another \$25 million limit in the PRISM Optional Excess Liability program. The City's total Liability insurance limit is \$50 million.

For Workers Compensation, the City is a member of both the PRISM Primary Workers Compensation program and then, the PRISM Excess Workers Compensation program. The Primary Workers compensation program provides dollar 1 coverage to the City for Workers Compensation claims. In other words, City has no deductible or SIR. This layer of Workers Compensation coverage carries a maximum limit of \$125,000 per occurrence. Thereafter, PRISM's excess coverage steps in and the SIR (Self Insured Retention) is \$125,000 which again, is satisfied by exhausting the limits of coverage under the Primary Workers Compensation program. The upper limit of coverage under the Excess Workers Compensation program is "statutory". What this means is that regardless of the total cost of the claim, it is covered under the PRISM Excess Workers Compensation program. There is absolutely no monetary exposure to the City under these two Workers Compensation programs except for the premium costs to purchase this coverage. The City has had no settlements which exceeded insurance coverage in the last three fiscal years and no significant changes or reductions in insurance coverage during the current year.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

The following summarizes the change in the estimated workers compensation claims liability over the last two fiscal years:

	Year Ended June 30, 2025	Year Ended June 30, 2024
Beginning of year	\$ 575,000	\$ 575,000
Increase (decrease) in current year claims	343,628	45,885
Changes in estimates	(277,963)	1,004
Claims paid	(65,665)	(46,889)
Ending balance	575,000	575,000
Current portion	(57,500)	(57,500)
Non-current portion	<u>\$ 517,500</u>	<u>\$ 517,500</u>

NOTE 8 - RETIREMENT PLANS

General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Employee Pension Plan (the Plan) which is a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). The plan includes different tiers for each class of employee under Miscellaneous and Safety provisions. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. The cost-of-living adjustments for the Plans are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
Hire date	< 4/15/2012	>= 4/15/2012	>= 1/1/2013
Benefit formula	2% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	55	60	62
Monthly benefits as a % of eligible compens:	2.0% to 2.5%	2.00%	2.00%
Required employee contribution rates	7.00%	7.00%	7.75%
Required employer contribution rates	12.52%	10.15%	7.87%

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Safety		
	Tier 1	Tier 2	PEPRA
Hire date	< 4/15/2012	>= 4/15/2012	>= 1/1/2013
Benefit formula	3% @ 50	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement age	50	50	57
Monthly benefits as a % of eligible compens:	2.00%	2.00%	2.00%
Required employee contribution rates	9.00%	9.00%	13.75%
Required employer contribution rates	27.32%	20.09%	13.76%

Employees Covered

At June 30, 2025, the following employees were covered by the benefit terms for the Plans:

	Miscellaneous	Safety	Total
Active	57	16	73
Transferred	30	20	50
Separated	35	15	50
Retired	125	59	184
Total	247	110	357

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2025, the following contributions were made:

	Employer Contributions
Miscellaneous	\$ 2,670,633
Safety	446,658
Total Employer Contributions	<u>\$ 3,117,291</u>

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2025, the City reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	Proportionate Share of Net Pension Liability/(Asset)	
Miscellaneous	\$	14,817,395
Safety		14,780,655
Total	\$	29,598,050

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans are measured as of June 30, 2024, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plans as of June 30, 2024 and 2025 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Combined Plans</u>
Proportion - June 30, 2024	0.29815%	0.20033%	0.23954%
Proportion - June 30, 2025	0.30636%	0.20273%	0.24406%
Change - Increase/(Decrease)	0.00821%	0.00240%	0.00452%

For the year ended June 30, 2025, the City recognized a pension expense of \$5,196,928.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 380,838	\$ -
Differences between Expected and Actual Experience	1,281,100	49,988
Differences between Projected and Actual Investment Earnings	853,019	-
Differences between Employer's Contributions and Proportionate Share of Contributions	1,065,759	-
Change in Employer's Proportion	-	291,026
Pension Contributions Made Subsequent to Measurement Date	2,670,633	-
Total	\$ 6,251,349	\$ 341,014

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 364,165	\$ -
Differences between Expected and Actual Experience	1,206,233	39,220
Differences between Projected and Actual Investment Earnings	714,430	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	1,162,996
Change in Employer's Proportion	79,977	238,970
Pension Contributions Made Subsequent to Measurement Date	446,658	-
Total	\$ 2,811,462	\$ 1,441,186

	Plan Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 745,003	\$ -
Differences between Expected and Actual Experience	2,487,333	89,207
Differences between Projected and Actual Investment Earnings	1,567,449	-
Differences between Employer's Contributions and Proportionate Share of Contributions	1,065,759	1,162,996
Change in Employer's Proportion	79,977	529,996
Pension Contributions Made Subsequent to Measurement Date	3,117,291	-
Total	\$ 9,062,812	\$ 1,782,199

The City reported \$3,117,291 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous	Safety	Total
June 30:			
2026	\$ 1,150,831	\$ 189,047	\$ 1,339,878
2027	2,224,736	1,201,965	3,426,701
2028	156,455	(222,948)	(66,493)
2029	(292,320)	(244,445)	(536,765)
Total	\$ 3,239,702	\$ 923,619	\$ 4,163,321

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.8% (2)
Mortality	(3)

- (1) Varies by entry age and service
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS' membership data for all funds

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 6.9% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2021 based on June 30, 2020 Valuations, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

reduction for pension plan administrative expense. For the CalPERS Plan, the 6.9% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 6.9%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class (a)	Assumed Asset Allocation	Long-Term Expected Real Return (1)(2)
Global Equity Cap Weighted	30.00%	4.54%
Global Equity NonCap Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.3% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Study.

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	5.90%	5.90%	5.90%
Net Pension Liability	\$ 21,913,383	21,039,346	42,952,729
Current	6.90%	6.90%	6.90%
Net Pension Liability	\$ 14,817,395	14,780,655	29,598,050
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	\$ 8,976,351	9,661,927	18,638,278

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description and Benefits

The City of Carmel-by-the-Sea Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the City. The Plan provides access to lifetime healthcare benefits to eligible retirees and their dependents. The City provides retiree medical benefits through the California Public Employees' Retirement System healthcare program (PEMHCA). For eligible retirees, the City contributes not less than 5% of the active contribution times years in PEMHCA (max \$100/month increase). For purposes of its contract with PEMHCA, the City uses a statutory schedule to determine its monthly contribution on behalf of each active employee. The statutory amount was \$133 for 2018 and is indexed by the Medical CPI each year thereafter.

The City offers the same medical plans to its retirees and surviving spouses as to its active employees, with the exception that once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer. Employees become eligible to retire and receive City-paid healthcare benefits upon attainment of age 50 and 5 years of service (age 52 for Miscellaneous PEPRAs employees). The City contribution towards retiree health benefits is determined under the "equal contribution method" under PEMHCA, whereby the contribution is 100% of the City's statutory minimum contribution for active employees. No stand-alone financials are issued for this plan as it is not a trusted plan.

Employees Covered by Benefit Terms

At June 30, 2025, the benefit terms covered the following employees:

Active employees	76
Inactive employees	45
Total employees	<u>121</u>

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

Contributions

The City makes contributions based on a pay-as-you go basis as approved by the authority of the City's Board. Total benefit payments included in the measurement period were \$140,592. The City's contributions and benefit payments were 2% of covered payroll during the measurement period June 30, 2025. Employees are not required to contribute to the plan. There have been no assets accumulated in a trust to provide for the benefits of this plan.

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2025
Measurement Date:	June 30, 2025
Actuarial Cost Method:	Entry-Age Normal Cost Method
Amortization Period:	20 years
Actuarial Assumptions:	
Discount Rate	4.71%
	Increased from 3.97%
Inflation	2.30%
Payroll Increases	2.80%
Trend Rate	7.90%
	Increased from
	6.5%
Municipal Bond Rate	4.71%
Mortality	2021 CalPERS Mortality for Safety Employees
	2021 CalPERS Retiree Mortality for All Employees
	2021 CalPERS Mortality for Miscellaneous and
	Schools Employees

Discount Rate

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2025 (measurement date) and was determined by an actuarial valuation as of June 30, 2025 (valuation date) for the fiscal year ended June 30, 2025 (reporting date).

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

Changes in the Total OPEB Liability

The following summarizes the changes in the Total OPEB liability during the year:

	Total OPEB Liability
Balance at June 30, 2024	<u>\$ 3,073,522</u>
Service cost	109,288
Interest in Total OPEB Liability	123,567
Actual and exp experience	309,886
Changes in assumptions	(485,062)
Benefit payments	<u>(140,592)</u>
Net changes	<u>(82,913)</u>
Balance at June 30, 2025	<u>\$ 2,990,609</u>

The City's plan is nonfunded, meaning there have not been assets placed into an irrevocable trust, therefore the plan fiduciary net position is zero.

Deferred Inflows and Outflows of Resources

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 397,465	\$ 244,792
Change in assumptions	54,825	1,409,016
Totals	<u>\$ 452,290</u>	<u>\$ 1,653,808</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2026	\$ (328,819)
2027	(354,386)
2028	(269,795)
2029	(167,673)
2030	(43,963)
Thereafter	<u>(36,882)</u>
Total	<u>\$ (1,201,518)</u>

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2025:

Service cost	\$ 109,288
Interest in TOL	123,567
Difference between actual and expected experience	(38,154)
Change in assumptions	<u>(290,666)</u>
OPEB Expense	<u>\$ (95,965)</u>

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2025:

Total OPEB liability ending	\$ 2,990,609
Total OPEB liability beginning	<u>(3,073,522)</u>
Change in total OPEB liability	(82,913)
Changes in deferred inflows	40,535
Employer contributions and implicit subsidy	<u>140,591</u>
OPEB Expense	<u>\$ (95,965)</u>

Sensitivity to Changes in the Discount Rate

The total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	<u>Municipal Bond Rate</u>		
	<u>1% Decrease</u>	<u>3.86%</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 3,300,526	\$ 2,990,609	\$ 2,726,312

Sensitivity to Changes in the Healthcare Cost Trend Rates

The total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	<u>Trend Rate</u>		
	<u>1% Decrease</u>	<u>4.00%</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,889,032	\$ 2,990,609	\$ 3,107,938

City of Carmel-by-the-Sea
Notes to the Basic Financial Statements
June 30, 2025

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Lawsuits

The City may be involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that any cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

B. Federal and State Grant Programs

The City participates in Federal, State and County grant programs. These programs are audited by the City's independent accountants, if required, in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. For Federal programs, the City did not reach the level of qualifying expenditures during the current fiscal year that would require a single audit. Expenditures which may be disallowed, if any, by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Page Intentionally Left Blank



**REQUIRED SUPPLEMENTARY
INFORMATION**

This page is intentionally blank

City of Carmel-By-The-Sea
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property taxes	\$ 8,662,995	\$ 9,018,742	\$ 9,147,435	\$ 128,693
Sales and use taxes	3,753,009	3,753,009	3,956,283	203,274
Transient occupancy taxes	7,543,234	7,932,702	9,559,155	1,626,453
Franchise fees	849,515	849,515	1,017,268	167,753
Business license tax	568,164	568,164	766,918	198,754
Intergovernmental revenues	596,951	596,951	937,951	341,000
License and permits	1,274,670	1,071,670	1,483,379	411,709
Fines and forfeitures	63,699	127,699	154,723	27,024
Charges for services	1,261,022	1,084,022	1,118,785	34,763
Interest	28,892	150,892	1,319,301	1,168,409
Rents and concessions	147,379	147,379	198,436	51,057
Other revenues	70,540	80,340	175,913	95,573
Total Revenues	24,820,070	25,381,085	29,835,547	4,454,462
EXPENDITURES				
Current:				
General government	8,294,517	8,273,652	8,127,324	146,328
Community Planning and Building	2,211,584	2,211,585	1,775,462	436,123
Public Safety	10,574,821	11,081,925	9,977,934	1,103,991
Public Works	6,538,001	6,538,003	5,208,059	1,329,944
Library	1,545,429	1,545,429	1,230,263	315,166
Community Activities	341,295	341,295	161,681	179,614
Economic Revitalization	1,156,297	1,156,297	1,156,297	-
Capital outlay	-	-	9,350	(9,350)
Debt service				
Principal	-	19,776	56,835	(37,059)
Interest	-	-	7,837	(7,837)
Total Expenditures	30,661,944	31,167,962	27,711,042	3,456,920
Excess (Deficiency) of Revenues over Expenditures	(5,841,874)	(5,786,877)	2,124,505	7,911,382
OTHER FINANCING SOURCES (USES)				
Subscriptions	-	-	9,350	9,350
Transfers in	7,158,000	7,158,000	16,845,181	9,687,181
Transfers out	(9,560,865)	(9,560,865)	(2,494,135)	7,066,730
Total Other Financing Sources (Uses)	(2,402,865)	(2,402,865)	14,360,396	16,753,911
Net Change in Fund Balance	(8,244,739)	(8,189,742)	16,484,901	24,665,293
Prior Period Restatement	715,560	715,560	715,560	-
Fund Balance Beginning	20,306,904	20,306,904	20,306,904	-
Fund Balance Ending	\$ 12,777,725	\$ 12,832,722	\$ 37,507,365	\$ 24,665,293

City of Carmel-By-The-Sea
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Measure C Sales Tax Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Sales and use taxes	\$ 6,045,063	\$ 6,045,063	\$ 6,913,837	\$ 868,774
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,000,000)	(7,000,000)	(9,066,376)	(2,066,376)
Net Change in Fund Balance	(954,937)	(954,937)	(2,152,539)	(1,197,602)
Fund Balance Beginning	2,152,539	2,152,539	2,152,539	-
Fund Balance Ending	\$ 1,197,602	\$ 1,197,602	\$ -	\$ (1,197,602)

City of Carmel-By-The-Sea
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Harrison Memorial Library Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Contributions	\$ 388,000	\$ 388,000	\$ 396,100	\$ 8,100
Charges for services	7,000	7,000	10,075	3,075
Interest	33,500	33,500	57,660	24,160
Total Revenues	428,500	428,500	463,835	35,335
EXPENDITURES				
Current:				
Library	429,500	429,500	396,662	32,838
Total Expenditures	429,500	429,500	396,662	32,838
Net Change in Fund Balance	(1,000)	(1,000)	67,173	68,173
Fund Balance Beginning	1,453,651	1,453,651	1,453,651	-
Fund Balance Ending	<u>\$ 1,452,651</u>	<u>\$ 1,452,651</u>	<u>\$ 1,520,824</u>	<u>\$ 68,173</u>

City of Carmel-by-the-Sea
Schedule of Pension Contributions
June 30, 2025

Miscellaneous & Safety Plan

Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Contractually Required Contributions	\$ 1,125,776	\$ 1,279,565	\$ 1,317,381	\$ 1,566,319	\$ 1,864,910
Contributions in Relation to					
Contractually Required Contributions	1,125,776	1,279,565	1,317,381	1,566,319	1,864,910
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 5,193,071	\$ 5,725,559	\$ 5,897,326	\$ 6,074,246	\$ 6,591,573
Contributions as a % of Covered Payroll	21.68%	22.35%	22.34%	25.79%	28.29%

Miscellaneous & Safety Plan

Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Contractually Required Contributions	\$ 2,183,605	\$ 2,378,458	\$ 2,666,278	\$ 2,693,948	\$ 3,117,291
Contributions in Relation to					
Contractually Required Contributions	2,183,605	2,378,458	2,666,278	2,693,948	3,117,291
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,772,841	\$ 6,244,060	\$ 7,251,994	\$ 7,829,262	\$ 8,156,804
Contributions as a % of Covered Payroll	32.24%	38.09%	36.77%	34.41%	38.22%

Notes to Schedule:

Valuation Date: June 30, 2023

Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period no more than 26 years
Inflation Assumed at 2.30%
Investment Rate of Returns set at 6.8%
The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2022.

The CalPERS mortality assumptions was adjusted in fiscal year 2021.

City of Carmel-by-the-Sea
Schedule of Proportionate Share of Net Pension Liability
June 30, 2025

Miscellaneous and Safety Plan

Plan Measurement Date	2015	2016	2017	2018	2019
Fiscal Year Ended	2016	2017	2018	2019	2020
Proportion of Net Pension Liability (Safety and Misc)	0.19035%	0.19840%	0.20075%	0.20672%	0.21144%
Proportion of Net Pension Liability (Misc Plan Only)	0.47624%	0.49419%	0.50503%	0.52858%	0.54105%
Proportionate Share of Net Pension Liability	\$ 13,065,617	\$ 17,167,636	\$ 19,908,483	\$ 19,920,568	\$ 21,666,416
Covered Payroll	\$ 4,894,966	\$ 5,193,071	\$ 5,725,559	\$ 5,897,326	\$ 6,074,246
Proportionate Share of NPL as a % of Covered Payroll	266.92%	330.59%	347.71%	337.79%	356.69%
Plan's Fiduciary Net Position as a % of the TPL	81.88%	74.70%	73.44%	74.18%	72.78%

Miscellaneous and Safety Plan

Plan Measurement Date	2020	2021	2022	2023	2024
Fiscal Year Ended	2021	2022	2023	2024	2025
Proportion of Net Pension Liability (Safety and Misc)	0.22373%	0.29520%	0.24382%	0.23409%	0.24406%
Proportion of Net Pension Liability (Misc Plan Only)	0.57710%	0.84081%	0.60188%	0.58403%	0.61196%
Proportionate Share of Net Pension Liability	\$ 24,342,598	\$ 15,965,385	\$ 28,163,296	\$ 29,203,964	\$ 29,598,050
Covered Payroll	\$ 6,591,573	\$ 6,772,841	\$ 6,244,060	\$ 7,251,994	\$ 7,829,262
Proportionate Share of NPL as a % of Covered Payroll	369.30%	235.73%	451.04%	402.70%	378.04%
Plan's Fiduciary Net Position as a % of the TPL	71.13%	81.45%	68.49%	67.70%	69.92%

The CalPERS discount rate was increased from 7.50% to 7.65% in FY2016, to 7.15% in FY2018, and then decreased to 6.90% in FY2022.

The CalPERS mortality assumptions was adjusted in fiscal year 2021.

City of Carmel-by-the-Sea
Retiree Health Care Plan
Schedule of Total OPEB Liability
June 30, 2025

Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB liability								
Service cost	\$ 199,013	\$ 193,586	\$ 295,059	\$ 348,597	\$ 261,219	\$ 197,644	\$ 197,644	\$ 109,288
Interest	134,202	146,765	143,565	105,930	90,758	133,373	121,752	123,567
Diff. bet. Expected/actual exper.	(2,625)	(2,524)	59,118	(823,299)	-	205,046	(1,787)	309,886
Changes of assumptions	(137,699)	192,779	256,216	21,493	(716,539)	(1,013,678)	(133,200)	(485,062)
Benefit payments	(145,196)	(159,107)	(135,193)	(152,834)	(138,891)	(135,560)	(134,849)	(140,592)
Net change in Total OPEB Liability	47,695	371,499	618,765	(500,113)	(503,453)	(613,175)	49,560	(82,913)
Total OPEB Liability - beginning	3,602,744	3,650,439	4,021,938	4,640,703	4,140,590	3,637,137	3,023,962	3,073,522
Total OPEB Liability - ending	<u>\$ 3,650,439</u>	<u>\$ 4,021,938</u>	<u>\$ 4,640,703</u>	<u>\$ 4,140,590</u>	<u>\$ 3,637,137</u>	<u>\$ 3,023,962</u>	<u>\$ 3,073,522</u>	<u>\$ 2,990,609</u>
Covered Employee Payroll	\$ 6,021,711	\$ 6,207,949	\$ 6,378,668	\$ 6,544,081	\$ 6,734,318	\$ 7,410,817	\$ 7,614,614	\$ 8,726,249
TOL as a % of covered emp. payroll	60.62%	64.79%	72.75%	63.27%	54.01%	40.80%	40.36%	34.27%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

In FY2023, the discount rate increased from 2.2% to 3.86%, the inflation rate decreased from 2.75% to 2.4%, the payroll rate decreased from 3% to 2.8%, and the trend rate changed from 8% to 4% from 2019 to 2023.

In FY2025, the discount rate increased to 4.71%, inflation decreased to 2.3%, and the health trend rate was 7.9%.

No assets have been accumulated in a trust for the City's OPEB plan.



SUPPLEMENTARY INFORMATION

This page is intentionally blank

COMBINING NONMAJOR GOVERNMENTAL FUNDS

Fund Title	Fund Description
Gast Tax	This fund is used to account for revenues collected in accordance with the Streets and Highway Code.
Transportation Safety	This fund accounts for the expenditures related to resources provided for transportation safety as required by Measure X.
COPS Grant	This fund accounts for the expenditures related to the COP's grant for public safety.
Parking in Lieu	This fund is used to account for activities associate with parking in-lieu fees.
Asset Seizure	This fund accounts for the expenditures related to asset seizures.
Debt Service	This fund is used to account for activities related to the repayment of the Certificate of Participation, Pension Obligation Bond, and capital lease obligations.

City of Carmel-By-The-Sea
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Gas Tax Fund	Transportation Safety Fund	COPS Grant Fund	Parking In-Lieu Fund
ASSETS				
Cash and investments	\$ 23,545	\$ -	\$ -	\$ 788,677
Receivables:				
Due from other governments	22,880	127,201	16,667	-
Total assets	\$ 46,425	\$ 127,201	\$ 16,667	\$ 788,677
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ 127,201	\$ 16,667	\$ -
Total liabilities	-	127,201	16,667	-
Fund Balances:				
Restricted:				
Transportation	46,425	-	-	-
Debt service	-	-	-	-
Asset seizure	-	-	-	-
Public parking	-	-	-	788,677
Total fund balances	46,425	-	-	788,677
Total liabilities and fund balances	\$ 46,425	\$ 127,201	\$ 16,667	\$ 788,677

Cont'd

City of Carmel-By-The-Sea
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue		Total Nonmajor Governmental Funds
	Funds	Debt Service	
	Asset Seizure Fund	Debt Service Fund	
ASSETS			
Cash and investments	\$ 5,838	\$ 34,807	\$ 852,867
Receivables:			
Due from other governments	-	-	166,748
Total assets	<u>\$ 5,838</u>	<u>\$ 34,807</u>	<u>\$ 1,019,615</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ -	\$ -	\$ 143,868
Total liabilities	<u>-</u>	<u>-</u>	<u>143,868</u>
Fund Balances:			
Restricted:			
Transportation	-	-	46,425
Debt service	-	34,807	34,807
Asset seizure	5,838	-	5,838
Public parking	-	-	788,677
Total fund balances	<u>5,838</u>	<u>34,807</u>	<u>875,747</u>
Total liabilities and fund balances	<u>\$ 5,838</u>	<u>\$ 34,807</u>	<u>\$ 1,019,615</u>

Concluded

City of Carmel-By-The-Sea
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Gas Tax Fund	Transportation Safety Fund	COPS Grant Fund	Parking In-Lieu Fund
REVENUES				
Intergovernmental revenues	\$ 176,920	\$ 247,941	\$ 194,663	\$ -
Interest	8,937	5,876	4,355	29,847
Total Revenues	185,857	253,817	199,018	29,847
EXPENDITURES				
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	185,857	253,817	199,018	29,847
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(308,355)	(253,817)	(239,483)	-
Total Other Financing Sources (Uses)	(308,355)	(253,817)	(239,483)	-
Net Change in Fund Balances	(122,498)	-	(40,465)	29,847
Fund Balances Beginning	168,923	-	40,465	758,830
Fund Balances Ending	\$ 46,425	\$ -	\$ -	\$ 788,677

Cont'd

City of Carmel-By-The-Sea
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds		Total Nonmajor Governmental Funds
	Asset Seizure Fund	Debt Service Fund	
REVENUES			
Intergovernmental revenues	\$ -	\$ -	\$ 619,524
Interest	222	-	49,237
Total Revenues	<u>222</u>	<u>-</u>	<u>668,761</u>
EXPENDITURES			
Debt service			
Principal	-	375,000	375,000
Interest	-	135,631	135,631
Total Expenditures	<u>-</u>	<u>510,631</u>	<u>510,631</u>
Excess (Deficiency) of Revenues over Expenditures	<u>222</u>	<u>(510,631)</u>	<u>158,130</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	510,631	510,631
Transfers out	-	-	(801,655)
Total Other Financing Sources (Uses)	<u>-</u>	<u>510,631</u>	<u>(291,024)</u>
Net Change in Fund Balances	222	-	(132,894)
Fund Balances Beginning	<u>5,616</u>	<u>34,807</u>	<u>1,008,641</u>
Fund Balances Ending	<u>\$ 5,838</u>	<u>\$ 34,807</u>	<u>\$ 875,747</u>

Concluded

City of Carmel-By-The-Sea
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Gas Tax Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 408,116	\$ 169,695	\$ 176,920	\$ 7,225
Interest	-	-	8,937	8,937
Total Revenues	<u>408,116</u>	<u>169,695</u>	<u>185,857</u>	<u>16,162</u>
EXPENDITURES				
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>408,116</u>	<u>169,695</u>	<u>185,857</u>	<u>16,162</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,436,694)	(574,678)	(308,355)	266,323
Total Other Financing Sources (Uses)	<u>(1,436,694)</u>	<u>(574,678)</u>	<u>(308,355)</u>	<u>266,323</u>
Net Change in Fund Balances	(1,028,578)	(404,983)	(122,498)	282,485
Fund Balances Beginning	<u>168,923</u>	<u>168,923</u>	<u>168,923</u>	<u>-</u>
Fund Balances Ending	<u>\$ (859,655)</u>	<u>\$ (236,060)</u>	<u>\$ 46,425</u>	<u>\$ 282,485</u>

Cont'd

City of Carmel-By-The-Sea
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Transportation Safety Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ 238,421	\$ 247,941	\$ 9,520
Interest	-	-	5,876	5,876
Total Revenues	-	238,421	253,817	15,396
EXPENDITURES				
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	238,421	253,817	15,396
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(862,016)	(253,817)	608,199
Total Other Financing Sources (Uses)	-	(862,016)	(253,817)	608,199
Net Change in Fund Balances	-	(623,595)	-	623,595
Fund Balances Beginning	-	-	-	-
Fund Balances Ending	\$ -	\$ (623,595)	\$ -	\$ 623,595

Cont'd

City of Carmel-By-The-Sea
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	COPS Grant Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 158,000	\$ 158,000	\$ 194,663	\$ 36,663
Interest	-	-	4,355	4,355
Total Revenues	<u>158,000</u>	<u>158,000</u>	<u>199,018</u>	<u>41,018</u>
EXPENDITURES				
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>158,000</u>	<u>158,000</u>	<u>199,018</u>	<u>41,018</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(158,000)	(158,000)	(239,483)	(81,483)
Total Other Financing Sources (Uses)	<u>(158,000)</u>	<u>(158,000)</u>	<u>(239,483)</u>	<u>(81,483)</u>
Net Change in Fund Balances	-	-	(40,465)	(40,465)
Fund Balances Beginning	<u>40,465</u>	<u>40,465</u>	<u>40,465</u>	<u>-</u>
Fund Balances Ending	<u>\$ 40,465</u>	<u>\$ 40,465</u>	<u>\$ -</u>	<u>\$ (40,465)</u>

Cont'd

City of Carmel-By-The-Sea
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Parking In-Lieu Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest	-	-	29,847	29,847
Total Revenues	-	-	29,847	29,847
EXPENDITURES				
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	29,847	29,847
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	29,847	29,847
Fund Balances Beginning	758,830	758,830	758,830	-
Fund Balances Ending	\$ 758,830	\$ 758,830	\$ 788,677	\$ 29,847

Cont'd

City of Carmel-By-The-Sea
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Asset Seizure Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest	-	-	222	222
Total Revenues	-	-	222	222
EXPENDITURES				
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	222	222
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	222	222
Fund Balances Beginning	5,616	5,616	5,616	-
Fund Balances Ending	\$ 5,616	\$ 5,616	\$ 5,838	\$ 222

Cont'd

City of Carmel-By-The-Sea
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual (GAAP Basis)
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Debt Service Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES				
Debt service				
Principal	375,000	375,000	375,000	-
Interest	144,100	144,100	135,631	8,469
Total Expenditures	519,100	519,100	510,631	8,469
Excess (Deficiency) of Revenues over Expenditures	(519,100)	(519,100)	(510,631)	8,469
OTHER FINANCING SOURCES (USES)				
Transfers in	519,100	519,100	510,631	(8,469)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	519,100	519,100	510,631	(8,469)
Net Change in Fund Balances	-	-	-	-
Fund Balances Beginning	34,807	34,807	34,807	-
Fund Balances Ending	\$ 34,807	\$ 34,807	\$ 34,807	\$ -

Concluded

City of Carmel-By-The-Sea
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Capital Projects Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ 177,952	\$ 177,952
Other revenues	-	-	-	-
Total Revenues	-	-	177,952	177,952
EXPENDITURES				
Capital outlay	-	11,664,000	3,528,318	8,135,682
Total Expenditures	-	11,664,000	3,528,318	8,135,682
Excess (Deficiency) of Revenues over Expenditures	-	(11,664,000)	(3,350,366)	8,313,634
OTHER FINANCING SOURCES (USES)				
Transfers in	10,478,459	10,478,459	2,121,161	(8,357,298)
Transfers out	-	-	(5,164,793)	(5,164,793)
Total Other Financing Sources (Uses)	10,478,459	10,478,459	(3,043,632)	(13,522,091)
Net Change in Fund Balance	10,478,459	(1,185,541)	(6,393,998)	(5,208,457)
Fund Balance Beginning	11,096,555	11,096,555	11,096,555	-
Fund Balance Ending	<u>\$ 21,575,014</u>	<u>\$ 9,911,014</u>	<u>\$ 4,702,557</u>	<u>\$ (5,208,457)</u>

INTERNAL SERVICE FUNDS

Fund Title	Fund Description
Worker's Compensation	This fund accounts for workers compensation insurance provided to departments on a cost reimbursement basis.
OPEB Reserve Fund	This fund accounts for other postemployment benefits provided to departments on a cost reimbursement basis.
Vehicle & Equipment Replacement	This fund is to set aside financial resources for future purchases of replacement equipment essential to the operations of the City.

City of Carmel-By-The-Sea
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Workers Compensation Fund	OPEB Reserve Fund	Vehicle & Equipment & Replacement Fund	Total Governmental Activities - Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 575,000	\$ -	\$ 900,630	\$ 1,475,630
Accounts receivable	-	-	4,050	4,050
Other assets	-	-	914,692	914,692
Total current assets	<u>575,000</u>	<u>-</u>	<u>1,819,372</u>	<u>2,394,372</u>
Noncurrent assets:				
Capital assets - net	-	-	1,806,646	1,806,646
Total assets	<u>\$ 575,000</u>	<u>\$ -</u>	<u>\$ 3,626,018</u>	<u>\$ 4,201,018</u>
LIABILITIES				
Current liabilities:				
Financed purchases - current	\$ -	\$ -	\$ 25,639	\$ 25,639
Claims payable - current	57,500	-	-	57,500
Total current liabilities	<u>57,500</u>	<u>-</u>	<u>25,639</u>	<u>83,139</u>
Noncurrent liabilities:				
Financed purchases	-	-	81,834	81,834
Claims payable	517,500	-	-	517,500
Total noncurrent liabilities	<u>517,500</u>	<u>-</u>	<u>81,834</u>	<u>599,334</u>
Total liabilities	<u>\$ 575,000</u>	<u>\$ -</u>	<u>\$ 107,473</u>	<u>\$ 682,473</u>
NET POSITION				
Net investment in capital assets	\$ -	\$ -	\$ 1,699,173	\$ 1,699,173
Unrestricted	-	-	1,819,372	1,819,372
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,518,545</u>	<u>\$ 3,518,545</u>

City of Carmel-By-The-Sea
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	Workers Compensation Fund	OPEB Reserve Fund	Vehicle & Equipment Replacement Fund	Total Governmental Activities - Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 63,017	\$ -	\$ -	\$ 63,017
Other	-	-	5,000	5,000
Total operating revenues	63,017	-	5,000	68,017
OPERATING EXPENSES				
Claims	69,051	-	-	69,051
Supplies and materials	-	-	2,762	2,762
Depreciation	-	-	326,988	326,988
Total operating expenses	69,051	-	329,750	398,801
Operating income (loss)	(6,034)	-	(324,750)	(330,784)
NONOPERATING REVENUES(EXPENSES)				
Gain (loss) on disposal of capital assets	-	-	14,247	14,247
Interest expense	-	-	(4,142)	(4,142)
Investment income	32,967	71,593	-	104,560
Total nonoperating revenues(expenses)	32,967	71,593	10,105	114,665
Income (loss) before transfers	26,933	71,593	(314,645)	(216,119)
Transfers in	-	-	424,515	424,515
Transfers out	(329,352)	(1,888,772)	(156,405)	(2,374,529)
Transfers in and out, net	(329,352)	(1,888,772)	268,110	(1,950,014)
Change in net position	(302,419)	(1,817,179)	(46,535)	(2,166,133)
Total net position - beginning	302,419	1,817,179	3,565,080	5,684,678
Total net position - ending	\$ -	\$ -	\$ 3,518,545	\$ 3,518,545

City of Carmel-By-The-Sea
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Workers Compensation Fund	OPEB Reserve Fund	Vehicle & Equipment Replacement Fund	Total Governmental Activities - Internal Service Funds
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 63,017	\$ -	\$ 12,950	\$ 75,967
Payments for claims	(65,665)	-	-	(65,665)
Net cash provided (used) by operating activities	<u>(2,648)</u>	<u>-</u>	<u>10,188</u>	<u>7,540</u>
Cash flows from noncapital financing activities:				
Interfund transactions	(329,352)	(1,888,772)	268,110	(1,950,014)
Net cash provided (used) by noncapital financing activities	<u>(329,352)</u>	<u>(1,888,772)</u>	<u>268,110</u>	<u>(1,950,014)</u>
Cash flows from capital financing activities:				
Principal payments on debt	-	-	(24,861)	(24,861)
Interest payments on debt	-	-	(4,142)	(4,142)
Purchases of property and equipment	-	-	(345,821)	(345,821)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>(374,824)</u>	<u>(374,824)</u>
Cash flows from investing activities:				
Investment income received	32,967	71,593	-	104,560
Net cash provided (used) by investing activities	<u>32,967</u>	<u>71,593</u>	<u>-</u>	<u>104,560</u>
Net increase (decrease) in cash and cash equivalents	(299,033)	(1,817,179)	(96,526)	(2,212,738)
Cash and cash equivalents - beginning	874,033	1,817,179	997,156	3,688,368
Cash and cash equivalents - ending	<u>\$ 575,000</u>	<u>\$ -</u>	<u>\$ 900,630</u>	<u>\$ 1,475,630</u>
Reconciliation of operating income to net cash provided (used)				
by operating activities:				
Operating income (loss)	\$ (6,034)	\$ -	\$ (324,750)	\$ (330,784)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	326,988	326,988
Change in operating assets and liabilities:				
Accounts receivable	-	-	7,950	7,950
Other assets	3,386	-	-	3,386
Net cash provided (used) by operating activities	<u>\$ (2,648)</u>	<u>\$ -</u>	<u>\$ 10,188</u>	<u>\$ 7,540</u>



STATISTICAL SECTION

Page Intentionally Left Blank

STATISTICAL SECTION

(Unaudited)

This part of the City of Carmel-by-the-Sea's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Financial Trends

These tables contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity

These tables contain information to help the reader assess the city's most significant local revenue source, the property tax.

Debt Capacity

These tables present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

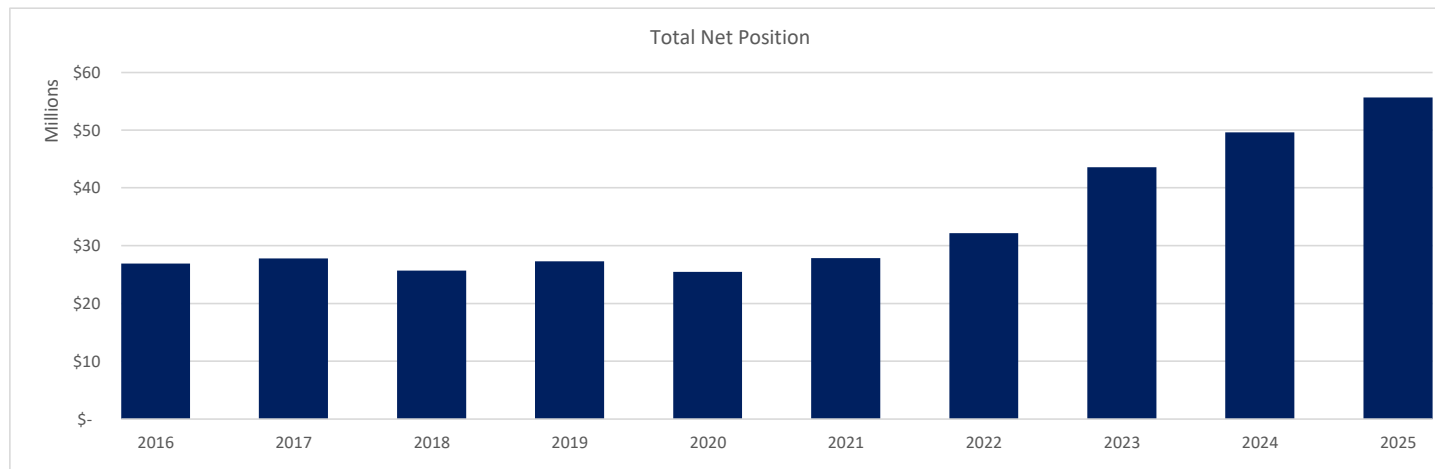
Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

Page Intentionally Left Blank

City of Carmel-by-the-Sea
Net Position By Component
Last Ten Fiscal Years

TABLE 1

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	\$ 36,006,046	\$ 36,931,575	\$ 35,216,550	\$ 37,132,103	\$ 36,611,510	\$ 34,846,110	\$ 33,545,605	\$ 32,930,884	\$ 34,957,532	\$ 36,648,844
Restricted	3,584,687	5,027,082	2,628,238	2,817,741	3,310,294	4,748,736	6,773,624	5,536,383	4,614,831	2,396,571
Unrestricted	(12,666,545)	(14,167,354)	(12,141,385)	(12,645,571)	(14,479,015)	(11,775,303)	(8,155,852)	5,110,622	10,005,741	16,560,302
Total governmental activities net position	\$ 26,924,188	\$ 27,791,303	\$ 25,703,403	\$ 27,304,273	\$ 25,442,789	\$ 27,819,543	\$ 32,163,377	\$ 43,577,889	\$ 49,578,104	\$ 55,605,717



Source: City of Carmel-by-the-Sea Finance Department

Page Intentionally Left Blank

City of Carmel-by-the-Sea
Changes in Net Position
Last Ten Fiscal Years

TABLE 2

	2016	2017	2018	2019	2020
Expenses					
Governmental activities:					
General government	\$ 5,162,323	\$ 4,981,304	\$ 4,896,809	\$ 5,906,304	\$ 5,356,174
Community planning and building	-	1,146,860	1,206,295	1,191,826	1,214,005
Public safety	6,445,695	7,281,137	7,771,104	8,390,616	9,166,804
Public works	1,454,895	2,605,036	2,950,423	4,162,376	4,410,995
Library	-	1,144,883	1,303,989	1,894,410	2,011,886
Community activities	-	446,445	153,224	283,512	256,698
Economic revitalization	306,505	1,110,857	1,125,261	1,144,022	1,081,813
Building maintenance	1,542,170	-	-	-	-
Forest, parks and beach	558,592	-	-	-	-
Culture and recreation	2,082,591	-	-	-	-
Interest on long-term debt	336,551	322,181	319,974	283,606	268,721
Depreciation (Unallocated)	1,528,260	1,747,960	1,786,021	-	-
Total governmental activities expenses	19,417,582	20,786,663	21,513,100	23,256,672	23,767,096
Program Revenues					
Governmental activities:					
Charges for services:					
General government	34,040	38,795	318,414	256,645	211,067
Community planning and building	-	-	1,167,308	1,454,523	1,112,512
Public safety	684,612	373,716	692,187	790,428	808,559
Public works	534,224	751,844	58,931	44,636	42,395
Library	-	-	14,794	10,097	11,793
Community activities	-	-	79,067	146,443	85,060
Economic revitalization	-	-	97,142	102,366	91,528
Forest, parks and beach	-	-	-	-	-
Culture and recreation	20,326	31,817	-	-	-
Operating grants and contributions	668,239	675,765	681,240	865,370	695,186
Capital grants and contributions	327,029	166,726	-	-	-
Total governmental activities program revenues	2,268,470	2,038,663	3,109,083	3,670,508	3,058,100
Net (expense)/revenue:					
Governmental activities	(17,149,112)	(18,748,000)	(18,404,017)	(19,586,164)	(20,708,996)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	5,598,743	5,825,889	6,192,126	6,524,331	6,690,948
Sales and use taxes	4,897,325	5,373,800	5,486,449	5,732,885	4,766,762
Transient occupancy taxes	5,890,538	6,112,347	6,329,074	6,882,015	5,115,271
Franchise taxes	587,514	672,554	637,136	636,397	632,833
Business license tax	626,625	649,525	544,392	594,941	592,466
Unrestricted grants and contributions	413,334	436,073	462,989	-	672,399
Unrestricted investment earnings	160,172	182,366	101,743	205,791	207,153
Gain (loss) on sale of assets	-	-	(2,439,255)	(160,794)	-
Miscellaneous or other revenues	1,963,750	362,561	212,820	12,928	169,680
Total governmental activities	20,138,001	19,615,115	17,527,474	20,428,494	18,847,512
Change in Net Position	\$ 2,988,889	\$ 867,115	\$ (876,543)	\$ 842,330	\$ (1,861,484)

Note: In 2016 and 2018, the City changed the classification of its program expenses and revenues based on operations at the time.

Cont'd

Source: City of Carmel-by-the-Sea Finance Department

TABLE 2

City of Carmel-by-the-Sea
Changes in Net Position
Last Ten Fiscal Years

	2021	2022	2023	2024	2025
Expenses					
Governmental activities:					
General government	\$ 5,423,821	\$ 6,494,737	\$ 6,290,757	\$ 7,076,239	\$ 8,212,478
Community planning and building	1,280,518	1,789,916	1,618,884	1,888,267	1,817,807
Public safety	8,968,364	10,511,669	5,427,362	10,332,228	12,144,337
Public works	4,162,030	4,961,215	4,572,764	6,462,552	7,017,740
Library	1,539,410	1,644,498	1,677,297	2,145,612	2,210,464
Community activities	119,562	205,869	201,277	173,958	211,811
Economic revitalization	819,202	1,034,150	1,101,644	1,127,937	1,151,514
Building maintenance	-	-	-	-	-
Forest, parks and beach	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Interest on long-term debt	387,525	168,038	148,051	87,779	72,768
Depreciation (Unallocated)	-	-	-	-	-
Total governmental activities expenses	22,700,432	26,810,092	21,038,036	29,294,572	32,838,919
Program Revenues					
Governmental activities:					
Charges for services:					
General government	165,541	478,709	177,654	189,021	202,299
Community planning and building	1,142,277	1,332,086	1,268,455	1,490,531	1,546,442
Public safety	796,471	911,902	973,358	845,411	892,164
Public works	156,838	53,251	73,206	196,965	97,303
Library	5,544	2,239	8,485	6,655	10,075
Community activities	33,140	43,922	56,919	82,238	73,967
Economic revitalization	111,093	119,646	141,471	164,514	176,417
Forest, parks and beach	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Operating grants and contributions	813,139	960,670	958,933	1,064,653	1,090,077
Capital grants and contributions	-	-	-	263,557	177,951
Total governmental activities program revenues	3,224,043	3,902,425	3,658,481	4,303,545	4,266,695
Net (expense)/revenue:					
Governmental activities	(19,476,389)	(22,907,667)	(17,379,555)	(24,991,027)	(28,572,224)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	7,389,657	7,694,722	8,164,266	8,770,847	9,147,435
Sales and use taxes	7,028,041	9,596,727	9,353,372	10,078,592	10,870,120
Transient occupancy taxes	5,339,285	7,787,643	8,455,742	8,579,344	9,559,155
Franchise taxes	756,358	851,738	880,958	986,558	1,017,268
Business license tax	524,220	613,559	734,640	751,306	766,918
Unrestricted grants and contributions	704,337	734,550	771,258	837,891	811,711
Unrestricted investment earnings	47,554	(126,009)	155,181	613,944	1,530,758
Gain (loss) on sale of assets	-	-	-	-	-
Miscellaneous or other revenues	63,691	98,571	278,650	372,760	180,912
Total governmental activities	21,853,143	27,251,501	28,794,067	30,991,242	33,884,277
Change in Net Position	\$ 2,376,754	\$ 4,343,834	\$ 11,414,512	\$ 6,000,215	\$ 5,312,053

Note: In 2016 and 2018, the City changed the classification of its program expenses and revenues based on operations at the time.

Concluded

Source: City of Carmel-by-the-Sea Finance Department

City of Carmel-by-the-Sea
Fund Balances of Governmental Funds
Last Ten Fiscal Years

TABLE 3

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 942,628	\$ 1,983,781	\$ 3,124,794	\$ 4,438,844
Nonspendable	-	-	-	-	-	-	-	26,469	28,693	14,936
Committed	2,166,165	2,173,138	2,806,045	2,808,138	2,684,665	2,421,958	4,410,254	666,700	754,323	-
Assigned	3,308,636	2,448,461	1,922,008	1,926,008	1,025,194	1,025,194	2,298,939	4,180,736	4,505,124	15,997,900
Unassigned	1,738,067	4,693,897	3,278,341	4,515,984	5,048,288	9,167,717	10,017,467	15,540,715	11,893,970	17,055,685
Total Fund Balance	7,212,868	9,315,496	8,006,394	9,250,130	8,758,147	12,614,869	17,669,288	22,398,401	20,306,904	37,507,365
Other Governmental Funds										
Restricted	\$ 3,624,383	\$ 5,065,310	\$ 2,628,238	\$ 2,817,741	\$ 3,310,294	\$ 4,748,736	\$ 6,773,624	\$ 5,536,383	\$ 4,614,831	\$ 2,396,571
Assigned	1,146,832		1,627,098	362,034	571,657	539,863	1,596,719	3,676,972	11,096,555	4,702,557
Unassigned	(706,427)	(1,264,197)	(483)	-	-	-	-	-	-	-
Total Fund Balance	4,064,788	3,801,113	4,254,853	3,179,775	3,881,951	5,288,599	8,370,343	9,213,355	15,711,386	7,099,128
Total Fund Balance	\$ 11,277,656	\$ 13,116,609	\$ 12,261,247	\$ 12,429,905	\$ 12,640,098	\$ 17,903,468	\$ 26,039,631	\$ 31,611,756	\$ 36,018,290	\$ 44,606,493

Source: City of Carmel-by-the-Sea Finance Department

Page Intentionally Left Blank

City of Carmel-by-the-Sea
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

TABLE 4

	2016	2017	2018	2019	2020
Revenues					
Taxes	\$ 18,014,079	\$ 19,041,911	\$ 19,652,166	\$ 20,370,569	\$ 17,798,280
Intergovernmental revenues	294,952	365,304	454,997	1,088,044	1,126,260
License and permits	788,578	850,547	1,087,953	1,192,242	928,752
Contributions	314,600	323,495	318,398	314,450	241,324
Fines and forfeitures	111,930	87,154	91,813	121,470	72,152
Charges for services	712,321	440,439	1,070,999	1,261,169	1,193,992
Interest	-	-	58,055	167,544	178,244
Rents and concessions	163,875	182,367	100,899	185,156	130,792
Other revenues	389,136	1,979,561	211,153	158,029	206,908
Total revenues	21,139,081	20,789,471	23,270,778	23,046,433	24,858,673
Expenditures					
General government	5,045,332	5,681,103	4,696,923	5,517,516	5,008,054
Community Planning and Building	-	-	1,128,977	1,116,689	1,094,736
Public Safety	6,264,950	7,033,862	7,024,092	7,617,310	7,774,916
Public Works	1,301,160	2,554,752	2,769,129	2,902,461	2,847,091
Library	-	-	1,217,687	1,258,390	1,344,340
Community Activities	-	-	141,378	179,426	209,554
Economic Revitalization	306,505	351,425	1,095,636	1,103,993	1,076,542
Building maintenance	1,525,038	1,138,983	-	-	-
Forest, parks and beach	547,211	108,764	-	-	-
Culture and recreation	2,054,872	1,448,129	-	-	-
Capital Outlay	4,439,279	1,877,053	1,833,014	3,778,271	869,596
Debt Service					
Principal	898,379	914,105	934,860	950,770	971,460
Interest	337,915	323,649	302,202	286,606	272,721
Total expenditures	22,720,641	21,431,825	21,143,898	24,711,432	21,469,010
Excess of revenues over (under) expenditures	(1,931,170)	1,838,953	1,902,535	147,241	3,389,663
Other financing sources (uses)					
Long-term debt issued	-	-	-	-	-
Payments to refunded bonds escrow agent	-	-	-	-	-
Interagency transfers in (out)	-	-	31,000	-	-
Transfers in	6,483,069	3,405,710	13,924,490	4,581,594	3,188,456
Transfers out	(6,483,069)	(3,405,710)	(16,713,387)	(4,681,594)	(3,385,956)
Total other financing sources (uses)	-	-	(2,757,897)	(100,000)	(197,500)
Net change in fund balances	\$ (1,931,170)	\$ 1,838,953	\$ (855,362)	\$ 47,241	\$ 3,192,163
Total Expenditures	\$ 22,720,641	\$ 21,431,825	\$ 21,143,898	\$ 24,711,432	\$ 21,469,010
Capitalized Portion of Capital Outlay	4,311,179	1,870,844	1,900,132	3,533,858	918,075
Total Non-Capitalized Expenditures	\$ 17,038,681	\$ 17,180,750	\$ 18,409,462	\$ 19,560,981	\$ 19,243,766
Debt Service: Principal & Interest	\$ 1,236,294	\$ 1,237,754	\$ 1,237,062	\$ 1,237,376	\$ 1,244,181
Debt service as a percentage of noncapital expenditures	7.3%	7.2%	6.7%	6.3%	6.5%

Note: In 2012 and 2018, the City changed the classification of its program expenditures and revenues based on operations at the time.

Source: City of Carmel-by-the-Sea Finance Department

Cont'd

City of Carmel-by-the-Sea
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

TABLE 4

	2021	2022	2023	2024	2025
Revenues					
Taxes	\$ 21,037,561	\$ 26,544,389	\$ 27,588,978	\$ 29,166,646	\$ 31,360,896
Intergovernmental revenues	1,212,506	1,323,845	1,414,091	1,542,641	1,735,427
License and permits	889,822	1,276,260	957,429	1,359,671	1,483,379
Contributions	304,972	371,377	316,100	359,903	396,100
Fines and forfeitures	48,947	55,506	108,144	180,843	154,723
Charges for services	1,204,113	1,448,681	1,420,281	1,140,295	1,128,860
Interest	40,033	(115,882)	139,827	541,826	1,426,198
Rents and concessions	138,138	132,551	148,896	164,514	198,436
Other revenues	193,575	127,327	200,996	235,097	175,913
Total revenues	25,069,667	31,164,054	32,294,742	34,691,436	38,059,932
Expenditures					
General government	5,083,467	5,990,601	6,806,933	7,002,824	8,127,324
Community Planning and Building	1,172,337	1,550,702	1,939,088	1,845,642	1,775,462
Public Safety	7,833,156	8,236,353	8,866,616	9,057,317	9,977,934
Public Works	2,635,206	3,184,957	3,880,769	5,192,057	5,208,059
Library	917,694	929,258	1,356,896	1,598,147	1,626,925
Community Activities	82,366	136,788	216,366	163,054	161,681
Economic Revitalization	808,540	1,033,307	1,130,510	1,134,030	1,156,297
Building maintenance	-	-	-	-	-
Forest, parks and beach	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital Outlay	98,907	149,872	1,199,077	2,823,048	3,537,668
Debt Service					
Principal	640,000	660,000	715,013	446,242	431,835
Interest	406,525	199,212	178,189	157,524	143,468
Total expenditures	19,678,198	22,071,050	26,289,457	29,419,885	32,146,653
Excess of revenues					
over (under) expenditures	5,391,469	9,093,004	6,005,285	5,271,551	5,913,279
Other financing sources (uses)					
Long-term debt issued	4,761,901	-	-	72,964	9,350
Payments to refunded bonds escrow agent	(4,890,000)	-	-	-	-
Interagency transfers in (out)	-	-	-	-	-
Transfers in	3,210,000	5,217,994	8,021,643	10,767,151	19,476,973
Transfers out	(3,210,000)	(6,174,835)	(8,454,803)	(11,705,133)	(17,526,959)
Total other financing sources (uses)	(128,099)	(956,841)	(433,160)	(865,018)	1,959,364
Net change in fund balances	\$ 5,263,370	\$ 8,136,163	\$ 5,572,125	\$ 4,406,533	\$ 7,872,643
Total Expenditures	\$ 19,678,198	\$ 22,071,050	\$ 26,289,457	\$ 29,419,885	\$ 32,146,653
Capitalized Portion of Capital Outlay	133,875	151,238	1,199,077	2,822,447	3,442,706
Total Non-Capitalized Expenditures	\$ 21,177,574	\$ 21,919,812	\$ 25,090,380	\$ 26,597,438	\$ 28,703,947
Debt Service: Principal & Interest	\$ 1,046,525	\$ 859,212	\$ 893,202	\$ 603,766	\$ 575,303
Debt service as a percentage of noncapital expenditures	4.9%	3.9%	3.6%	2.3%	2.0%

Note: In 2012 and 2018, the City changed the classification of its program expenditures and revenues based on operations at the time.

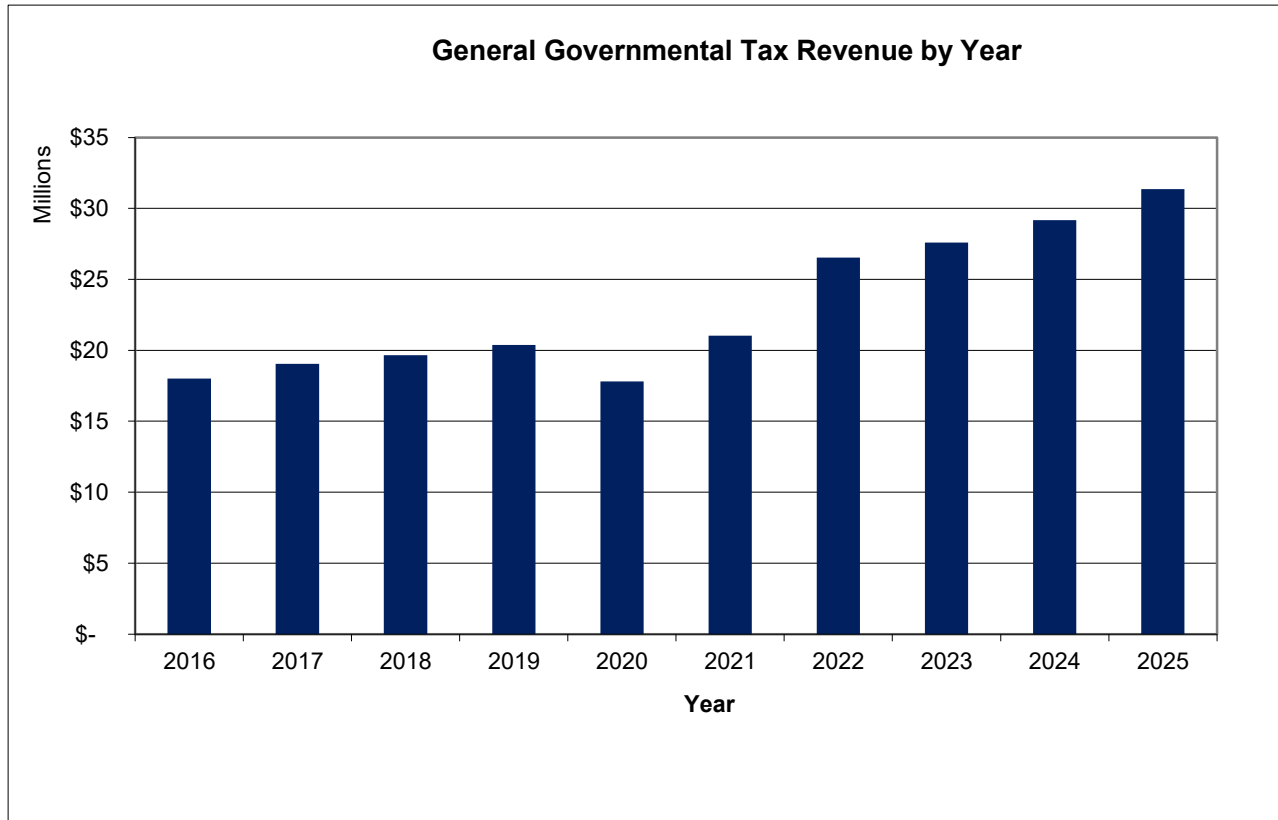
Source: City of Carmel-by-the-Sea Finance Department

Concluded

City of Carmel-by-the-Sea
General Governmental Tax Revenues by Source
Last Ten Fiscal Years

TABLE 5

Fiscal Year Ended June 30	Property	Sales and Use	Franchise	Transient Occupancy	Business License	Other Tax	Total
2016	\$ 5,598,743	\$ 4,897,325	\$ 587,514	\$ 5,890,538	\$ 626,625	\$ 413,334	\$ 18,014,079
2017	\$ 5,825,889	\$ 5,373,800	\$ 672,554	\$ 6,112,347	\$ 649,525	\$ 407,796	\$ 19,041,911
2018	\$ 6,192,126	\$ 5,486,449	\$ 637,136	\$ 6,329,074	\$ 544,392	\$ 462,989	\$ 19,652,166
2019	\$ 6,524,331	\$ 5,732,885	\$ 636,397	\$ 6,882,015	\$ 594,941	\$ -	\$ 20,370,569
2020	\$ 6,690,948	\$ 4,766,762	\$ 632,833	\$ 5,115,271	\$ 592,466	\$ -	\$ 17,798,280
2021	\$ 7,389,657	\$ 7,028,041	\$ 756,358	\$ 5,339,285	\$ 524,220	\$ -	\$ 21,037,561
2022	\$ 7,694,722	\$ 9,596,727	\$ 851,738	\$ 7,787,643	\$ 613,559	\$ -	\$ 26,544,389
2023	\$ 8,164,266	\$ 9,353,372	\$ 880,958	\$ 8,455,742	\$ 734,640	\$ -	\$ 27,588,978
2024	\$ 8,770,847	\$ 10,078,591	\$ 986,558	\$ 8,579,344	\$ 751,306	\$ -	\$ 29,166,646
2025	\$ 9,147,435	\$ 10,870,120	\$ 1,017,268	\$ 9,559,155	\$ 766,918	\$ -	\$ 31,360,896

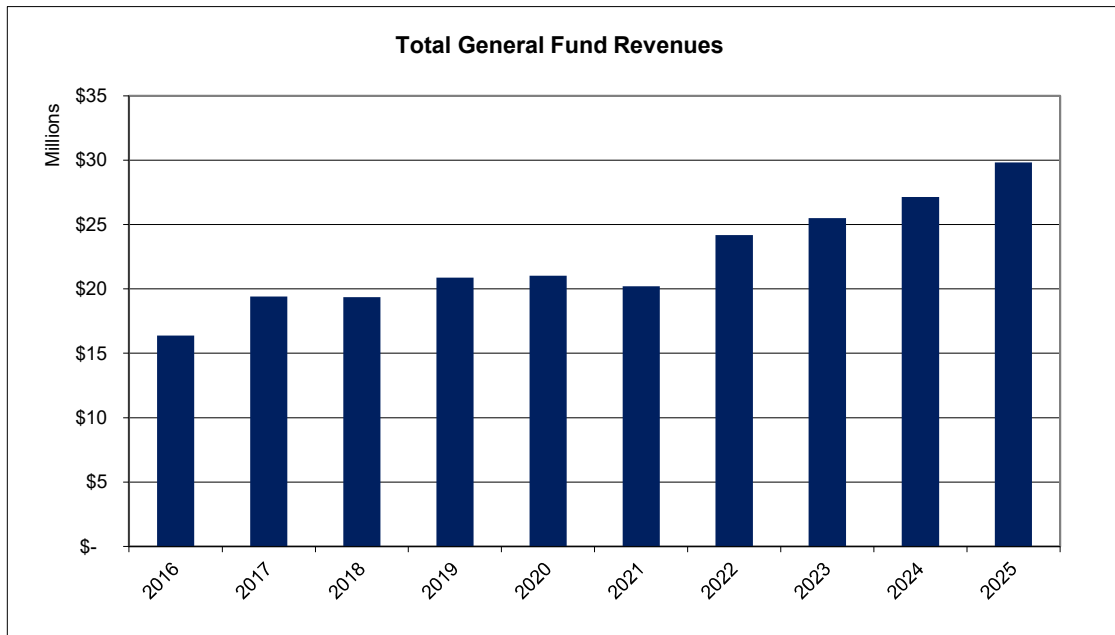


Source: City of Carmel-by-the-Sea Finance Department

City of Carmel-by-the-Sea
General Fund Revenues by Source
Last Ten Fiscal Years

TABLE 6

Fiscal Year Ended June 30	Taxes	Inter- Governmental	Licenses and Permits	Fines and Forfeitures	Charges for Services	Interest, Rents and Concessions	Other Revenues	Total
2016	\$ 15,124,699	\$ 74,014	\$ 553,602	\$ 7,245	\$ 57,818	\$ 159,632	\$ 389,136	\$ 16,366,146
2017	\$ 16,296,757	\$ 136,367	\$ 762,257	\$ 8,422	\$ 66,957	\$ 170,631	\$ 1,979,561	\$ 19,420,952
2018	\$ 16,753,721	\$ 42,846	\$ 1,087,953	\$ 91,813	\$ 1,056,205	\$ 123,382	\$ 211,133	\$ 19,367,053
2019	\$ 17,290,655	\$ 583,573	\$ 1,192,242	\$ 121,470	\$ 1,251,072	\$ 309,418	\$ 132,776	\$ 20,881,206
2020	\$ 17,798,280	\$ 610,960	\$ 928,752	\$ 72,152	\$ 1,177,695	\$ 273,176	\$ 165,131	\$ 21,026,146
2021	\$ 17,030,457	\$ 693,873	\$ 889,822	\$ 48,947	\$ 1,198,569	\$ 164,929	\$ 171,329	\$ 20,197,926
2022	\$ 20,573,925	\$ 678,437	\$ 1,276,260	\$ 55,506	\$ 1,446,442	\$ 18,014	\$ 127,327	\$ 24,175,911
2023	\$ 21,720,283	\$ 832,011	\$ 957,429	\$ 108,144	\$ 1,411,796	\$ 259,500	\$ 200,990	\$ 25,490,153
2024	\$ 22,780,525	\$ 910,428	\$ 1,359,671	\$ 180,843	\$ 1,133,640	\$ 609,370	\$ 159,305	\$ 27,133,782
2025	\$ 24,447,059	\$ 937,951	\$ 1,483,379	\$ 154,723	\$ 1,118,785	\$ 1,517,737	\$ 175,913	\$ 29,835,547

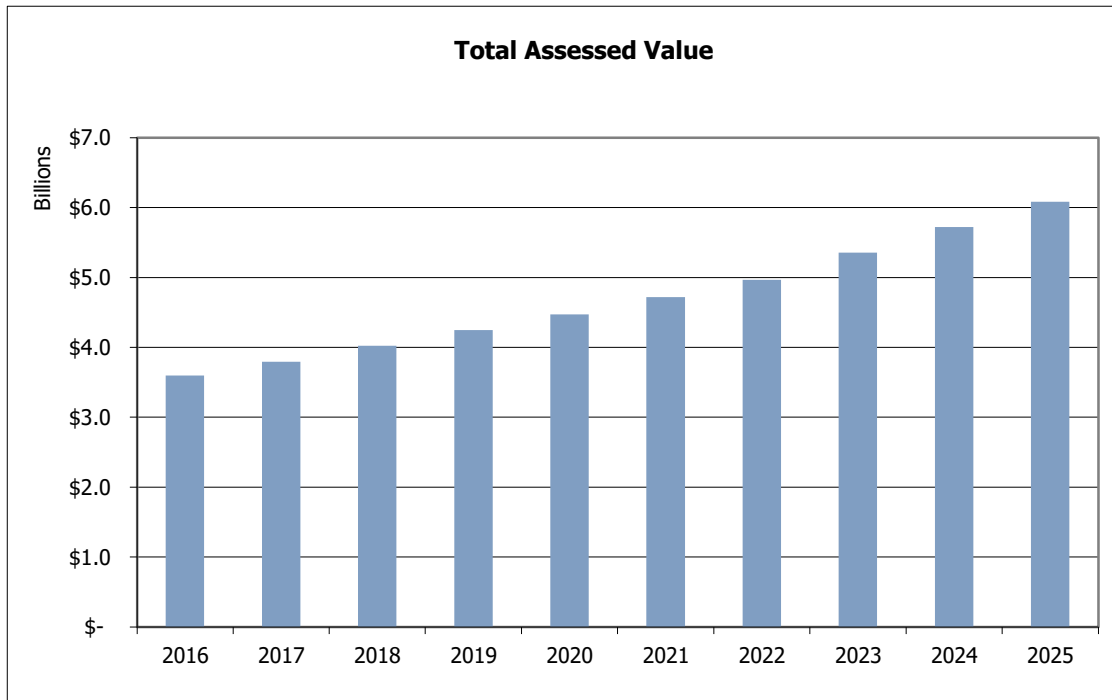


Source: City of Carmel-by-the-Sea Finance Department

City of Carmel-by-the-Sea
Net Assessed Value of Taxable Property
Last Ten Fiscal Years

TABLE 7

Fiscal Year Ended June 30	Secured	Unsecured	Total Assessed Value	Total Direct Tax Rate
2016	\$ 3,569,065,524	\$ 26,719,717	\$ 3,595,785,241	1.00%
2017	\$ 3,766,258,441	\$ 26,280,598	\$ 3,792,539,039	1.00%
2018	\$ 3,999,182,757	\$ 25,708,168	\$ 4,024,890,925	1.00%
2019	\$ 4,220,683,852	\$ 26,668,954	\$ 4,247,352,806	1.00%
2020	\$ 4,446,041,301	\$ 28,251,679	\$ 4,474,292,980	1.00%
2021	\$ 4,686,463,940	\$ 31,785,264	\$ 4,718,249,204	1.00%
2022	\$ 4,933,554,941	\$ 31,058,835	\$ 4,964,613,776	1.00%
2023	\$ 5,322,503,952	\$ 33,821,025	\$ 5,356,324,977	1.00%
2024	\$ 5,680,286,869	\$ 42,938,652	\$ 5,723,225,521	1.00%
2025	\$ 6,039,769,140	\$ 42,343,875	\$ 6,082,113,015	1.00%



Notes:

Total Direct Tax Rate is from Table 8. Rates are based on a \$100 of taxable value.

Exempt values are not included in Total.

With the passage of a constitutional amendment (Proposition 13) and subsequently enacted State legislation, property is assessed according to a base year rather than on a percentage of market value. Accordingly, a reliable estimate of actual value of taxable property within the City is not possible.

Source: County of Monterey Assessors Office

City of Carmel-by-the-Sea
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per \$100 of Taxable Value)

TABLE 8

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Direct Rates:	(1)	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Overlapping Rates:	(2)										
Carmel Unified		0.014	0.014	0.014	0.016	0.015	0.010	0.015	0.007	0.022	0.014
Monterey Peninsula Community College		0.022	0.022	0.022	0.021	0.021	0.027	0.032	0.030	0.029	0.022
Total Direct and Overlapping Rate		1.036	1.036	1.036	1.037	1.036	1.037	1.047	1.037	1.051	1.036
City Share of 1% Levy per Prop. 13	(3)	0.918	0.925	0.929	0.919	0.906	0.918	0.929	0.929	0.932	0.941

Notes:

- 1 The passage of a constitutional amendment (Proposition 13) in June 1978 limits the property tax rate to a base of \$1.00 per \$100.00. The \$1.00 rate is levied by the County and apportioned to local agencies according to a formula prescribed by the California legislature.
- 2 Overlapping rates are those of entities that apply to property owners within the City of Pacific Grove. Not all overlapping rates apply to all property owners (e.g., the rates for school districts apply only to the proportion of the city's property owners whose property is located within the geographic boundaries of the school district).
- 3 This is the percentage of \$1 countywide tax levy

Source: County of Monterey Assessors Office

Source: County of Monterey ACFR

City of Carmel-by-the-Sea
Principal Property Tax Owners
Current Year and Nine Years Ago

TABLE 9

Tax Owner	2025			2016		
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
ESPERANZA CARMEL COMMERCIAL LLC	\$ 67,060,566	1	1.10%	na		na
OWRF CARMEL LLC	\$ 63,911,159	2	1.05%	\$ 54,240,839	1	1.51%
ESPERANZA CARMEL LLC	\$ 46,365,007	3	0.76%	\$ 8,709,860	9	0.24%
HINES JEFFREY C	\$ 40,836,688	4	0.67%	na		na
PAUL ANDREW M	\$ 32,138,259	5	0.53%	na		na
LA PLAYA CARMEL HOTEL LLC	\$ 25,808,968	6	0.42%	\$ 16,723,574	3	0.47%
GUNNER RICHARD V & MARGARET S GUNNER TRS	\$ 23,516,232	7	0.39%	\$ 19,743,122	2	0.55%
LPP OCEAN PROP LLC	\$ 22,594,065	8	0.37%	na		na
LPP JUNIPERO PROP LLC	\$ 17,980,305	9	0.30%	na		na
CHARPIE RICHARD A TR ET AL	\$ 16,787,378	10	0.28%	na		na
LEVETT FAMILY PROPERTIES				\$ 11,961,481	4	0.33%
CYPRESS INN INVESTORS				\$ 11,866,491	5	0.33%
MOORE FAMILY TR				\$ 11,630,000	6	0.32%
CARMEL MOUNTAIN #8 ASSOCIATES				\$ 11,046,991	7	0.31%
SOLARI LARRY T TR & SOLARI DEIRDRE C TR				\$ 9,539,441	8	0.27%
MARINA SQUARE PARTNERS LP				\$ 8,604,361	10	0.24%
Totals	\$ 356,998,627		5.87%	\$ 164,066,160		4.56%
Total assessed value	\$ 6,082,113,015			\$ 3,595,785,241		

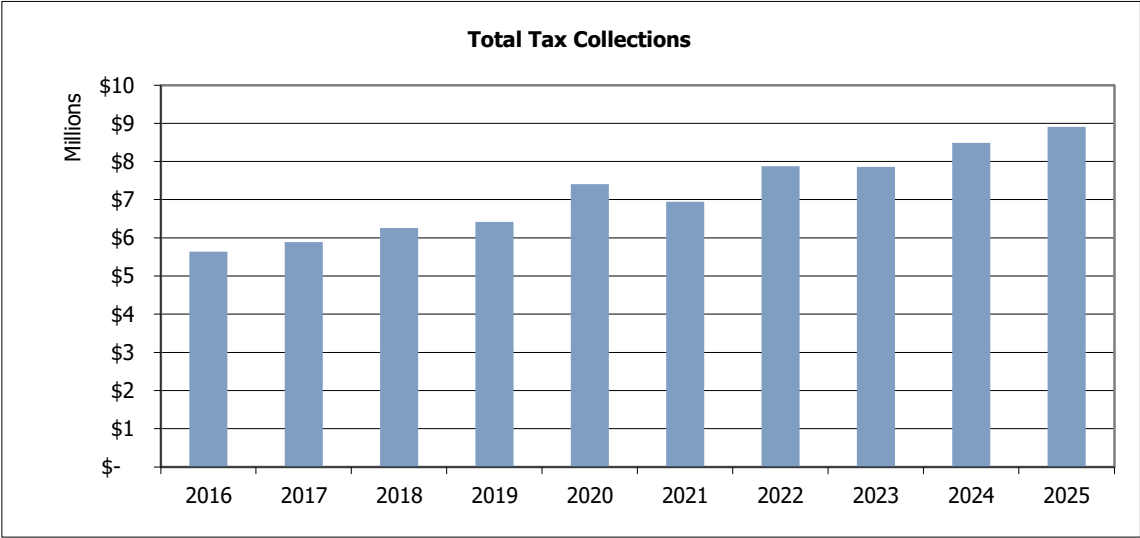
Source: County of Monterey Assessors Office

na = not available

City of Carmel-by-the-Sea
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 10

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections ¹	Percent of Levy Collected	Supplemental Tax Collections	Delinquent Tax Collections	Total Collections
2016	\$ 5,598,743	\$ 5,453,176	93.6%	\$ 106,567	\$ 80,397	\$ 5,640,140
2017	\$ 5,825,889	\$ 5,691,894	91.9%	\$ 124,505	\$ 76,128	\$ 5,892,528
2018	\$ 6,192,126	\$ 6,049,707	92.7%	\$ 131,185	\$ 80,213	\$ 6,261,105
2019	\$ 6,524,331	\$ 6,242,449	93.3%	\$ 107,412	\$ 64,523	\$ 6,414,384
2020	\$ 6,690,948	\$ 7,219,695	97.7%	\$ 118,629	\$ 71,261	\$ 7,409,584
2021	\$ 7,389,657	\$ 6,712,274	87.2%	\$ 144,856	\$ 85,217	\$ 6,942,347
2022	\$ 7,694,722	\$ 7,612,601	93.2%	\$ 174,951	\$ 83,468	\$ 7,871,020
2023	\$ 8,164,266	\$ 7,603,636	86.7%	\$ 198,307	\$ 53,537	\$ 7,855,480
2024	\$ 8,770,847	\$ 8,169,333	89.3%	\$ 188,880	\$ 128,327	\$ 8,486,540
2025	\$ 9,147,435	\$ 8,691,559	95.0%	\$ 131,489	\$ 84,275	\$ 8,907,323



Source: County of Monterey Auditor-Controller's Office
 City of Carmel-by-the-Sea Finance Department

City of Carmel-by-the-Sea
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

Table 11

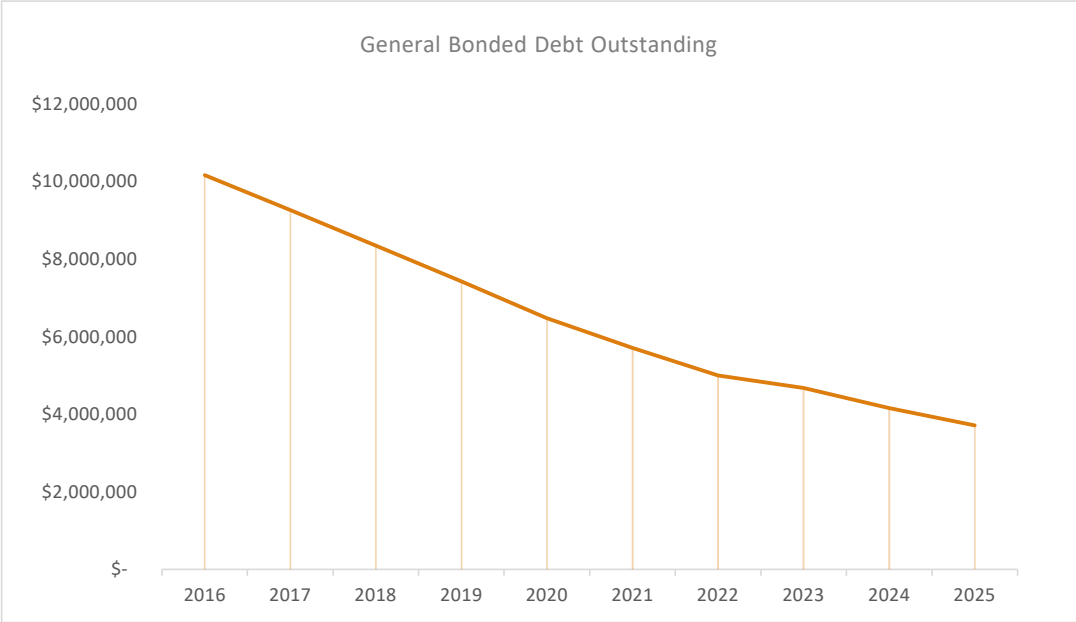
Fiscal Year Ending June 30	Pension Obligation Bonds	Lease Revenue Bonds	Governmental Activities			Total Outstanding Debt	Median Household Income	Percentage of Household Income	Population	Debt per Capita
			NGEN Public Safety Joint Agree	Financed Purchases	SBITAs					
2016	\$ 4,420,000	\$ 6,140,000	\$ 246,246	\$ -	\$ -	\$ 10,806,246	\$ 81,607	0.76%	3,903	2,769
2017	\$ 3,825,000	\$ 5,840,000	\$ 227,141	\$ -	\$ -	\$ 9,892,141	\$ 87,532	0.88%	3,897	2,538
2018	\$ 3,220,000	\$ 5,530,000	\$ 207,281	\$ -	\$ -	\$ 8,957,281	\$ 87,532	0.98%	3,897	2,299
2019	\$ 2,605,000	\$ 5,215,000	\$ 186,511	\$ -	\$ -	\$ 8,006,511	\$ 87,532	1.09%	3,987	2,008
2020	\$ 1,980,000	\$ 4,890,000	\$ 157,741	\$ -	\$ -	\$ 7,027,741	\$ 98,638	1.40%	3,949	1,780
2021	\$ 1,340,000	\$ 4,761,901	\$ 165,051	\$ -	\$ -	\$ 6,266,952	\$ 98,188	1.57%	4,023	1,558
2022	\$ 680,000	\$ 4,733,004	\$ 165,051	\$ -	\$ -	\$ 5,578,055	\$ 101,696	1.82%	3,041	1,834
2023	\$ -	\$ 4,704,107	\$ 15,033	\$ 156,440	\$ 159,154	\$ 5,034,734	\$ 100,365	1.95%	3,105	1,654
2024	\$ -	\$ 4,190,175	\$ -	\$ 132,334	\$ 255,909	\$ 4,578,418	\$ 126,406	2.68%	3,122	1,467
2025	\$ -	\$ 3,742,933	\$ -	\$ 107,473	\$ 208,424	\$ 4,058,830	\$ 115,729	2.85%	3,049	1,331

Source: City of Carmel-by-the-Sea Finance Department
 Demographics from Table 16

City of Carmel-by-the-Sea
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

TABLE 12

Fiscal Year Ended June 30	General Obligation Bonds	Lease Revenue Bonds	Less: Amount Available in Debt Service Fund	Net Obligation Total	Percentage of Assessed Value	Debt Per Capita	Assessed Value	Population
2016	\$ 4,420,000	\$ 6,140,000	\$ 400,381	\$ 10,159,619	0.28%	\$ 2,603	\$ 3,595,785,241	3,903
2017	\$ 3,825,000	\$ 5,840,000	\$ 400,582	\$ 9,264,418	0.24%	\$ 2,377	\$ 3,792,539,039	3,897
2018	\$ 3,220,000	\$ 5,530,000	\$ 405,742	\$ 8,344,258	0.21%	\$ 2,141	\$ 4,024,890,925	3,897
2019	\$ 2,605,000	\$ 5,215,000	\$ 402,335	\$ 7,417,665	0.17%	\$ 1,860	\$ 4,247,352,806	3,987
2020	\$ 1,980,000	\$ 4,890,000	\$ 400,381	\$ 6,469,619	0.14%	\$ 1,638	\$ 4,474,292,980	3,949
2021	\$ 1,340,000	\$ 4,761,901	\$ 393,132	\$ 5,708,769	0.12%	\$ 1,419	\$ 4,718,249,204	4,023
2022	\$ 680,000	\$ 4,733,004	\$ 416,577	\$ 4,996,427	0.10%	\$ 1,643	\$ 4,964,613,776	3,041
2023	\$ -	\$ 4,704,107	\$ 26,805	\$ 4,677,302	0.09%	\$ 1,506	\$ 5,356,324,977	3,105
2024	\$ -	\$ 4,190,175	\$ 34,807	\$ 4,155,368	0.07%	\$ 1,331	\$ 5,723,225,521	3,122
2025	\$ -	\$ 3,742,933	\$ 34,807	\$ 3,708,126	0.06%	\$ 1,216	\$ 6,082,113,015	3,049



Source: California Department of Finance
 City of Carmel-by-the-Sea Finance Department

City of Carmel-by-the-Sea
Computation of Direct and Overlapping Debt
June 30, 2025

TABLE 13

2024-2025 Assessed Value

\$ 6,082,113,015

	Total Debt Outstanding	Percentage Applicable to City ⁽¹⁾	Amount Applicable to City
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Monterey Peninsula Community College District	\$ 90,860,629	11.763%	\$ 10,688,313
Carmel Unified School District	10,928,044	24.462%	2,673,180
Total Direct and Overlapping Tax and Assessment Debt	<u>\$ 101,788,673</u>		<u>\$ 13,361,493</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Monterey County General Fund Obligations	100,144,997	6.476%	6,485,846
Monterey County Judgment Obligations	4,423,190	6.476%	286,466
Monterey County Water Resources Agency Gen Fund Debt	16,990,000	6.476%	1,100,350
City of Carmel-by-the-Sea General Fund Obligations	<u>4,058,830</u>	100.000%	<u>4,058,830</u>
Total Gross Direct and Overlapping General Fund Debt			<u>11,931,492</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u><u>\$ 11,931,492</u></u>
TOTAL DIRECT DEBT			\$ 4,058,830
TOTAL GROSS OVERLAPPING DEBT			\$ 21,234,155
TOTAL NET OVERLAPPING DEBT			\$ 21,234,155
GROSS COMBINED TOTAL DEBT ²			\$ 25,292,985
NET COMBINED TOTAL DEBT			\$ 25,292,985

Notes:

- (1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2021-22 Assessed Valuation:

Direct Debt

Total Direct and Overlapping Tax and Assessment Debt 0.22%

Total Direct Debt 0.07%

Gross Combined Total Debt 0.42%

Net Combined Total Debt 0.42%

Source: City of Carmel-by-the-Sea Finance Department

Page Intentionally Left Blank

City of Carmel-by-the-Sea
Legal Debt Margin Information
Last Ten Fiscal Years

TABLE 14

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 134,841,947	\$ 142,220,214	\$ 150,933,410	\$ 159,275,730	\$ 167,785,987	\$ 176,934,345	\$ 186,173,017	200,862,187	214,620,957	228,079,238
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 134,841,947</u>	<u>\$ 142,220,214</u>	<u>\$ 150,933,410</u>	<u>\$ 159,275,730</u>	<u>\$ 167,785,987</u>	<u>\$ 176,934,345</u>	<u>\$ 186,173,017</u>	<u>\$ 200,862,187</u>	<u>\$ 214,620,957</u>	<u>\$ 228,079,238</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:
 California Government Code, Section 43605, sets the debt limit at 15% of the total assessed valuation of all real personal property within the city, when assessed values were at 25% of full market value. This has changed to 100% of full market value, with the rate adjusting to 1/4 of 15%.

Source: City of Carmel by the Sea Finance Department

Legal Debt Margin Calculation:	
Total assessed value	\$ 6,082,113,015
Debt limit (3.75% of total assessed value)	228,079,238
Debt applicable to limit:	
General obligation bonds	-
Less: Amount available in debt service fund for repayment of bonds	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 228,079,238</u>

TABLE 15

City of Carmel-by-the-Sea
Pledged-Revenue Coverage
Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sunset Center Certificates of Participation										
General City Revenues	\$ 22,406,471	\$ 21,653,778	\$ 23,167,967	\$ 24,061,114	\$ 21,424,311	\$ 26,120,715	\$ 27,251,501	\$ 28,794,067	\$ 30,991,242	\$ 33,884,277
Less: operating expenses	(17,552,771)	(18,716,522)	(19,407,105)	(20,069,662)	(20,883,375)	(18,148,230)	(22,576,272)	(20,889,985)	(29,206,793)	(32,766,151)
Net available revenue	4,853,700	2,937,256	3,760,862	3,991,452	540,936	7,972,485	4,675,229	7,904,082	1,784,449	1,118,126
Debt service:										
Principal	295,000	300,000	310,000	315,000	325,000	-	-	-	355,000	375,000
Interest	208,063	202,063	198,188	190,375	173,320	106,957	155,798	155,800	147,975	135,631
Total	503,063	502,063	508,188	505,375	498,320	106,957	155,798	155,800	502,975	510,631
Coverage	9.65	5.85	7.40	7.90	1.09	74.54	30.01	50.73	3.55	2.19
Pension Obligation Bonds										
General City Revenues	\$ 22,406,471	\$ 21,653,778	\$ 23,167,967	\$ 24,061,114	\$ 21,424,311	\$ 26,120,715	\$ 27,251,501	\$ 28,794,067	\$ 30,991,242	\$ 33,884,277
Less: operating expenses	-17,552,771	(18,716,522)	(19,407,105)	(20,069,662)	(20,883,375)	(18,148,230)	(22,576,272)	(20,889,985)	(29,206,793)	(32,766,151)
Net available revenue	4,853,700	2,937,256	3,760,862	3,991,452	540,936	7,972,485	4,675,229	7,904,082	1,784,449	1,118,126
Debt service:										
Principal	585,000	595,000	605,000	615,000	625,000	640,000	660,000	680,000	-	-
Interest	112,443	105,131	96,206	85,120	71,892	57,666	40,414	21,080	-	-
Total	697,443	700,131	701,206	700,120	696,892	697,666	700,414	701,080	-	-
Coverage	6.96	4.20	5.36	4.91	0.78	11.43	6.67	11.27	-	-
Combined coverage	4.04	2.44	3.11	2.85	3.31	3.31	5.46	9.22	3.55	2.19

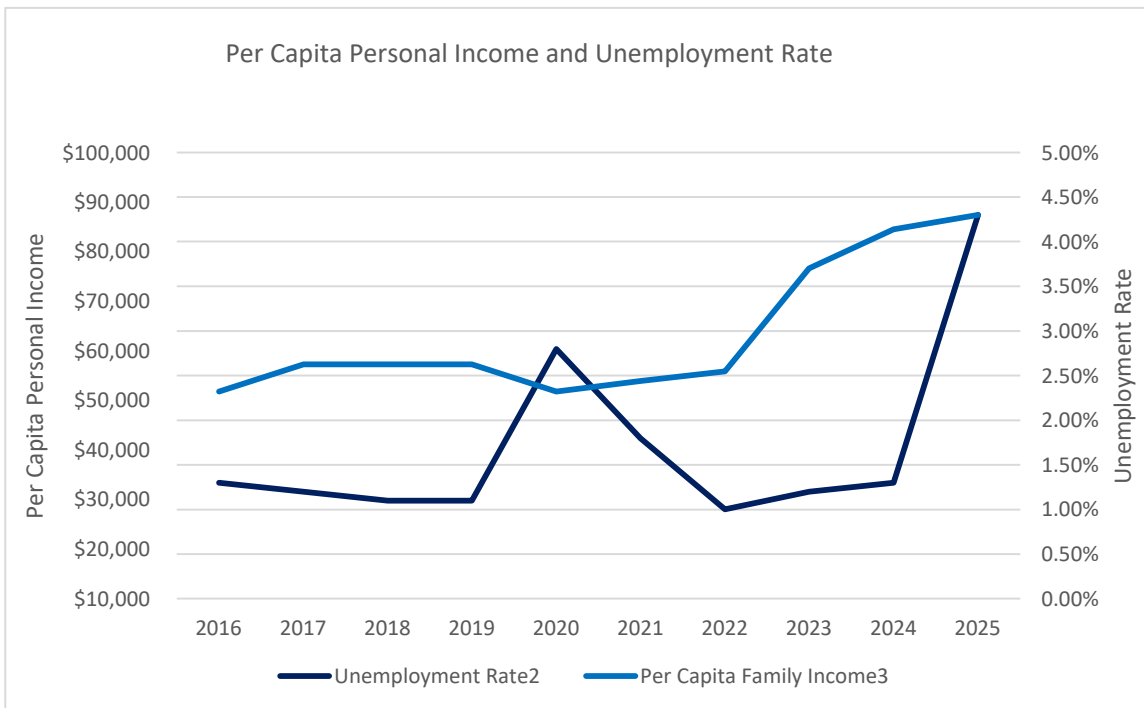
Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

Source: City of Carmel-by-the-Sea Finance Department

City of Carmel-by-the-Sea
Demographic and Economic Statistics
Last Ten Fiscal Years

TABLE 16

Fiscal Year Ended June 30	Population ¹	Unemployment Rate ²	Median Household Income	Per Capita Family Income ³	Median Age	% of Population 25+ with High School Diploma	% of Population 25+ with Bachelor's Degree
2016	3,903	1.30%	\$ 81,607	\$ 51,778	53.1	97.30%	63.70%
2017	3,897	1.20%	\$ 87,532	\$ 57,307	55.8	96.90%	64.70%
2018	3,897	1.10%	\$ 87,532	\$ 57,307	55.8	96.90%	64.70%
2019	3,987	1.10%	\$ 87,532	\$ 57,307	55.8	96.90%	64.80%
2020	3,949	2.80%	\$ 81,607	\$ 51,778	61.3	97.30%	63.70%
2021	4,023	1.80%	\$ 98,188	\$ 53,961	59.6	82.72%	55.03%
2022	3,041	1.00%	\$ 101,696	\$ 55,889	65.0	95.80%	74.70%
2023	3,105	1.20%	\$ 100,365	\$ 76,590	63.6	95.80%	74.70%
2024	3,122	1.30%	\$ 126,406	\$ 84,508	65.0	95.50%	76.00%
2025	3,049	4.30%	\$ 115,729	\$ 87,422	68.9	95.80%	76.00%



Notes:

- A For calendar year ending during the fiscal year.
- B Total Personal Income is presented in thousands.

Source: ¹ California Department of Finance
² California Employment Development Department
³ U.S. Department of Commerce, Bureau of Economic Analysis

City of Carmel-by-the-Sea
Principal Employers
Current Year and Nine Years Ago ⁽¹⁾

TABLE 17

	Fiscal Year Ended June 30					
	2025			2016		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Employer:						
La Playa Hotel	116	1	6.11%	Unavailable	1	n/a
City of Carmel	84	2	4.42%	Unavailable	2	n/a
La Bicyclette	72	3	3.79%	Unavailable	3	n/a
Vesuvio	64	4	3.37%	Unavailable	4	n/a
Little Napoli	63	5	3.32%	Unavailable	5	n/a
Grasings	59	6	3.11%	Unavailable	6	n/a
Alvarado Street Brewery & Bist	50	7	2.63%	Unavailable	7	n/a
Casanova	49	8	2.58%	Unavailable	8	n/a
Il Fornaio	48	9	2.53%	Unavailable	9	n/a
Terry's Lounge	48	9	2.53%	Unavailable	10	n/a
Totals	653		34.37%	-		-
Total employment	1,900			na		

Notes: Due to the small size of the City, employee counts for prior years were not available through a database or third party.
 Prior year information will be included as the City reports this information in forthcoming years.

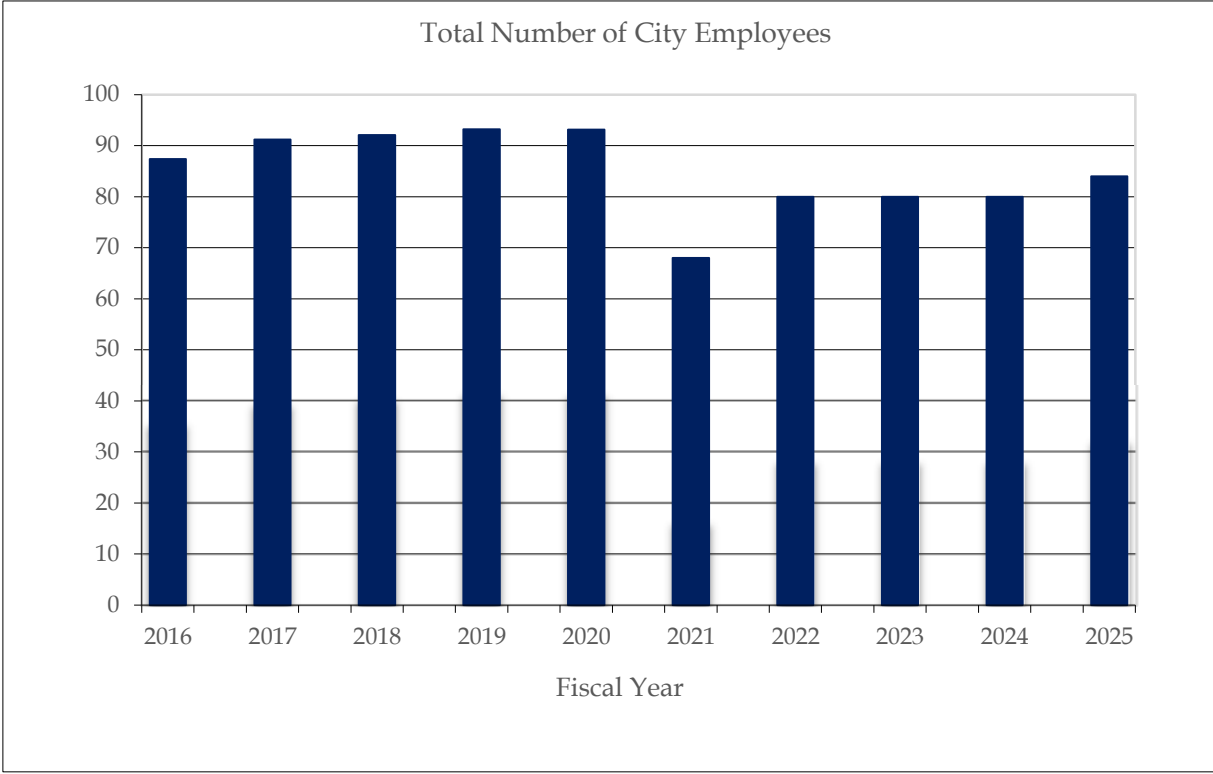
Source: City of Carmel-by-the-Sea Finance Department

City of Carmel-by-the-Sea

TABLE 18

**Number of City Employees by Department
Last Ten Fiscal Years**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Departments:										
General Government	17.60	18.60	16.20	15.70	15.66	15.00	15.00	15.00	15.00	15.00
Public Safety	30.70	30.70	31.70	32.00	32.00	25.00	24.00	24.00	24.00	22.00
Public Works	18.00	21.00	21.00	21.00	21.00	15.00	18.00	20.00	21.00	21.00
Community Activities	1.70	1.50	1.40	1.50	1.50	0.50	1.00	0.50	0.50	0.50
Library	12.40	12.40	12.80	14.00	13.98	5.50	11.00	10.50	10.50	14.50
Community Plng. and Bldg.	7.00	7.00	9.00	9.00	9.00	7.00	11.00	10.00	9.00	11.00
Totals	87.40	91.20	92.10	93.20	93.14	68.00	80.00	80.00	80.00	84.00



Source: City of Carmel-by-the-Sea Finance Department

City of Carmel-by-the-Sea
Operating Indicators By Function
Last Ten Fiscal Years

TABLE 19

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function:										
Police										
Calls for service	14,360	13,701	12,674	13,252	11,385	8,778	8,959	9,709	10,587	10,602
Fire										
Calls for service	925	856	843	1,006	803	754	794	951	821	924
Inspections	636	346	504	112	184	107	88	135	93	247
Public Works										
Potholes patched		18	52	25	20	25	50	35	40	29
Tree permits Issued			166	90	177	216	183	305	242	183
Calls for service		300	250	500	750	433	1,455	6,935	7,834	7,140
Road asphalt used			48	34	28	32	44	28	43	62
Trees planted		32	82	82	59	57	139	254	216	92
Library										
Circulation of library materials	114,137	106,976	99,802	104,456	104,456	84,810	55,414	127,777	164,719	156,306
Reference questions	20,233	19,252	16,276	15,789	15,789	13,579	9,062	14,199	16,074	20,622
Community Activities										
Special Event permits	30	81	75	42	35	5	31	55	24	14
Community Development										
Building Permits	422	416	580	590	677	446	411	458	502	497
Architectural Approvals	524	468	440	452	402	280	171	163	181	200
Administration										
Business Licenses (All businesses)	1472	1615	1836	2187	2276	1,984	1,884	1,834	1,849	2,122
Public Records Requests (Calendar Yr)	127	160	184	187	199	248	101	215	125	118

Source: City of Carmel-by-the-Sea Departments

City of Carmel-by-the-Sea
Capital Asset Statistics By Function
Last Ten Fiscal Years

TABLE 20

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function:										
General Government										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Parking meters	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of paved streets	27	27	27	27	27	27	27	27	27	27
Parking lots	3	3	3	3	3	3	3	3	3	3
Fleet Vehicles (City-wide)	43	43	43	45	41	42	44	44	48	46
Recreation										
Parks	10	10	10	10	10	10	10	10	10	10
Playgrounds	1	1	1	1	1	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2	2	2
Library										
Library facilities	2	2	2	2	2	2	2	2	2	2

Source: City of Carmel-by-the-Sea Departments

Page Intentionally Left Blank



**OTHER INDEPENDENT
AUDITOR'S REPORTS**



Chavan and Associates, llp
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the
City Council of the City of Carmel-By-The-Sea
Carmel-by-the-Sea, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Carmel-By-The-Sea (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 17, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not



Chavan and Associates, llp
Certified Public Accountants

express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A LLP

March 17, 2026
Morgan Hill, California



Chavan and Associates, llp
Certified Public Accountants

Governance Letter

For the Fiscal Year Ended June 30, 2025

To the City Council of the
City of Carmel-By-The-Sea

We have audited the basic financial statements of the City of Carmel-By-The-Sea as of and for the year ended June 30, 2025, and have issued our report thereon dated March 16, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Carmel-By-The-Sea solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing City of Carmel-By-The-Sea's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.



Chavan and Associates, llp
Certified Public Accountants

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We did not identify any significant risks that required special audit consideration.

Qualitative Aspects of the Authority's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Carmel-By-The-Sea is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no material changes in significant accounting policies or their application during June 30, 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements include actuarial assumptions included in employee retirement plans that impact pension and other postemployment balances reported in the financial statements, and net present value calculations for right of use assets.

We evaluated the key factors and assumptions used to develop the identified estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City of Carmel-By-The-Sea's financial statements relate to cash and investments, capital assets, pensions, and long-term liabilities.



Chavan and Associates, llp
Certified Public Accountants

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that required the attention of management.

Identified or Suspected Fraud

We did not identify nor obtain information that indicates that fraud may have occurred.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no material uncorrected financial statement misstatements identified.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material corrected financial statement misstatements identified as a result of our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Carmel-By-The-Sea's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of our auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 16, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations



Chavan and Associates, llp
Certified Public Accountants

with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City of Carmel-By-The-Sea, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City of Carmel-By-The-Sea's auditors.

This report is intended solely for the information and use of the Board and management of the City of Carmel-By-The-Sea and is not intended to be and should not be used by anyone other than these specified parties.

C & A LLP

March 16, 2026
Morgan Hill, California



Chavan and Associates, llp
Certified Public Accountants

Management Letter

For the Fiscal Year Ended June 30, 2025

City of Carmel-By-The-Sea
City Council and Management
Carmel-By-The-Sea, California

In planning and performing our audit of the financial statements of City of Carmel-by-the-Sea as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered City of Carmel-by-the-Sea's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Carmel-by-the-Sea's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Carmel-by-the-Sea's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*: The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*: The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and



Chavan and Associates, LLP
Certified Public Accountants

the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Respectfully,

C & A LLP

March 16, 2026
Morgan Hill, California



CITY OF CARMEL-BY-THE-SEA
City Council
Staff Report

March 24, 2026
ORDERS OF BUSINESS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Brandon Swanson, Acting City Administrator

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Receive a presentation on the updated Council Strategic Priorities list following the January 22nd workshop, and provide direction to staff

RECOMMENDATION:

Receive a presentation on the updated Council Strategic Priorities list following the January 22nd workshop and provide direction to staff on priorities for the calendar year, 2026.

BACKGROUND / SUMMARY:

On January 22, 2026, the City Council held their annual workshop to review their list of strategic priority projects. This list is intended to provide the City Administrator with guidance on projects that should be completed or see meaningful progress made in the calendar year. The format of the meeting allows feedback from the public during the entire workshop. Throughout the meeting, Councilmembers provided direction about adding and removing projects, and feedback on the level of priority for a handful of projects (level 1, 2 or 3). The results of the January workshop have been marked up on the attached Strategic Priorities Spreadsheet so that the changes can be tracked (**Attachment 1**). In summary, the following actions were taken:

- 16 priority projects added
- 1 priority project canceled
- 6 priority projects marked as “Complete” and removed from the list
- 5 titles modified to better represent Council’s objectives

At their February 3rd meeting, Council was presented with a marked-up list which captured their direction from that January workshop and asked to finalize the list, item by item. Due to a full agenda, Council was not able to make it through the entire list, and directed staff to return at an upcoming meeting to complete the task.

What is Council Being Asked to do on March 24th?

Council has been presented with a marked-up list which shows where decisions were made at the February 3rd meeting, and where direction is still needed. Council will **begin at section "S-4 Preserve the Village Character"**. As a reminder, Council is being asked to review the remaining items on this list, and be prepared to:

1. **Clarify** any changes which were not accurately captured by staff
2. **Assign** a "priority level" to every project on the list – Level 1, 2 or 3. Level 1 being the highest.
3. **Move** some items from the active list to "Future Projects" to create a manageable list for 2026.

a. NOTE: The City Administrator's recommendation is that the current list is too long for every item to be completed or see meaningful progress in 2026.

Council has also been provided with a "clean" version of the list which incorporates all the draft changes noted in the markup version (**Attachment 2**). This clean version is only being offered as a convenience for Council as a worksheet to prepare notes for the February 3rd meeting. It is not meant to imply that the draft changes are finalized.

Some Notes about the Priorities List

To assist in reviewing, here are a few notes about the list:

- There is a key at the top of the list showing how the colors relate to changes:
 - Green = new item
 - Pink = complete item
 - Yellow = modified title
 - Red = cancelled project
- For any item which the Council provided a "priority level" at the workshop, that number has been added in **BOLD**. The rest of the priorities are left blank for Council to fill in.
- Items elevated from the "future projects" list include a note showing which section they moved to.

Capacity Discussion

The ability to complete projects on the priorities list is directly related to the City's

capacity. In this sense, “capacity” means both staff time and budgeted funds. With that in mind, Council is asked to consider other core City tasks while deliberating on whether to keep items on the active priority list or place them on the “Future Project” list. Examples of core city tasks that already take capacity include things like: processing development permits, preparing recurring reports for state and other regulatory agencies, ongoing infrastructure and facility maintenance, routine forest management, daily finance and accounts payable work, IT troubleshooting and network management, implementing adopted City Plans, providing staff support to various City Boards and Commissions, and execution of the City’s approved Capital Improvement Program (CIP).

In an effort to help begin the conversation, Council has been provided with a sample rebalanced list prepared by the City Administrator. This sample shows some projects moved to the “Future Projects” list and levels of priority for those not assigned by Council at the recent workshop (**Attachment 3**). This sample list is in no way meant to change or limit Council’s ability to decide what projects stay on the active priority list and the Council’s level of priority. This list of priorities belongs to Council, and the City Administrator will work to fulfill all the goals of the list that Council assigns.

Next Steps

Following direction from Council, the priorities list will be finalized accordingly. From there, the list will become one of the regular reports attached to each regular City Council agenda for the rest of the year. This will allow the list to be pulled at any meeting by Council, staff, or the public to discuss an item on the list. In addition, staff will plan to return to Council with formal updates in May, September, and December of this year.

FISCAL IMPACT:

Time associated with preparation of the priorities list is included in the FY25/26 Fiscal Year operating budget. Projects on the list will all have their own associated costs, which will be included in agenda reports for any future Council actions on those items.

PRIOR CITY COUNCIL ACTION:

ATTACHMENTS:

- 1. 2-3-2026 MARKUPS Council Priority Tracker 01.22.26
- 2. CLEAN Council Priority Tracker 01.22.26
- 3. SAMPLE Council Priority Tracker 01.22.26

City Council Strategic Priorities

- Item is complete, and will be removed from the list
- Item was added by Council at Strategic Priorities Meeting
- Item name has been changed based on Council feedback (changes ~~struck~~ and underlined)
- Item is not complete, and was removed by Council from the list

S-1 Exercise Financial Sustainability, Accountability and Transparency

P-1.1 Budget Clarity

G-1.1.1	<i>Increase usability and clarity of financial reports given to Council</i>	Admin/Finance	3	July 2026
G-1.1.2	<i>Create an online public facing CIP tracking dashboard</i>	Admin/IT	2	Mar 2026

P-1.2 Financial Health

G-1.2.1	<i>Receive Council approval on revised investment portfolio approach</i>	Admin/Finance	future	TBD
G-1.2.3	<i>Implement a new HR, Finance and Payroll management system (ERP)</i>	Admin/Finance	1	Jan 2027
G-1.2.4	<i>Develop menu of potential funding sources to close City's funding shortfalls</i>		1	May 2026
G-1.2.5	<i>Provide Council a presentation on placing a TOT increase on the Nov 2026 ballot and receive direction</i>	Admin/Clerk	1	Feb 2026
G-1.2.6	<i>Provide Council with a presentation on options for paid parking as a management tool</i>	Admin/PD	2	June 2026

S-2 Steward the Natural Environment

P-2.1 Beach Infrastructure Repairs and Maintenance

G-2.1.1	<i>Rebuild 8th Ave. sand ramp</i>	PW	1	Mar 2027
G-2.1.2	<i>Complete 4th Ave. outfall repair/replacement</i>	PW	2	Sep 2027
G-2.1.3	<i>Rebuild 10th Ave. stairs</i>	PW	1	June 2026
G-2.1.4	<i>Rebuild 12th Ave. stairs</i>	PW	1	June 2026
G-2.1.5	<i>Complete maintenance/repair of bluff revetments</i>	PW	1 - ongoing	Ongoing
G-2.1.6	<i>Implementation of coastline related items from Climate Action and Adaptation Plan</i>	PW	ongoing	Ongoing

P-2.2 Wildfire Mitigation and Prevention

G-2.2.1	<i>Adopt updated Carmel Forest Management Plan (City Council), and Certify LCP amendment for updated Carmel Fores</i>	PW	2	Jan 2027
G-2.2.3	<i>Adopt additional citywide wildfire and prevention measures (e.g.: allowed materials, building code, etc.), and Create a</i>	CPB/PW	2	Ongoing
G-2.2.4	<i>Complete all tasks on the approved list of prioritized fuel mitigation projects</i>	CPB/PW	1	Ongoing
G-2.2.6	<i>Execute a citywide evacuation drill</i>	PD	1	May 2026

S-3 Maintain Public Safety and Infrastructure

P-3.1 Public Safety

G-3.1.1	<i>Ambulance mutual aid contract</i>	Admin	1	3/1/2026
----------------	--------------------------------------	-------	---	----------

City Council Strategic Priorities

	Responsible Department	Priority Level	Target Goal Completion
G-3.1.1 <i>Implement a Street Address Program</i>	Admin	1	May 2026
G-3.1.2 <i>Create a plan to improve the resiliency of the City's power grid and present to City Council</i>	Admin/PW	2	TBD
G-3.1.3 <i>Complete the City's Rule 20-A project at Del Mar Parking Lot</i>	PW	3	TBD
P-3.2 City Buildings and Property (Non-Police/PW)			
G-3.2.1 <i>Conduct condition assessment of all City buildings and develop maintenance plan</i>	PW	2	Dec 2027
G-3.2.2 <i>Provide presentation to Council on the process required to sell the Scout House and receive direction</i>	Admin/PW	future	April 2026
G-3.2.3 <i>Have Council receive a presentation from the Friends of MTNP for a Rio Park project</i>	Admin/PW	2	TBD
P-3.3 City Building (Police/PW)			
G-3.3.2 <i>Select architect</i>	PW/PD	1	March 2026
G-3.3.3 <i>Construction Plans and financing approved by City Council</i>	PW/Admin	1	July 2027
P-3.4 Digital Infrastructure			
G-3.4.1 <i>Complete an IT audit, including cyber-security</i>	Admin/IT	1	May 2026
G-3.4.2 <i>Develop and adopt an IT Strategic Plan</i>	Admin/IT	1	July 2026
P-3.5 Streets and Sidewalks			
G-3.5.1 <i>Complete repairs to get current on all sidewalk and ADA improvements</i>	PW	2	Ongoing
G-3.5.3 <i>Significantly increase parking enforcement capabilities</i>	PD	1	June 2026

S-4 Preserve the Village Character - Start here on 3-24-2026

P-4.1 Design Review

G-4.1.1 <i>Adopt updated Design guidelines and Zoning Code - Design Traditions 1.5 Project (City Council)</i>	CPB		Dec 2026
G-4.1.2 <i>Certify LCP amendment for updated Design Guidelines and Zoning Code (Coastal Commission)</i>	CPB		Mar 2027
G-4.1.3 <i>Reinstate the Design Review Board (DRB)</i>	CPB		TBD
G-4.1.4 <i>Complete Objective Design and Development Standards for affordable units (ODDS)</i>	CPB		April 2027

P-4.2 Housing Policy and Community Sustainability Attract New Full Time Residents

G-4.2.1 <i>Adopt ADU ordinance (City Council)</i>	CPB		Dec 2026
G-4.2.2 <i>Certify LCP amendment for ADU Ordinance (Coastal Commission)</i>	CPB		Mar 2027
G-4.2.3 <i>Adopt Housing Element amendment to move units from City lots (City Council)</i>	CPB		April 2026
G-4.2.4 <i>Certification of Housing Element amendment to move units from City lots (CA State HCD)</i>	CPB		June 2026
G-4.2.5 <i>Research policy options in response to accelerating population loss / loss of families with children</i>	Admin/CPB	2	TBD
G-4.2.6 <i>Implement the City's 6th Cycle Housing Element</i>	Admin/CPB	1	Ongoing

S-5 Provide Effective, Reliable, Responsive and Friendly Government Services

P-5.1 Process Improvements

G-5.1.1 <i>Implement new permitting software, with focus on integrating Artificial Intelligence</i>	CPB/IT		Dec 2026
--	--------	--	----------

City Council Strategic Priorities

	Responsible Department	Priority Level	Target Goal Completion
G-5.1.2 <i>Implement technologies to support routine staff tasks and free up time for enhanced customer service</i>	CPB/IT		Ongoing
G-5.1.3 <i>Implement a citywide customer service program</i>	CPB/IT	1	Dec 2026
P-5.2 Public Access to Records			
G-5.2.1 <i>Scan and digitize all physical city records to make available online (resolutions, ordinances, etc.)</i>	Admin/IT		Ongoing
P-5.3 "Smart Village" Plan			DELETED
G-5.3.1 <i>Expand free public Wi-Fi network to cover all parks and key public areas</i>	Admin/IT		DELETED

S-6 Implement the City's Adopted Plans

P-6.1 Climate Action (C) and Adaptation (D) Plan

Program #	Program Name		
G-C-1.1.1	<i>Energy Efficiency Outreach</i>	PW	TBD
G-C-1.1.2	<i>Energy Efficiency and Electrification Incentives</i>	PW	TBD
G-C-1.1.3	<i>Energy Efficiency Audits</i>	PW	TBD
G-C-1.2.1	<i>Feasibility Study for Existing Building Electrification and Back-up Power.</i>	PW	TBD
G-C-1.2.2	<i>Residential Home Energy Renovations.</i>	PW	TBD
G-C-1.2.3	<i>Residential Home Energy Renovation Incentives.</i>	PW	TBD
G-C-1.2.4	<i>Commercial Energy Renovations.</i>	PW	TBD
G-C-1.2.5	<i>Residential Commercial Energy Renovation Incentives.</i>	PW	TBD
G-C-1.3.1	<i>Energy Efficiency in New Residential Construction</i>	PW	TBD
G-C-1.3.2	<i>Energy Efficiency in New Commercial Construction</i>	PW	TBD
G-C-2.1.1	<i>Reduce Reliance on Automobiles.</i>	PW	TBD
G-C-2.1.2	<i>Develop Bicycle Master Plan to Create Safe Bike Routes around the City</i>	PW	TBD
G-C-2.1.3	<i>Ride-Sharing and Bike to Work Programs within City Operations and Businesses</i>	PW	TBD
G-C-2.2.1	<i>Prioritize Electric Vehicles (EVs)</i>	PW	TBD
G-C-2.3.1	<i>Develop Origin/Destination Transportation Model.</i>	PW	TBD
G-C-3.1.1	<i>Incentivize Clean Energy Installations</i>	PW	TBD
G-C-3.1.2	<i>Increase uptake of 3CE Renewable Generation portfolio</i>	PW	TBD
G-C-4.1.1	<i>Continued Implementation and Promotion of City and Model Water Efficient Ordinance Standards</i>	PW	TBD
G-C-4.1.2	<i>Exceed Water Efficiency Standards</i>	PW	TBD
G-C-5.1.1	<i>Increase the City's solid waste diversion to reduce landfill methane emissions</i>	PW	TBD
G-C-6.1.1	<i>Urban Forest Maintenance and Improvement</i>	PW	TBD
G-C-6.2.1	<i>Allow Cool Roof Options</i>	PW	TBD
G-D-1.1.1	<i>Maintain and Update Evacuation Plan Every 8 Years.</i>	PW	TBD
G-D-1.1.2	<i>Update Emergency Preparedness.</i>	PW	TBD

City Council Strategic Priorities

	Responsible Department	Priority Level	Target Goal Completion
G-D-1.1.3 <i>Collaborate with Monterey Fire.</i>	PW		TBD
G-D-1.1.4 <i>Publicize Local Evacuation Routes.</i>	PW		TBD
G-D-1.1.5 <i>Evaluate Evacuation Route Capacity.</i>	PW		TBD
G-D-1.2.1 <i>Establish a Resilience Hub.</i>	PW		TBD
G-D-1.2.2 <i>Limit the Impacts of Climate Change on the Most Vulnerable Populations.</i>	PW		TBD
G-D-1.2.3 <i>Engage the Community.</i>	PW		TBD
G-D-1.2.4 <i>Social Support Network.</i>	PW		TBD
G-D-1.2.5 <i>Back-up Power for Vulnerable Populations.</i>	PW		TBD
G-D-1.3.1 <i>Partner with Monterey County Health Department.</i>	PW		TBD
G-D-1.3.2 <i>Initiate a Heat Pump Retrofit Program.</i>	PW		TBD
G-D-1.3.3 <i>Invest in Improving Resilience in Critical Facilities.</i>	PW		TBD
G-D-1.3.4 <i>Conduct a Feasibility Study for Existing Building Electrification and Back-up Power.</i>	PW		TBD
G-D-1.3.5 <i>Improve Resilience in Existing Building Stock.</i>	PW		TBD
G-D-1.3.6 <i>Promote Funding Opportunities.</i>	PW		TBD
G-D-1.4.1 <i>Develop Partnerships to Provide Support to Displaced Workers.</i>	PW		TBD
G-D-1.4.2 <i>Establish Partnerships to Develop a Resilient Economy.</i>	PW		TBD
G-D-1.4.3 <i>Business Resilience Outreach Program. Collaborate</i>	PW		TBD
G-D-1.4.4 <i>Hire a Grant Writer/Climate Coordinator.</i>	PW		TBD
G-D-2.1.1 <i>Increase Funding for Climate Adaptation.</i>	PW		TBD
G-D-2.1.2 <i>Increase Urban Forest Resilience.</i>	PW		TBD
G-D-2.1.3 <i>Increase Resilience of the Mission Trail Nature Preserve and Pescadero Canyon.</i>	PW		TBD
G-D-2.1.4 <i>Increase Resilience of the North Dunes.</i>	PW		TBD
G-D-2.1.5 <i>Increase Resilience to Stronger Storms.</i>	PW		TBD
G-D-2.1.6 <i>Beach Sand Monitoring Program.</i>	PW		TBD
G-D-2.1.7 <i>Carmel Cove Sand Supply.</i>	PW		TBD
G-D-3.1.1 <i>Underground Utilities in Fire Hazard Zones (Develop Plan).</i>	PW		TBD
G-D-3.1.2 <i>Increase Green Infrastructure.</i>	PW		TBD
G-D-3.1.3 <i>Public Building Electrification.</i>	PW		TBD
G-D-3.1.4 <i>Reduce Stormwater Runoff.</i>	PW		TBD
G-D-3.1.5 <i>Storm Drain Repair Funding and Improvements.</i>	PW		TBD
G-D-3.1.6 <i>Retrofit Existing Critical Buildings and Related Infrastructure.</i>	PW		TBD
G-D-3.1.7 <i>Water Conservation.</i>	PW		TBD
G-D-3.1.8 <i>Bluff Structural Monitoring Program.</i>	PW		TBD
G-D-3.1.9 <i>Sea Level Rise Coastal Vulnerability Study.</i>	PW		TBD

City Council Strategic Priorities

	Responsible Department	Priority Level	Target Goal Completion
<i>G-D-3.1.10 Wastewater Treatment.</i>	PW		TBD
<i>G-D-3.2.1 Development Standards.</i>	PW		TBD
<i>G-D-3.2.2 Update City Planning Guidelines.</i>	PW		TBD
<i>G-D-3.2.3 Incorporate Climate Change Adaptation into Local Plans.</i>	PW		TBD
<i>G-D-3.2.4 Update Shoreline Management Plan.</i>	PW		TBD
<i>G-D-3.2.5 Multi-Jurisdictional Hazard Mitigation Plan.</i>	PW		TBD

P-6.2 Housing Element - Cycle 6

Program #	Program Name		
1.1.A	Adequate Sites	CPB	Dec-31
1.1.B	Development on Small Sites	CPB	Jun-28
1.1.C	Live/Work Housing	CPB	Jun-26
1.1.D	Mixed-Income Incentive Program	CPB	Jun-28
1.1.E	Affordable Housing on Religious Facility Properties	CPB	Multiple
1.1.F	Hotel-to-Residential Conversion	CPB	Jun-27
1.1.G	Hotel Employee Housing Program	CPB	Jun-27
1.1.H	Accessory Dwelling Units	CPB	Multiple
1.2.A	Water Distribution Prioritization for Affordable Housing	CPB	DONE
1.2.B	Address Infrastructure Constraints	CPB	Dec-31
1.3.A	Condominium Conversions	CPB	Dec-31
1.3.B	Employee Housing (Farmworker)	CPB	Jun-26
1.3.C	Manufactured Homes on a Foundation System	CPB	Jun-26
1.3.D	Senate Bill 35 and Senate Bill 423 Processing Procedure	CPB	Dec-26
1.3.E	Emergency Shelters	CPB	Jun-26
1.3.F	Forest and Beach Commission Required Findings	CPB	Jun-26
1.4.A	Modify or Eliminate Onerous Use Permits	CPB	Jun-28
1.4.B	Objective Design and Development Standards	CPB	Jun-27
1.4.C	By-Right Approval	CPB	Dec-31
2.1.A	Incentives for Mixed-Use Development	CPB	Jun-28
2.1.B	Permanent Housing	CPB	Dec-31
2.1.C	Monitor Affordable Housing Stock	CPB	Jun-26
2.1.D	Establish Affordable Housing Trust Fund	CPB	Dec-26
2.2.A	Historic Preservation Educational Programs	CPB	Dec-31
2.3.A	Preserve and Increase Upper Floor Residential Uses	CPB	Dec-31

City Council Strategic Priorities

Responsible Department Priority Level Target Goal Completion

2.4.A	<i>Housing Rehabilitation and Maintenance Information</i>	CPB	Dec-31
3.1.A	<i>Mixed-Use Affordable Housing</i>	CPB	Jun-28
3.1.B	<i>Housing for Extremely Low-Income Households</i>	CPB	Dec-31
3.1.C	<i>Density Bonus</i>	CPB	Dec-31
3.1.D	<i>Reduced Entitlement and Development Fees</i>	CPB	Jul-26
3.1.E	<i>Reduced Parking Requirements</i>	CPB	Jun-26
3.1.F	<i>Expedited Processing Procedures</i>	CPB	Dec-26
3.1.G	<i>Establish Minimum Densities</i>	CPB	Jun-28
3.2.A	<i>Reasonable Accommodation Procedures</i>	CPB	DONE
3.2.B	<i>Housing Mobility</i>	CPB	Multiple
3.2.C	<i>Family Friendly Housing</i>	CPB	Jun-28
3.2.D	<i>Local Universal Design Standards</i>	CPB	Jun-28
3.3.A	<i>Zoning for Transitional and Supportive Housing</i>	CPB	Jun-26
3.3.B	<i>Low-Barrier Navigation Centers</i>	CPB	Jun-26
3.3.C	<i>Unlicensed Residential Care Facilities</i>	CPB	Jun-26
3.3.D	<i>Single Room Occupancy (SRO) Units</i>	CPB	Jun-26
4.1.A	<i>Water Conservation</i>	CPB	Dec-31
4.1.B	<i>Energy Conservation and Green Building</i>	CPB	Dec-31
5.1.A	<i>Fair Housing Services</i>	CPB	Dec-31
5.1.B	<i>Housing Choice Voucher Program</i>	CPB	Dec-31
5.1.C	<i>Shared Housing Information</i>	CPB	Dec-31
5.1.D	<i>Farmworker Housing</i>	CPB	Dec-31
5.2.A	<i>Support Community Organizations</i>	CPB	Dec-31

P-6.3 Carmel Forest Management Plan

Program #	Program Name		
G-6.3.1	<i>IN PROCESS</i>	PW	TBD

P-6.4 Community Wildfire Prevention Program (CWPP)

Program #	Program Name		
G-1.1	<i>Conduct biannual educational seminars to educate residents on wildfire preparedness and mitigation</i>	PW/CPB	TBD
G-1.2	<i>Create educational materials depicting proper defensible space guidelines</i>	PW/CPB	TBD
G-1.3	<i>Maintain the project StoryMap as a hub for information sharing amongst community members and interested parties</i>	PW/CPB	TBD
G-1.4	<i>Provide resources to for groups to pursue National Fire Protection Association Firewise USA Program</i>	PW/CPB	TBD

City Council Strategic Priorities

		Responsible Department	Priority Level	Target Goal Completion
G-1.5	Conduct outreach specific to vulnerable communities	PW/CPB		TBD
G-1.6	Collaborate with Monterey County Fire Safe Council to disseminate educational information	PW/CPB		TBD
G-1.7	Leverage local groups, such as Carmel CERT, to disseminate information on wildfire risk	PW/CPB		TBD
G-1.8	Host practice evacuation events throughout the Plan Area on an annual basis	PW/CPB		TBD
G-1.9	Conduct public outreach/education where vegetation management projects are proposed prior to work	PW/CPB		TBD
G-2.1	Support collaborative vegetation management projects across ownership boundaries	PW/CPB		TBD
G-2.2	Collaborate with Pebble Beach Community Services District and CAL FIRE on wildfire mitigation strategies	PW/CPB		TBD
G-2.3	Consult with local tribes during wildfire mitigation planning	PW/CPB		TBD
G-2.4	Collaborate with the Monterey County Fire Safe Council to prioritize community wildfire mitigation projects	PW/CPB		TBD
G-2.5	Work with rec. facilities, campgrounds, and other guest-oriented businesses to develop evacuation preplans	PW/CPB		TBD
G-2.6	Coordinate with interested parties (U.S. Forest Service, CAL FIRE, etc.) on information and resource sharing	PW/CPB		TBD
G-2.7	Update the General Plan Safety Element to address wildfire risk	PW/CPB		TBD
G-2.8	Partner with universities and research institutions to support or conduct wildfire-related projects or research	PW/CPB		TBD
G-2.9	Develop an evacuation plan with the Community Hospital of the Monterey Peninsula	PW/CPB		TBD
G-3.1	Identify critical infrastructure and facilities in need of structural hardening	PW/CPB		TBD
G-3.2	Conduct roadside fuels reduction along major roadways and roads identified as evacuation routes	PW/CPB		TBD
G-3.3	Identify and remove hazardous trees along major evacuation corridors	PW/CPB		TBD
G-3.4	Reevaluate City Tree Ordinances to expedite maintenance or the removal of trees that pose wildfire hazards	PW/CPB		TBD
G-3.5	Develop a coordinated evacuation plan for the Plan Area	PW/CPB		TBD
G-3.6	Evaluate opportunities for engaging residents and landowners in structural retrofit programs	PW/CPB		TBD
G-3.7	Encourage structural retrofits through assessments, community education, and grant funding opportunities	PW/CPB		TBD
G-3.8	Install evacuation signage/lighting along designated evacuation routes	PW/CPB		TBD
G-3.9	Facilitate emergency vehicle access and evaluate need for road maintenance on private and public roads	PW/CPB		TBD
G-3.10	Coordinate with jurisdictions controlling outside roads (CalTrans, etc.) on maintenance agreements	PW/CPB		TBD
G-3.11	Establish staging areas and shelter-in-place sites	PW/CPB		TBD
G-4.1	Implement vegetation treatment activities identified in Appendix C	PW/CPB		TBD
G-4.2	Ensure appropriate environmental review is conducted prior to implementing fuels reduction projects	PW/CPB		TBD
G-4.3	Consult with a qualified biologist and/or Professional Forester when designing fuels treatment prescriptions	PW/CPB		TBD
G-4.4	Promote Monterey pine regeneration through fuels reduction projects	PW/CPB		TBD
G-4.5	Develop a French broom removal program and reduce hazardous ladder fuels	PW/CPB		TBD
G-4.6	Remove dead and down woody debris annually following winter storms and prior to June 1 of each year	PW/CPB		TBD
G-4.7	Conduct annual monitoring of vegetation management project areas and maintain as needed	PW/CPB		TBD
G-4.8	Consider the use of cultural burning	PW/CPB		TBD
G-4.9	Develop post-fire rehabilitation guidelines in cooperation with appropriate federal, state, and local agencies	PW/CPB		TBD

City Council Strategic Priorities

		Responsible Department	Priority Level	Target Goal Completion
G-5.1	<i>Hold annual meetings with mutual aid partners to discuss emergency response goals and review targets</i>	PW/CPB		TBD
G-5.2	<i>Prepare annual reports of incidents and responding mutual aid partners</i>	PW/CPB		TBD
G-5.3	<i>Identify additional resources needed to adequately respond to wildfires and achieve response target goals</i>	PW/CPB		TBD
G-6.1	<i>Evaluate staffing capacity annually and identify needs to ensure capacity for wildfire projects</i>	PW/CPB		TBD
G-6.2	<i>Identify and pursue grant funding opportunities for wildfire projects</i>	PW/CPB		TBD
G-6.3	<i>Pursue efforts to get on California's Fire Risk Reduction Communities List to be prioritized for Grant Funding</i>	PW/CPB		TBD
G-6.4	<i>Pursue the development of a Home Hardening Grant Program</i>	PW/CPB		TBD
G-6.5	<i>Collaborate with the Monterey County Fire Safe Council to obtain grants for wildfire mitigation projects</i>	PW/CPB		TBD
G-6.6	<i>Increase the number of properties inspected in the Plan Area annually</i>	PW/CPB		TBD
G-6.7	<i>Empower community groups, etc. to pursue grant funding for community-scale retrofits</i>	PW/CPB		TBD
G-6.8	<i>Evaluate subsidies or incentives for property owners to complete and maintain vegetation management</i>	PW/CPB		TBD

P-6.5 IT Strategic Plan

Program #	Program Name			
G-x.x.x	IN PROCESS		Admin/IT	TBD

P-6.6 Library Master Plan

Program #	Program Name			
G-1.1.1	<i>Establish regular weekly hours for tech help</i>		Admin/Library	TBD
G-1.1.2	<i>Collaborate with Carmel, Carmel Valley, Big Sur and Pebble Beach schools on programs on a regular basis</i>		Admin/Library	TBD
G-1.1.3	<i>Continue to learn from and build on established programs and explore new program ideas as they arise</i>		Admin/Library	TBD
G-1.2.1	<i>Conduct Community Conversations and produce an updated Public Knowledge Report</i>		Admin/Library	TBD
G-1.2.2	<i>Provide a variety of ways for community members to provide feedback</i>		Admin/Library	TBD
G-1.3.1	<i>Better serve patrons with dementia and Alzheimer's and their caregivers</i>		Admin/Library	TBD
G-1.3.2	<i>Start a conversation with the community workforce to understand their needs and wants</i>		Admin/Library	TBD
G-1.3.3	<i>Explore option for books delivery to homebound patrons, including a partnership with Carmel Foundation</i>		Admin/Library	TBD
G-1.3.4	<i>Develop an accommodation policy</i>		Admin/Library	TBD
G-1.4.1	<i>Re-brand the library so that it is clear who we are, where we are, and what we do</i>		Admin/Library	TBD
G-1.4.2	<i>Develop a plan and strategy for marketing and communication of library services</i>		Admin/Library	TBD
G-1.4.3	<i>Conduct outreach to community leaders to ensure understanding of the value of the Library</i>		Admin/Library	TBD
G-1.4.4	<i>Work with local realtors to distribute a welcome packet for new community members</i>		Admin/Library	TBD
G-1.4.5	<i>Encourage community advocacy for the library</i>		Admin/Library	TBD
G-2.1.1	<i>Look for opportunities to renovate both library buildings</i>		Admin/Library	TBD
G-2.1.2	<i>Ensure continuity of operations during any renovation projects</i>		Admin/Library	TBD

City Council Strategic Priorities

	Responsible Department	Priority Level	Target Goal Completion
<i>G-2.2.1 Introduce patrons and visitors to the library in the Harrison Library garden with improved signage</i>	Admin/Library		TBD
<i>G-2.2.2 Conduct nature-centric programs utilizing the HML garden and other greenspaces in the City</i>	Admin/Library		TBD
<i>G-2.3.1 Restore Saturday hours</i>	Admin/Library		TBD
<i>G-2.4.1 Continue to invest in Wonderbook, large print, audio collections, and explore a braille collection</i>	Admin/Library		TBD
<i>G-3.1.1 Review, reaffirm, and amend library policies and procedures to ensure transparency and efficiency</i>	Admin/Library		TBD
<i>G-3.1.2 Work with Pacific Grove and Monterey libraries to implement book/DVD sharing</i>	Admin/Library		TBD
<i>G-3.1.3 Work with community organizations to identify projects that could provide opportunities for special funding</i>	Admin/Library		TBD
<i>G-3.1.4 Better promote purchase suggestions to further engage the community in collection development</i>	Admin/Library		TBD
<i>G-3.2.1 Develop staff training plan (1 all-staff training per month) including emergency preparedness</i>	Admin/Library		TBD
<i>G-3.2.2 Map the library's volunteer needs and map the needs of volunteers</i>	Admin/Library		TBD
<i>G-4.1.1 Investigate ways to reduce waste in library operations (paper, single-use plastics, etc.)</i>	Admin/Library		TBD
<i>G-4.1.2 Look for opportunities to switch to local/sustainable/Certified/etc. companies and vendors when possible</i>	Admin/Library		TBD
<i>G-4.1.3 Work with Public Works to identify opportunities to reduce energy consumption in library buildings</i>	Admin/Library		TBD
<i>G-4.2.1 Develop Continuity of Operations Plan for the Library</i>	Admin/Library		TBD
<i>G-4.2.2 Create a special collections evacuation plan in case of an emergency</i>	Admin/Library		TBD
<i>G-4.2.3 Prioritize staff training on disaster recovery topics, such as salvaging water-damaged materials</i>	Admin/Library		TBD
<i>G-4.3.1 Regularly host sustainability and resilience related programs that are relevant to Carmel</i>	Admin/Library		TBD
<i>G-4.3.2 Provide opportunities for organizations such as CERT, CalFire, Carmel Prepares to share info</i>	Admin/Library		TBD
<i>G-4.4.1 Continue to act as a charging/warming center during storms and power outages</i>	Admin/Library		TBD
<i>G-x.x.x Explore additional ways we can support our community during emergencies and extreme weather events</i>	Admin/Library		TBD

P-6.7 Mission Trails Nature Preserve Master Plan

Program #	Program Name		
G-x.x.x	IN PROCESS	PW	TBD

Future Projects - These are projects that are important, but are not actively being worked on by City Staff until directed by Council.

F-1	(MOVED UP TO PRIORITY G-1.2.5) Transient Occupancy Tax (TOT) Increase	Admin	TBD
F-2	Explore Opportunities for Flanders Mansion	Admin	TBD
F-3	Explore Opportunities for Permanent Outdoor Dining/Downtown Master Plan	CPB	DELETED
F-4	Outdoor Wine Tasting Ordinance	CPB	DELETED
F-5	(MOVED UP TO PRIORITY G-3.3.2) Explore Opportunities for Scout House	Admin	TBD
F-6	(MOVED UP TO PRIORITY G-3.3.2) - Carmel Area Wastewater District (CAWD) Bridge to Everywhere Project	GPB	TBD
F-7	Undergrounding Power Lines separate from Rule 20A	PW	TBD

City Council Strategic Priorities

ATTACHMENT 1

Responsible Department	Priority Level	Target Goal Completion
Admin/IT		TBD
Admin/CPB		TBD

F-8 Build city-owned conduit system for data (currently Comcast owned)

F-9 Implement a parking and traffic management program

City Council Strategic Priorities

Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
------------------------	----------------	-----------------------	------------------------

Key to the Strategic Priorities List:

S: These are Council STRATEGIC areas, which are high-level and long term visions for the City

P: These are Council PRIORITY areas, which focus on more specific objectives within one of the long term strategic visions

G: These are Council GOALS, which are the measurable outcomes or tasks that will be completed within each priority area

S-1 Exercise Financial Sustainability, Accountability and Transparency

P-1.1 Budget Clarity

G-1.1.1	<i>Increase usability and clarity of financial reports given to Council</i>	Admin/Finance	3	Y	July 2026
G-1.1.2	<i>Create an online public facing CIP tracking dashboard</i>	Admin/IT	1	Y	Mar 2026

P-1.2 Financial Health

G-1.2.1	<i>Receive Council approval on revised investment portfolio approach</i>	Admin/Finance		Y	TBD
G-1.2.2	<i>Complete internal review (checklist) of City readiness to take on bonds or other financing</i>	Admin/Finance		Y	TBD
G-1.2.3	<i>Implement a new HR, Finance and Payroll management system (ERP)</i>	Admin/Finance		Y	Jan 2027
G-1.2.4	<i>Develop menu of potential revenue sources to close City's funding shortfalls</i>		1	Y	May 2026
G-1.2.5	<i>Provide Council a presentation on placing a TOT increase on the Nov 2026 ballot and receive direction</i>	Admin/Clerk	1	Y	Feb 2026
G-1.2.6	<i>Provide Council with a presentation on options for paid parking</i>	Admin/PD	2	Y	June 2026

S-2 Steward the Natural Environment

P-2.1 Beach Infrastructure Repairs and Maintenance

G-2.1.1	<i>Rebuild 8th Ave. sand ramp</i>	PW		N	Mar 2027
G-2.1.2	<i>Complete 4th Ave. outfall repair/replacement</i>	PW		N	Sep 2027
G-2.1.3	<i>Rebuild 10th Ave. stairs</i>	PW		N	June 2026
G-2.1.4	<i>Rebuild 12th Ave. stairs</i>	PW		N	June 2026
G-2.1.5	<i>Complete maintenance/repair of bluff revetments</i>	PW		N	Ongoing
G-2.1.6	<i>Implementation of coastline related items from Climate Action and Adaptation Plan</i>	PW	2	N	Ongoing

P-2.2 Wildfire Mitigation and Prevention

G-2.2.1	<i>Adopt updated Carmel Forest Management Plan (City Council)</i>	PW		Y	Sept 2026
G-2.2.2	<i>Certify LCP amendment for updated Carmel Forest Management Plan (Coastal Commission)</i>	PW		N	Jan 2027
G-2.2.3	<i>Adopt additional citywide wildfire and prevention measures (e.g.,: allowed materials, building code, etc.)</i>	CPB/PW		N	Ongoing
G-2.2.4	<i>Complete all tasks on the list of prioritized fuel mitigation projects</i>	CPB/PW	1	N	Ongoing
G-2.2.5	<i>Create and distribute home hardening rules to the community</i>	CPB/PW	2	Y	Aug 2026
G-2.2.6	<i>Execute a citywide evacuation drill</i>	PD	1	N	May 2026

City Council Strategic Priorities

		Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
S-3 Maintain Public Safety and Infrastructure					
P-3.1 Public Safety					
G-3.1.1	Implement a Street Address Program	Admin		N	May 2026
G-3.1.2	Create a plan to improve the resiliency of the City's power grid and present to City Council	Admin/PW		N	TBD
G-3.1.3	Complete the City's Rule 20-A project at Del Mar Parking Lot	PW		N	TBD
P-3.2 City Buildings and Property (Non-Police/PW)					
G-3.2.1	Conduct condition assessment of all City buildings, determine values and develop maintenance plan	PW		Y	Sept 2026
G-3.2.2	Provide presentation to Council on the process required to sell the Scout House and receive direction	Admin/PW	2	Y	April 2026
G-3.2.3	Provide Council with a draft agreement between the City and the Friends of MTNP for a Rio Park project	Admin/PW	3	N	TBD
P-3.3 City Building (Police/PW)					
G-3.3.1	City Council decision on rebuild vs. renovate	PW/PD		Y	DONE
G-3.3.2	Select architect	PW/PD		Y	March 2026
G-3.3.3	Construction Plans and financing approved by City Council	PW/Admin		N	July 2027
G-3.3.4	Construction begins	PW		Y	TBD
G-3.3.5	Employees fully move back into building	PW/PD		Y	TBD
P-3.4 Digital Infrastructure					
G-3.4.1	Complete an IT audit, including cyber-security	Admin/IT		Y	May 2026
G-3.4.2	Develop and adopt an IT Strategic Plan	Admin/IT		Y	July 2026
P-3.5 Streets and Sidewalks					
G-3.5.1	Complete repairs to get current on all sidewalk and ADA improvements	PW		Y	Ongoing
G-3.5.2	Complete modeling work of street condition to optimize use of CIP funds for maintenance and replacement	PW		Y	April 2026
G-3.5.3	Significantly increase parking enforcement capabilities	PD		Y	June 2026
S-4 Preserve the Village Character					
P-4.1 Design Review					
G-4.1.1	Adopt updated Design guidelines and Zoning Code - Design Traditions 1.5 Project (City Council)	CPB		Y	Dec 2026
G-4.1.2	Certify LCP amendment for updated Design Guidelines and Zoning Code (Coastal Commission)	CPB		N	Mar 2027
G-4.1.3	Reinstate the Design Review Board (DRB)	CPB		Y	TBD
G-4.1.4	Complete Objective Design and Development Standards for affordable units (ODDS)	CPB		Y	April 2027
P-4.2 Housing Policy and Community Sustainability					
G-4.2.1	Adopt ADU ordinance (City Council)	CPB		Y	Dec 2026

City Council Strategic Priorities

	Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
G-4.2.2 <i>Certify LCP amendment for ADU Ordinance (Coastal Commission)</i>	CPB		N	Mar 2027
G-4.2.3 <i>Adopt Housing Element amendment to move units from City lots (City Council)</i>	CPB		N	April 2026
G-4.2.4 <i>Certification of Housing Element amendment to move units from City lots (CA State HCD)</i>	CPB		N	June 2026
G-4.2.5 <i>Research policy options in response to accelerating population loss / loss of families with children</i>	Admin/CPB	2	Y	TBD
G-4.2.6 <i>Implement the City's 6th Cycle Housing Element</i>	Admin/CPB	1	Y	Ongoing

S-5 Provide Effective, Reliable, Responsive and Friendly Government Services

P-5.1 Process Improvements

G-5.1.1 <i>Implement new permitting software, with focus on integrating Artificial Intelligence</i>	CPB/IT		Y	Dec 2026
G-5.1.2 <i>Implement technologies to support routine staff tasks and free up time for enhanced customer service</i>	CPB/IT		Y	Ongoing
G-5.1.3 <i>Implement a citywide customer service program</i>	CPB/IT	1	Y	Dec 2026

P-5.2 Public Access to Records

G-5.2.1 <i>Scan and digitize all physical city records to make available online (resolutions, ordinances, etc.)</i>	Admin/IT		Y	Ongoing
--	----------	--	---	---------

City Council Strategic Priorities

Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
------------------------	----------------	-----------------------	------------------------

S-6 Implement the City's Adopted Plans

P-6.1 Climate Action (C) and Adaptation (D) Plan

Program #	Program Name	Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
G-C-1.1.1	Energy Efficiency Outreach	PW		Y	TBD
G-C-1.1.2	Energy Efficiency and Electrification Incentives	PW		N	TBD
G-C-1.1.3	Energy Efficiency Audits	PW		N	TBD
G-C-1.2.1	Feasibility Study for Existing Building Electrification and Back-up Power.	PW		Y	TBD
G-C-1.2.2	Residential Home Energy Renovations.	PW		Y	TBD
G-C-1.2.3	Residential Home Energy Renovation Incentives.	PW		N	TBD
G-C-1.2.4	Commercial Energy Renovations.	PW		Y	TBD
G-C-1.2.5	Residential Commercial Energy Renovation Incentives.	PW		N	TBD
G-C-1.3.1	Energy Efficiency in New Residential Construction	PW		Y	TBD
G-C-1.3.2	Energy Efficiency in New Commercial Construction	PW		Y	TBD
G-C-2.1.1	Reduce Reliance on Automobiles.	PW		N	TBD
G-C-2.1.2	Develop Bicycle Master Plan to Create Safe Bike Routes around the City	PW		Y	TBD
G-C-2.1.3	Ride-Sharing and Bike to Work Programs within City Operations and Businesses	PW		N	TBD
G-C-2.2.1	Prioritize Electric Vehicles (EVs)	PW		Y	TBD
G-C-2.3.1	Develop Origin/Destination Transportation Model.	PW		N	TBD
G-C-3.1.1	Incentivize Clean Energy Installations	PW		Y	TBD
G-C-3.1.2	Increase uptake of 3CE Renewable Generation portfolio	PW		N	TBD
G-C-4.1.1	Continued Implementation and Promotion of City and Model Water Efficient Ordinance Standards	PW		Y	TBD
G-C-4.1.2	Exceed Water Efficiency Standards	PW		Y	TBD
G-C-5.1.1	Increase the City's solid waste diversion to reduce landfill methane emissions	PW		N	TBD
G-C-6.1.1	Urban Forest Maintenance and Improvement	PW		Y	TBD
G-C-6.2.1	Allow Cool Roof Options	PW		Y	TBD
G-D-1.1.1	Maintain and Update Evacuation Plan Every 8 Years.	PW		N	TBD
G-D-1.1.2	Update Emergency Preparedness.	PW		Y	TBD
G-D-1.1.3	Collaborate with Monterey Fire.	PW		N	TBD
G-D-1.1.4	Publicize Local Evacuation Routes.	PW		N	TBD
G-D-1.1.5	Evaluate Evacuation Route Capacity.	PW		Y	TBD
G-D-1.2.1	Establish a Resilience Hub.	PW		N	TBD
G-D-1.2.2	Limit the Impacts of Climate Change on the Most Vulnerable Populations.	PW		N	TBD

City Council Strategic Priorities

	Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
<i>G-D-1.2.3 Engage the Community.</i>	PW		Y	TBD
<i>G-D-1.2.4 Social Support Network.</i>	PW		N	TBD
<i>G-D-1.2.5 Back-up Power for Vulnerable Populations.</i>	PW		Y	TBD
<i>G-D-1.3.1 Partner with Monterey County Health Department.</i>	PW		N	TBD
<i>G-D-1.3.2 Initiate a Heat Pump Retrofit Program.</i>	PW		Y	TBD
<i>G-D-1.3.3 Invest in Improving Resilience in Critical Facilities.</i>	PW		Y	TBD
<i>G-D-1.3.4 Conduct a Feasibility Study for Existing Building Electrification and Back-up Power.</i>	PW		Y	TBD
<i>G-D-1.3.5 Improve Resilience in Existing Building Stock.</i>	PW		Y	TBD
<i>G-D-1.3.6 Promote Funding Opportunities.</i>	PW		N	TBD
<i>G-D-1.4.1 Develop Partnerships to Provide Support to Displaced Workers.</i>	PW		N	TBD
<i>G-D-1.4.2 Establish Partnerships to Develop a Resilient Economy.</i>	PW		N	TBD
<i>G-D-1.4.3 Business Resilience Outreach Program. Collaborate</i>	PW		N	TBD
<i>G-D-1.4.4 Hire a Grant Writer/Climate Coordinator.</i>	PW		Y	TBD
<i>G-D-2.1.1 Increase Funding for Climate Adaptation.</i>	PW		Y	TBD
<i>G-D-2.1.2 Increase Urban Forest Resilience.</i>	PW		Y	TBD
<i>G-D-2.1.3 Increase Resilience of the Mission Trail Nature Preserve and Pescadero Canyon.</i>	PW		N	TBD
<i>G-D-2.1.4 Increase Resilience of the North Dunes.</i>	PW		N	TBD
<i>G-D-2.1.5 Increase Resilience to Stronger Storms.</i>	PW		N	TBD
<i>G-D-2.1.6 Beach Sand Monitoring Program.</i>	PW		Y	TBD
<i>G-D-2.1.7 Carmel Cove Sand Supply.</i>	PW		N	TBD
<i>G-D-3.1.1 Underground Utilities in Fire Hazard Zones (Develop Plan).</i>	PW		N	TBD
<i>G-D-3.1.2 Increase Green Infrastructure.</i>	PW		N	TBD
<i>G-D-3.1.3 Public Building Electrification.</i>	PW		Y	TBD
<i>G-D-3.1.4 Reduce Stormwater Runoff.</i>	PW		N	TBD
<i>G-D-3.1.5 Storm Drain Repair Funding and Improvements.</i>	PW		Y	TBD
<i>G-D-3.1.6 Retrofit Existing Critical Buildings and Related Infrastructure.</i>	PW		Y	TBD
<i>G-D-3.1.7 Water Conservation.</i>	PW		N	TBD
<i>G-D-3.1.8 Bluff Structural Monitoring Program.</i>	PW		Y	TBD
<i>G-D-3.1.9 Sea Level Rise Coastal Vulnerability Study.</i>	PW		Y	TBD
<i>G-D-3.1.10 Wastewater Treatment.</i>	PW		N	TBD
<i>G-D-3.2.1 Development Standards.</i>	PW		Y	TBD
<i>G-D-3.2.2 Update City Planning Guidelines.</i>	PW		Y	TBD

City Council Strategic Priorities

	Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
G-D-3.2.3 <i>Incorporate Climate Change Adaptation into Local Plans.</i>	PW		Y	TBD
G-D-3.2.4 <i>Update Shoreline Management Plan.</i>	PW		N	TBD
G-D-3.2.5 <i>Multi-Jurisdictional Hazard Mitigation Plan.</i>	PW		N	TBD

P-6.2 Housing Element - Cycle 6

Program #	Program Name			
1.1.A	<i>Adequate Sites</i>	CPB	Y	Dec-31
1.1.B	<i>Development on Small Sites</i>	CPB	Y	Jun-28
1.1.C	<i>Live/Work Housing</i>	CPB	Y	Jun-26
1.1.D	<i>Mixed-Income Incentive Program</i>	CPB	Y	Jun-28
1.1.E	<i>Affordable Housing on Religious Facility Properties</i>	CPB	Y	Multiple
1.1.F	<i>Hotel-to-Residential Conversion</i>	CPB	Y	Jun-27
1.1.G	<i>Hotel Employee Housing Program</i>	CPB	Y	Jun-27
1.1.H	<i>Accessory Dwelling Units</i>	CPB	Y	Multiple
1.2.A	<i>Water Distribution Prioritization for Affordable Housing</i>	CPB	N	DONE
1.2.B	<i>Address Infrastructure Constraints</i>	CPB	Y	Dec-31
1.3.A	<i>Condominium Conversions</i>	CPB	Y	Dec-31
1.3.B	<i>Employee Housing (Farmworker)</i>	CPB	Y	Jun-26
1.3.C	<i>Manufactured Homes on a Foundation System</i>	CPB	Y	Jun-26
1.3.D	<i>Senate Bill 35 and Senate Bill 423 Processing Procedure</i>	CPB	N	Dec-26
1.3.E	<i>Emergency Shelters</i>	CPB	Y	Jun-26
1.3.F	<i>Forest and Beach Commission Required Findings</i>	CPB	Y	Jun-26
1.4.A	<i>Modify or Eliminate Onerous Use Permits</i>	CPB	Y	Jun-28
1.4.B	<i>Objective Design and Development Standards</i>	CPB	Y	Jun-27
1.4.C	<i>By-Right Approval</i>	CPB	Y	Dec-31
2.1.A	<i>Incentives for Mixed-Use Development</i>	CPB	Y	Jun-28
2.1.B	<i>Permanent Housing</i>	CPB	Y	Dec-31
2.1.C	<i>Monitor Affordable Housing Stock</i>	CPB	Y	Jun-26
2.1.D	<i>Establish Affordable Housing Trust Fund</i>	CPB	Y	Dec-26
2.2.A	<i>Historic Preservation Educational Programs</i>	CPB	Y	Dec-31
2.3.A	<i>Preserve and Increase Upper Floor Residential Uses</i>	CPB	Y	Dec-31
2.4.A	<i>Housing Rehabilitation and Maintenance Information</i>	CPB	Y	Dec-31

City Council Strategic Priorities

		Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
3.1.A	<i>Mixed-Use Affordable Housing</i>	CPB		Y	Jun-28
3.1.B	<i>Housing for Extremely Low-Income Households</i>	CPB		Y	Dec-31
3.1.C	<i>Density Bonus</i>	CPB		Y	Dec-31
3.1.D	<i>Reduced Entitlement and Development Fees</i>	CPB		Y	Jul-26
3.1.E	<i>Reduced Parking Requirements</i>	CPB		Y	Jun-26
3.1.F	<i>Expedited Processing Procedures</i>	CPB		Y	Dec-26
3.1.G	<i>Establish Minimum Densities</i>	CPB		Y	Jun-28
3.2.A	<i>Reasonable Accommodation Procedures</i>	CPB		Y	DONE
3.2.B	<i>Housing Mobility</i>	CPB		Y	Multiple
3.2.C	<i>Family Friendly Housing</i>	CPB		Y	Jun-28
3.2.D	<i>Local Universal Design Standards</i>	CPB		Y	Jun-28
3.3.A	<i>Zoning for Transitional and Supportive Housing</i>	CPB		Y	Jun-26
3.3.B	<i>Low-Barrier Navigation Centers</i>	CPB		Y	Jun-26
3.3.C	<i>Unlicensed Residential Care Facilities</i>	CPB		Y	Jun-26
3.3.D	<i>Single Room Occupancy (SRO) Units</i>	CPB		Y	Jun-26
4.1.A	<i>Water Conservation</i>	CPB		N	Dec-31
4.1.B	<i>Energy Conservation and Green Building</i>	CPB		N	Dec-31
5.1.A	<i>Fair Housing Services</i>	CPB		Y	Dec-31
5.1.B	<i>Housing Choice Voucher Program</i>	CPB		N	Dec-31
5.1.C	<i>Shared Housing Information</i>	CPB		Y	Dec-31
5.1.D	<i>Farmworker Housing</i>	CPB		Y	Dec-31
5.2.A	<i>Support Community Organizations</i>	CPB		Y	Dec-31

P-6.3 Carmel Forest Management Plan

Program #	Program Name				
G-6.3.1	<i>IN PROCESS</i>	PW		Y	TBD

P-6.4 Community Wildfire Prevention Program (CWPP)

Program #	Program Name				
G-1.1	<i>Conduct biannual educational seminars to educate residents on wildfire preparedness and mitigation</i>	PW/CPB		Y	TBD
G-1.2	<i>Create educational materials depicting proper defensible space guidelines</i>	PW/CPB		Y	TBD
G-1.3	<i>Maintain the project StoryMap as a hub for information sharing amongst community members and interested parties</i>	PW/CPB		Y	TBD

City Council Strategic Priorities

		Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
G-1.4	<i>Provide resources to for groups to pursue National Fire Protection Association Firewise USA Program</i>	PW/CPB		Y	TBD
G-1.5	<i>Conduct outreach specific to vulnerable communities</i>	PW/CPB		Y	TBD
G-1.6	<i>Collaborate with Monterey County Fire Safe Council to disseminate educational information</i>	PW/CPB		N	TBD
G-1.7	<i>Leverage local groups, such as Carmel CERT, to disseminate information on wildfire risk</i>	PW/CPB		N	TBD
G-1.8	<i>Host practice evacuation events throughout the Plan Area on an annual basis</i>	PW/CPB		Y	TBD
G-1.9	<i>Conduct public outreach/education where vegetation management projects are proposed prior to work</i>	PW/CPB		Y	TBD
G-2.1	<i>Support collaborative vegetation management projects across ownership boundaries</i>	PW/CPB		Y	TBD
G-2.2	<i>Collaborate with Pebble Beach Community Services District and CAL FIRE on wildfire mitigation strategies</i>	PW/CPB		N	TBD
G-2.3	<i>Consult with local tribes during wildfire mitigation planning</i>	PW/CPB		N	TBD
G-2.4	<i>Collaborate with the Monterey County Fire Safe Council to prioritize community wildfire mitigation projects</i>	PW/CPB		N	TBD
G-2.5	<i>Work with rec. facilities, campgrounds, and other guest-oriented businesses to develop evacuation preplans</i>	PW/CPB		Y	TBD
G-2.6	<i>Coordinate with interested parties (U.S. Forest Service, CAL FIRE, etc.) on information and resource sharing</i>	PW/CPB		N	TBD
G-2.7	<i>Update the General Plan Safety Element to address wildfire risk</i>	PW/CPB		Y	TBD
G-2.8	<i>Partner with universities and research institutions to support or conduct wildfire-related projects or research</i>	PW/CPB		N	TBD
G-2.9	<i>Develop an evacuation plan with the Community Hospital of the Monterey Peninsula</i>	PW/CPB		N	TBD
G-3.1	<i>Identify critical infrastructure and facilities in need of structural hardening</i>	PW/CPB		Y	TBD
G-3.2	<i>Conduct roadside fuels reduction along major roadways and roads identified as evacuation routes</i>	PW/CPB		Y	TBD
G-3.3	<i>Identify and remove hazardous trees along major evacuation corridors</i>	PW/CPB		Y	TBD
G-3.4	<i>Reevaluate City Tree Ordinances to expedite maintenance or the removal of trees that pose wildfire hazards</i>	PW/CPB		Y	TBD
G-3.5	<i>Develop a coordinated evacuation plan for the Plan Area</i>	PW/CPB		Y	TBD
G-3.6	<i>Evaluate opportunities for engaging residents and landowners in structural retrofit programs</i>	PW/CPB		Y	TBD
G-3.7	<i>Encourage structural retrofits through assessments, community education, and grant funding opportunities</i>	PW/CPB		Y	TBD
G-3.8	<i>Install evacuation signage/lighting along designated evacuation routes</i>	PW/CPB		Y	TBD
G-3.9	<i>Facilitate emergency vehicle access and evaluate need for road maintenance on private and public roads</i>	PW/CPB		Y	TBD
G-3.10	<i>Coordinate with jurisdictions controlling outside roads (CalTrans, etc.) on maintenance agreements</i>	PW/CPB		N	TBD
G-3.11	<i>Establish staging areas and shelter-in-place sites</i>	PW/CPB		Y	TBD
G-4.1	<i>Implement vegetation treatment activities identified in Appendix C</i>	PW/CPB		Y	TBD
G-4.2	<i>Ensure appropriate environmental review is conducted prior to implementing fuels reduction projects</i>	PW/CPB		Y	TBD
G-4.3	<i>Consult with a qualified biologist and/or Professional Forester when designing fuels treatment prescriptions</i>	PW/CPB		Y	TBD
G-4.4	<i>Promote Monterey pine regeneration through fuels reduction projects</i>	PW/CPB		Y	TBD
G-4.5	<i>Develop a French broom removal program and reduce hazardous ladder fuels</i>	PW/CPB		Y	TBD
G-4.6	<i>Remove dead and down woody debris annually following winter storms and prior to June 1 of each year</i>	PW/CPB		Y	TBD

City Council Strategic Priorities

		Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
G-4.7	<i>Conduct annual monitoring of vegetation management project areas and maintain as needed</i>	PW/CPB		Y	TBD
G-4.8	<i>Consider the use of cultural burning</i>	PW/CPB		Y	TBD
G-4.9	<i>Develop post-fire rehabilitation guidelines in cooperation with appropriate federal, state, and local agencies</i>	PW/CPB		Y	TBD
G-5.1	<i>Hold annual meetings with mutual aid partners to discuss emergency response goals and review targets</i>	PW/CPB		N	TBD
G-5.2	<i>Prepare annual reports of incidents and responding mutual aid partners</i>	PW/CPB		Y	TBD
G-5.3	<i>Identify additional resources needed to adequately respond to wildfires and achieve response target goals</i>	PW/CPB		Y	TBD
G-6.1	<i>Evaluate staffing capacity annually and identify needs to ensure capacity for wildfire projects</i>	PW/CPB		Y	TBD
G-6.2	<i>Identify and pursue grant funding opportunities for wildfire projects</i>	PW/CPB		Y	TBD
G-6.3	<i>Pursue efforts to get on California's Fire Risk Reduction Communities List to be prioritized for Grant Funding</i>	PW/CPB		Y	TBD
G-6.4	<i>Pursue the development of a Home Hardening Grant Program</i>	PW/CPB		Y	TBD
G-6.5	<i>Collaborate with the Monterey County Fire Safe Council to obtain grants for wildfire mitigation projects</i>	PW/CPB		N	TBD
G-6.6	<i>Increase the number of properties inspected in the Plan Area annually</i>	PW/CPB		Y	TBD
G-6.7	<i>Empower community groups, etc. to pursue grant funding for community-scale retrofits</i>	PW/CPB		Y	TBD
G-6.8	<i>Evaluate subsidies or incentives for property owners to complete and maintain vegetation management</i>	PW/CPB		Y	TBD

P-6.5 IT Strategic Plan

Program #	Program Name				
G-x.x.x	IN PROCESS	Admin/IT		N	TBD

P-6.6 Library Master Plan

Program #	Program Name				
G-1.1.1	<i>Establish regular weekly hours for tech help</i>	Admin/Library		Y	TBD
G-1.1.2	<i>Collaborate with Carmel, Carmel Valley, Big Sur and Pebble Beach schools on programs on a regular basis</i>	Admin/Library		N	TBD
G-1.1.3	<i>Continue to learn from and build on established programs and explore new program ideas as they arise</i>	Admin/Library		Y	TBD
G-1.2.1	<i>Conduct Community Conversations and produce an updated Public Knowledge Report</i>	Admin/Library		Y	TBD
G-1.2.2	<i>Provide a variety of ways for community members to provide feedback</i>	Admin/Library		Y	TBD
G-1.3.1	<i>Better serve patrons with dementia and Alzheimer's and their caregivers</i>	Admin/Library		Y	TBD
G-1.3.2	<i>Start a conversation with the community workforce to understand their needs and wants</i>	Admin/Library		Y	TBD
G-1.3.3	<i>Explore option for books delivery to homebound patrons, including a partnership with Carmel Foundation</i>	Admin/Library		Y	TBD
G-1.3.4	<i>Develop an accommodation policy</i>	Admin/Library		Y	TBD
G-1.4.1	<i>Re-brand the library so that it is clear who we are, where we are, and what we do</i>	Admin/Library		Y	TBD
G-1.4.2	<i>Develop a plan and strategy for marketing and communication of library services</i>	Admin/Library		Y	TBD

City Council Strategic Priorities

		Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
G-1.4.3	<i>Conduct outreach to community leaders to ensure understanding of the value of the Library</i>	Admin/Library		Y	TBD
G-1.4.4	<i>Work with local realtors to distribute a welcome packet for new community members</i>	Admin/Library		Y	TBD
G-1.4.5	<i>Encourage community advocacy for the library</i>	Admin/Library		N	TBD
G-2.1.1	<i>Look for opportunities to renovate both library buildings</i>	Admin/Library		Y	TBD
G-2.1.2	<i>Ensure continuity of operations during any renovation projects</i>	Admin/Library		Y	TBD
G-2.2.1	<i>Introduce patrons and visitors to the library in the Harrison Library garden with improved signage</i>	Admin/Library		Y	TBD
G-2.2.2	<i>Conduct nature-centric programs utilizing the HML garden and other greenspaces in the City</i>	Admin/Library		Y	TBD
G-2.3.1	<i>Restore Saturday hours</i>	Admin/Library		Y	TBD
G-2.4.1	<i>Continue to invest in Wonderbook, large print, audio collections, and explore a braille collection</i>	Admin/Library		Y	TBD
G-3.1.1	<i>Review, reaffirm, and amend library policies and procedures to ensure transparency and efficiency</i>	Admin/Library		Y	TBD
G-3.1.2	<i>Work with Pacific Grove and Monterey libraries to implement book/DVD sharing</i>	Admin/Library		N	TBD
G-3.1.3	<i>Work with community organizations to identify projects that could provide opportunities for special funding</i>	Admin/Library		N	TBD
G-3.1.4	<i>Better promote purchase suggestions to further engage the community in collection development</i>	Admin/Library		Y	TBD
G-3.2.1	<i>Develop staff training plan (1 all-staff training per month) including emergency preparedness</i>	Admin/Library		Y	TBD
G-3.2.2	<i>Map the library's volunteer needs and map the needs of volunteers</i>	Admin/Library		Y	TBD
G-4.1.1	<i>Investigate ways to reduce waste in library operations (paper, single-use plastics, etc.)</i>	Admin/Library		Y	TBD
G-4.1.2	<i>Look for opportunities to switch to local/sustainable/Certified/etc. companies and vendors when possible</i>	Admin/Library		Y	TBD
G-4.1.3	<i>Work with Public Works to identify opportunities to reduce energy consumption in library buildings</i>	Admin/Library		Y	TBD
G-4.2.1	<i>Develop Continuity of Operations Plan for the Library</i>	Admin/Library		Y	TBD
G-4.2.2	<i>Create a special collections evacuation plan in case of an emergency</i>	Admin/Library		Y	TBD
G-4.2.3	<i>Prioritize staff training on disaster recovery topics, such as salvaging water-damaged materials</i>	Admin/Library		Y	TBD
G-4.3.1	<i>Regularly host sustainability and resilience related programs that are relevant to Carmel</i>	Admin/Library		Y	TBD
G-4.3.2	<i>Provide opportunities for organizations such as CERT, CalFire, Carmel Prepares to share info</i>	Admin/Library		Y	TBD
G-4.4.1	<i>Continue to act as a charging/warming center during storms and power outages</i>	Admin/Library		Y	TBD
G-x.x.x	<i>Explore additional ways we can support our community during emergencies and extreme weather events</i>	Admin/Library		Y	TBD

P-6.7 Mission Trails Nature Preserve Master Plan

Program #	Program Name				
G-x.x.x	IN PROCESS	PW		N	TBD

Future Projects - These are projects that are important, but are not actively being worked on by City Staff until directed by Council.

F-1	Explore Opportunities for Flanders Mansion	Admin		Y	TBD
------------	---	-------	--	---	-----

City Council Strategic Priorities

		Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
F-2	<i>Undergrounding Power Lines separate from Rule 20A</i>	PW		Y	TBD
F-3	<i>Build city-owned conduit system for data (currently Comcast owned)</i>	Admin/IT		Y	TBD
F-4	<i>Implement a parking and traffic management program</i>	Admin/CPB		Y	TBD

City Council Strategic Priorities - **SAMPLE**

	G-3.1.1	<i>Implement a Street Address Program</i>	Admin	1	N	May 2026
	G-3.1.2	<i>Create a plan to improve the resiliency of the City's power grid and present to City Council</i>	Admin/PW	2	N	TBD
P-3.2	City Buildings and Property (Non-Police/PW)					
	G-3.2.1	<i>Conduct condition assessment of all City buildings, determine values and develop maintenance plan</i>	PW	2	Y	Sept 2026
	G-3.2.2	<i>Provide presentation to Council on the process required to sell the Scout House and receive direction</i>	Admin/PW	2	Y	April 2026
	G-3.2.3	<i>Provide Council with a draft agreement between the City and the Friends of MTNP for a Rio Park project</i>	Admin/PW	3	N	TBD
P-3.3	City Building (Police/PW)					
	G-3.3.2	<i>Select architect</i>	PW/PD	1	Y	March 2026
	G-3.3.3	<i>Construction Plans and financing approved by City Council</i>	PW/Admin	1	N	July 2027
	G-3.3.4	<i>Construction begins</i>	PW	1	Y	TBD
	G-3.3.5	<i>Employees fully move back into building</i>	PW/PD	1	Y	TBD
P-3.4	Digital Infrastructure					
	G-3.4.1	<i>Complete an IT audit, including cyber-security</i>	Admin/IT	1	Y	May 2026
	G-3.4.2	<i>Develop and adopt an IT Strategic Plan</i>	Admin/IT	2	Y	July 2026
P-3.5	Streets and Sidewalks					
	G-3.5.1	<i>Complete repairs to get current on all sidewalk and ADA improvements</i>	PW	2	Y	Ongoing
	G-3.5.3	<i>Significantly increase parking enforcement capabilities</i>	PD	1	Y	June 2026

S-4 Preserve the Village Character

P-4.1	Design Review					
	G-4.1.1	<i>Adopt updated Design guidelines and Zoning Code - Design Traditions 1.5 Project (City Council)</i>	CPB	1	Y	Dec 2026
	G-4.1.2	<i>Certify LCP amendment for updated Design Guidelines and Zoning Code (Coastal Commission)</i>	CPB	1	N	Mar 2027
	G-4.1.4	<i>Complete Objective Design and Development Standards for affordable units (ODDS)</i>	CPB	1	Y	April 2027
P-4.2	Housing Policy and Community Sustainability					
	G-4.2.1	<i>Adopt ADU ordinance (City Council)</i>	CPB	1	Y	Dec 2026
	G-4.2.2	<i>Certify LCP amendment for ADU Ordinance (Coastal Commission)</i>	CPB	1	N	Mar 2027
	G-4.2.3	<i>Adopt Housing Element amendment to move units from City lots (City Council)</i>	CPB	1	N	April 2026
	G-4.2.4	<i>Certification of Housing Element amendment to move units from City lots (CA State HCD)</i>	CPB	1	N	June 2026
	G-4.2.5	<i>Research policy options in response to accelerating population loss / loss of families with children</i>	Admin/CPB	2	Y	TBD
	G-4.2.6	<i>Implement the City's 6th Cycle Housing Element</i>	Admin/CPB	1	Y	Ongoing

S-5 Provide Effective, Reliable, Responsive and Friendly Government Services

P-5.1 Process Improvements

City Council Strategic Priorities - **SAMPLE**

G-5.1.1	<i>Implement new permitting software, with focus on integrating Artificial Intelligence</i>	CPB/IT	2	Y	Dec 2026
G-5.1.2	<i>Implement technologies to support routine staff tasks and free up time for enhanced customer service</i>	CPB/IT	1	Y	Ongoing
G-5.1.3	<i>Implement a citywide customer service program</i>	CPB/IT	1	Y	Dec 2026

P-5.2 Public Access to Records

S-6 Implement the City's Adopted Plans

P-6.1 Climate Action (C) and Adaptation (D) Plan

Program #	Program Name	Responsible Department	Priority Level	Fully City Controlled	Target Goal Completion
G-C-1.1.1	<i>Energy Efficiency Outreach</i>	PW		Y	TBD
G-C-1.1.2	<i>Energy Efficiency and Electrification Incentives</i>	PW		N	TBD
G-C-1.1.3	<i>Energy Efficiency Audits</i>	PW		N	TBD
G-C-1.2.1	<i>Feasibility Study for Existing Building Electrification and Back-up Power.</i>	PW		Y	TBD
G-C-1.2.2	<i>Residential Home Energy Renovations.</i>	PW		Y	TBD
G-C-1.2.3	<i>Residential Home Energy Renovation Incentives.</i>	PW		N	TBD
G-C-1.2.4	<i>Commercial Energy Renovations.</i>	PW		Y	TBD
G-C-1.2.5	<i>Residential Commercial Energy Renovation Incentives.</i>	PW		N	TBD
G-C-1.3.1	<i>Energy Efficiency in New Residential Construction</i>	PW		Y	TBD
G-C-1.3.2	<i>Energy Efficiency in New Commercial Construction</i>	PW		Y	TBD
G-C-2.1.1	<i>Reduce Reliance on Automobiles.</i>	PW		N	TBD
G-C-2.1.2	<i>Develop Bicycle Master Plan to Create Safe Bike Routes around the City</i>	PW		Y	TBD
G-C-2.1.3	<i>Ride-Sharing and Bike to Work Programs within City Operations and Businesses</i>	PW		N	TBD
G-C-2.2.1	<i>Prioritize Electric Vehicles (EVs)</i>	PW		Y	TBD
G-C-2.3.1	<i>Develop Origin/Destination Transportation Model.</i>	PW		N	TBD
G-C-3.1.1	<i>Incentivize Clean Energy Installations</i>	PW		Y	TBD
G-C-3.1.2	<i>Increase uptake of 3CE Renewable Generation portfolio</i>	PW		N	TBD
G-C-4.1.1	<i>Continued Implementation and Promotion of City and Model Water Efficient Ordinance Standards</i>	PW		Y	TBD
G-C-4.1.2	<i>Exceed Water Efficiency Standards</i>	PW		Y	TBD
G-C-5.1.1	<i>Increase the City's solid waste diversion to reduce landfill methane emissions</i>	PW		N	TBD
G-C-6.1.1	<i>Urban Forest Maintenance and Improvement</i>	PW		Y	TBD
G-C-6.2.1	<i>Allow Cool Roof Options</i>	PW		Y	TBD
G-D-1.1.1	<i>Maintain and Update Evacuation Plan Every 8 Years.</i>	PW		N	TBD
G-D-1.1.2	<i>Update Emergency Preparedness.</i>	PW		Y	TBD
G-D-1.1.3	<i>Collaborate with Monterey Fire.</i>	PW		N	TBD

City Council Strategic Priorities - **SAMPLE**

<i>G-D-1.1.4 Publicize Local Evacuation Routes.</i>	PW	N	TBD
<i>G-D-1.1.5 Evaluate Evacuation Route Capacity.</i>	PW	Y	TBD
<i>G-D-1.2.1 Establish a Resilience Hub.</i>	PW	N	TBD
<i>G-D-1.2.2 Limit the Impacts of Climate Change on the Most Vulnerable Populations.</i>	PW	N	TBD
<i>G-D-1.2.3 Engage the Community.</i>	PW	Y	TBD
<i>G-D-1.2.4 Social Support Network.</i>	PW	N	TBD
<i>G-D-1.2.5 Back-up Power for Vulnerable Populations.</i>	PW	Y	TBD
<i>G-D-1.3.1 Partner with Monterey County Health Department.</i>	PW	N	TBD
<i>G-D-1.3.2 Initiate a Heat Pump Retrofit Program.</i>	PW	Y	TBD
<i>G-D-1.3.3 Invest in Improving Resilience in Critical Facilities.</i>	PW	Y	TBD
<i>G-D-1.3.4 Conduct a Feasibility Study for Existing Building Electrification and Back-up Power.</i>	PW	Y	TBD
<i>G-D-1.3.5 Improve Resilience in Existing Building Stock.</i>	PW	Y	TBD
<i>G-D-1.3.6 Promote Funding Opportunities.</i>	PW	N	TBD
<i>G-D-1.4.1 Develop Partnerships to Provide Support to Displaced Workers.</i>	PW	N	TBD
<i>G-D-1.4.2 Establish Partnerships to Develop a Resilient Economy.</i>	PW	N	TBD
<i>G-D-1.4.3 Business Resilience Outreach Program. Collaborate</i>	PW	N	TBD
<i>G-D-1.4.4 Hire a Grant Writer/Climate Coordinator.</i>	PW	Y	TBD
<i>G-D-2.1.1 Increase Funding for Climate Adaptation.</i>	PW	Y	TBD
<i>G-D-2.1.2 Increase Urban Forest Resilience.</i>	PW	Y	TBD
<i>G-D-2.1.3 Increase Resilience of the Mission Trail Nature Preserve and Pescadero Canyon.</i>	PW	N	TBD
<i>G-D-2.1.4 Increase Resilience of the North Dunes.</i>	PW	N	TBD
<i>G-D-2.1.5 Increase Resilience to Stronger Storms.</i>	PW	N	TBD
<i>G-D-2.1.6 Beach Sand Monitoring Program.</i>	PW	Y	TBD
<i>G-D-2.1.7 Carmel Cove Sand Supply.</i>	PW	N	TBD
<i>G-D-3.1.1 Underground Utilities in Fire Hazard Zones (Develop Plan).</i>	PW	N	TBD
<i>G-D-3.1.2 Increase Green Infrastructure.</i>	PW	N	TBD
<i>G-D-3.1.3 Public Building Electrification.</i>	PW	Y	TBD
<i>G-D-3.1.4 Reduce Stormwater Runoff.</i>	PW	N	TBD
<i>G-D-3.1.5 Storm Drain Repair Funding and Improvements.</i>	PW	Y	TBD
<i>G-D-3.1.6 Retrofit Existing Critical Buildings and Related Infrastructure.</i>	PW	Y	TBD
<i>G-D-3.1.7 Water Conservation.</i>	PW	N	TBD
<i>G-D-3.1.8 Bluff Structural Monitoring Program.</i>	PW	Y	TBD
<i>G-D-3.1.9 Sea Level Rise Coastal Vulnerability Study.</i>	PW	Y	TBD

City Council Strategic Priorities - **SAMPLE**

<i>G-D-3.1.10</i>	<i>Wastewater Treatment.</i>	PW	N	TBD
<i>G-D-3.2.1</i>	<i>Development Standards.</i>	PW	Y	TBD
<i>G-D-3.2.2</i>	<i>Update City Planning Guidelines.</i>	PW	Y	TBD
<i>G-D-3.2.3</i>	<i>Incorporate Climate Change Adaptation into Local Plans.</i>	PW	Y	TBD
<i>G-D-3.2.4</i>	<i>Update Shoreline Management Plan.</i>	PW	N	TBD
<i>G-D-3.2.5</i>	<i>Multi-Jurisdictional Hazard Mitigation Plan.</i>	PW	N	TBD

P-6.2 Housing Element - Cycle 6

<u>Program #</u>	<u>Program Name</u>			
<i>1.1.A</i>	<i>Adequate Sites</i>	CPB	Y	Dec-31
<i>1.1.B</i>	<i>Development on Small Sites</i>	CPB	Y	Jun-28
<i>1.1.C</i>	<i>Live/Work Housing</i>	CPB	Y	Jun-26
<i>1.1.D</i>	<i>Mixed-Income Incentive Program</i>	CPB	Y	Jun-28
<i>1.1.E</i>	<i>Affordable Housing on Religious Facility Properties</i>	CPB	Y	Multiple
<i>1.1.F</i>	<i>Hotel-to-Residential Conversion</i>	CPB	Y	Jun-27
<i>1.1.G</i>	<i>Hotel Employee Housing Program</i>	CPB	Y	Jun-27
<i>1.1.H</i>	<i>Accessory Dwelling Units</i>	CPB	Y	Multiple
<i>1.2.A</i>	<i>Water Distribution Prioritization for Affordable Housing</i>	CPB	N	DONE
<i>1.2.B</i>	<i>Address Infrastructure Constraints</i>	CPB	Y	Dec-31
<i>1.3.A</i>	<i>Condominium Conversions</i>	CPB	Y	Dec-31
<i>1.3.B</i>	<i>Employee Housing (Farmworker)</i>	CPB	Y	Jun-26
<i>1.3.C</i>	<i>Manufactured Homes on a Foundation System</i>	CPB	Y	Jun-26
<i>1.3.D</i>	<i>Senate Bill 35 and Senate Bill 423 Processing Procedure</i>	CPB	N	Dec-26
<i>1.3.E</i>	<i>Emergency Shelters</i>	CPB	Y	Jun-26
<i>1.3.F</i>	<i>Forest and Beach Commission Required Findings</i>	CPB	Y	Jun-26
<i>1.4.A</i>	<i>Modify or Eliminate Onerous Use Permits</i>	CPB	Y	Jun-28
<i>1.4.B</i>	<i>Objective Design and Development Standards</i>	CPB	Y	Jun-27
<i>1.4.C</i>	<i>By-Right Approval</i>	CPB	Y	Dec-31
<i>2.1.A</i>	<i>Incentives for Mixed-Use Development</i>	CPB	Y	Jun-28
<i>2.1.B</i>	<i>Permanent Housing</i>	CPB	Y	Dec-31
<i>2.1.C</i>	<i>Monitor Affordable Housing Stock</i>	CPB	Y	Jun-26
<i>2.1.D</i>	<i>Establish Affordable Housing Trust Fund</i>	CPB	Y	Dec-26
<i>2.2.A</i>	<i>Historic Preservation Educational Programs</i>	CPB	Y	Dec-31

City Council Strategic Priorities - **SAMPLE**

ATTACHMENT 3
 Responsible Department Priority Level Fully City Controlled Target Goal Completion

2.3.A	<i>Preserve and Increase Upper Floor Residential Uses</i>	CPB	Y	Dec-31
2.4.A	<i>Housing Rehabilitation and Maintenance Information</i>	CPB	Y	Dec-31
3.1.A	<i>Mixed-Use Affordable Housing</i>	CPB	Y	Jun-28
3.1.B	<i>Housing for Extremely Low-Income Households</i>	CPB	Y	Dec-31
3.1.C	<i>Density Bonus</i>	CPB	Y	Dec-31
3.1.D	<i>Reduced Entitlement and Development Fees</i>	CPB	Y	Jul-26
3.1.E	<i>Reduced Parking Requirements</i>	CPB	Y	Jun-26
3.1.F	<i>Expedited Processing Procedures</i>	CPB	Y	Dec-26
3.1.G	<i>Establish Minimum Densities</i>	CPB	Y	Jun-28
3.2.A	<i>Reasonable Accommodation Procedures</i>	CPB	Y	DONE
3.2.B	<i>Housing Mobility</i>	CPB	Y	Multiple
3.2.C	<i>Family Friendly Housing</i>	CPB	Y	Jun-28
3.2.D	<i>Local Universal Design Standards</i>	CPB	Y	Jun-28
3.3.A	<i>Zoning for Transitional and Supportive Housing</i>	CPB	Y	Jun-26
3.3.B	<i>Low-Barrier Navigation Centers</i>	CPB	Y	Jun-26
3.3.C	<i>Unlicensed Residential Care Facilities</i>	CPB	Y	Jun-26
3.3.D	<i>Single Room Occupancy (SRO) Units</i>	CPB	Y	Jun-26
4.1.A	<i>Water Conservation</i>	CPB	N	Dec-31
4.1.B	<i>Energy Conservation and Green Building</i>	CPB	N	Dec-31
5.1.A	<i>Fair Housing Services</i>	CPB	Y	Dec-31
5.1.B	<i>Housing Choice Voucher Program</i>	CPB	N	Dec-31
5.1.C	<i>Shared Housing Information</i>	CPB	Y	Dec-31
5.1.D	<i>Farmworker Housing</i>	CPB	Y	Dec-31
5.2.A	<i>Support Community Organizations</i>	CPB	Y	Dec-31

P-6.3 Carmel Forest Management Plan

Program #	Program Name			
G-6.3.1	IN PROCESS	PW	Y	TBD

P-6.4 Community Wildfire Prevention Program (CWPP)

Program #	Program Name			
G-1.1	<i>Conduct biannual educational seminars to educate residents on wildfire preparedness and mitigation</i>	PW/CPB	Y	TBD
G-1.2	<i>Create educational materials depicting proper defensible space guidelines</i>	PW/CPB	Y	TBD

City Council Strategic Priorities - **SAMPLE**

G-1.3	<i>Maintain the project StoryMap as a hub for information sharing amongst community members and interested parties</i>	PW/CPB	Y	TBD
G-1.4	<i>Provide resources to for groups to pursue National Fire Protection Association Firewise USA Program</i>	PW/CPB	Y	TBD
G-1.5	<i>Conduct outreach specific to vulnerable communities</i>	PW/CPB	Y	TBD
G-1.6	<i>Collaborate with Monterey County Fire Safe Council to disseminate educational information</i>	PW/CPB	N	TBD
G-1.7	<i>Leverage local groups, such as Carmel CERT, to disseminate information on wildfire risk</i>	PW/CPB	N	TBD
G-1.8	<i>Host practice evacuation events throughout the Plan Area on an annual basis</i>	PW/CPB	Y	TBD
G-1.9	<i>Conduct public outreach/education where vegetation management projects are proposed prior to work</i>	PW/CPB	Y	TBD
G-2.1	<i>Support collaborative vegetation management projects across ownership boundaries</i>	PW/CPB	Y	TBD
G-2.2	<i>Collaborate with Pebble Beach Community Services District and CAL FIRE on wildfire mitigation strategies</i>	PW/CPB	N	TBD
G-2.3	<i>Consult with local tribes during wildfire mitigation planning</i>	PW/CPB	N	TBD
G-2.4	<i>Collaborate with the Monterey County Fire Safe Council to prioritize community wildfire mitigation projects</i>	PW/CPB	N	TBD
G-2.5	<i>Work with rec. facilities, campgrounds, and other guest-oriented businesses to develop evacuation preplans</i>	PW/CPB	Y	TBD
G-2.6	<i>Coordinate with interested parties (U.S. Forest Service, CAL FIRE, etc.) on information and resource sharing</i>	PW/CPB	N	TBD
G-2.7	<i>Update the General Plan Safety Element to address wildfire risk</i>	PW/CPB	Y	TBD
G-2.8	<i>Partner with universities and research institutions to support or conduct wildfire-related projects or research</i>	PW/CPB	N	TBD
G-2.9	<i>Develop an evacuation plan with the Community Hospital of the Monterey Peninsula</i>	PW/CPB	N	TBD
G-3.1	<i>Identify critical infrastructure and facilities in need of structural hardening</i>	PW/CPB	Y	TBD
G-3.2	<i>Conduct roadside fuels reduction along major roadways and roads identified as evacuation routes</i>	PW/CPB	Y	TBD
G-3.3	<i>Identify and remove hazardous trees along major evacuation corridors</i>	PW/CPB	Y	TBD
G-3.4	<i>Reevaluate City Tree Ordinances to expedite maintenance or the removal of trees that pose wildfire hazards</i>	PW/CPB	Y	TBD
G-3.5	<i>Develop a coordinated evacuation plan for the Plan Area</i>	PW/CPB	Y	TBD
G-3.6	<i>Evaluate opportunities for engaging residents and landowners in structural retrofit programs</i>	PW/CPB	Y	TBD
G-3.7	<i>Encourage structural retrofits through assessments, community education, and grant funding opportunities</i>	PW/CPB	Y	TBD
G-3.8	<i>Install evacuation signage/lighting along designated evacuation routes</i>	PW/CPB	Y	TBD
G-3.9	<i>Facilitate emergency vehicle access and evaluate need for road maintenance on private and public roads</i>	PW/CPB	Y	TBD
G-3.10	<i>Coordinate with jurisdictions controlling outside roads (CalTrans, etc.) on maintenance agreements</i>	PW/CPB	N	TBD
G-3.11	<i>Establish staging areas and shelter-in-place sites</i>	PW/CPB	Y	TBD
G-4.1	<i>Implement vegetation treatment activities identified in Appendix C</i>	PW/CPB	Y	TBD
G-4.2	<i>Ensure appropriate environmental review is conducted prior to implementing fuels reduction projects</i>	PW/CPB	Y	TBD
G-4.3	<i>Consult with a qualified biologist and/or Professional Forester when designing fuels treatment prescriptions</i>	PW/CPB	Y	TBD
G-4.4	<i>Promote Monterey pine regeneration through fuels reduction projects</i>	PW/CPB	Y	TBD
G-4.5	<i>Develop a French broom removal program and reduce hazardous ladder fuels</i>	PW/CPB	Y	TBD
G-4.6	<i>Remove dead and down woody debris annually following winter storms and prior to June 1 of each year</i>	PW/CPB	Y	TBD

City Council Strategic Priorities - **SAMPLE**

G-4.7	<i>Conduct annual monitoring of vegetation management project areas and maintain as needed</i>	PW/CPB	Y	TBD
G-4.8	<i>Consider the use of cultural burning</i>	PW/CPB	Y	TBD
G-4.9	<i>Develop post-fire rehabilitation guidelines in cooperation with appropriate federal, state, and local agencies</i>	PW/CPB	Y	TBD
G-5.1	<i>Hold annual meetings with mutual aid partners to discuss emergency response goals and review targets</i>	PW/CPB	N	TBD
G-5.2	<i>Prepare annual reports of incidents and responding mutual aid partners</i>	PW/CPB	Y	TBD
G-5.3	<i>Identify additional resources needed to adequately respond to wildfires and achieve response target goals</i>	PW/CPB	Y	TBD
G-6.1	<i>Evaluate staffing capacity annually and identify needs to ensure capacity for wildfire projects</i>	PW/CPB	Y	TBD
G-6.2	<i>Identify and pursue grant funding opportunities for wildfire projects</i>	PW/CPB	Y	TBD
G-6.3	<i>Pursue efforts to get on California's Fire Risk Reduction Communities List to be prioritized for Grant Funding</i>	PW/CPB	Y	TBD
G-6.4	<i>Pursue the development of a Home Hardening Grant Program</i>	PW/CPB	Y	TBD
G-6.5	<i>Collaborate with the Monterey County Fire Safe Council to obtain grants for wildfire mitigation projects</i>	PW/CPB	N	TBD
G-6.6	<i>Increase the number of properties inspected in the Plan Area annually</i>	PW/CPB	Y	TBD
G-6.7	<i>Empower community groups, etc. to pursue grant funding for community-scale retrofits</i>	PW/CPB	Y	TBD
G-6.8	<i>Evaluate subsidies or incentives for property owners to complete and maintain vegetation management</i>	PW/CPB	Y	TBD

P-6.5 IT Strategic Plan

<u>Program #</u>	<u>Program Name</u>			
G-x.x.x	IN PROCESS	Admin/IT	N	TBD

P-6.6 Library Master Plan

<u>Program #</u>	<u>Program Name</u>			
G-1.1.1	<i>Establish regular weekly hours for tech help</i>	Admin/Library	Y	TBD
G-1.1.2	<i>Collaborate with Carmel, Carmel Valley, Big Sur and Pebble Beach schools on programs on a regular basis</i>	Admin/Library	N	TBD
G-1.1.3	<i>Continue to learn from and build on established programs and explore new program ideas as they arise</i>	Admin/Library	Y	TBD
G-1.2.1	<i>Conduct Community Conversations and produce an updated Public Knowledge Report</i>	Admin/Library	Y	TBD
G-1.2.2	<i>Provide a variety of ways for community members to provide feedback</i>	Admin/Library	Y	TBD
G-1.3.1	<i>Better serve patrons with dementia and Alzheimer's and their caregivers</i>	Admin/Library	Y	TBD
G-1.3.2	<i>Start a conversation with the community workforce to understand their needs and wants</i>	Admin/Library	Y	TBD
G-1.3.3	<i>Explore option for books delivery to homebound patrons, including a partnership with Carmel Foundation</i>	Admin/Library	Y	TBD
G-1.3.4	<i>Develop an accommodation policy</i>	Admin/Library	Y	TBD
G-1.4.1	<i>Re-brand the library so that it is clear who we are, where we are, and what we do</i>	Admin/Library	Y	TBD
G-1.4.2	<i>Develop a plan and strategy for marketing and communication of library services</i>	Admin/Library	Y	TBD
G-1.4.3	<i>Conduct outreach to community leaders to ensure understanding of the value of the Library</i>	Admin/Library	Y	TBD

City Council Strategic Priorities - **SAMPLE**

G-1.4.4	<i>Work with local realtors to distribute a welcome packet for new community members</i>	Admin/Library	Y	TBD
G-1.4.5	<i>Encourage community advocacy for the library</i>	Admin/Library	N	TBD
G-2.1.1	<i>Look for opportunities to renovate both library buildings</i>	Admin/Library	Y	TBD
G-2.1.2	<i>Ensure continuity of operations during any renovation projects</i>	Admin/Library	Y	TBD
G-2.2.1	<i>Introduce patrons and visitors to the library in the Harrison Library garden with improved signage</i>	Admin/Library	Y	TBD
G-2.2.2	<i>Conduct nature-centric programs utilizing the HML garden and other greenspaces in the City</i>	Admin/Library	Y	TBD
G-2.3.1	<i>Restore Saturday hours</i>	Admin/Library	Y	TBD
G-2.4.1	<i>Continue to invest in Wonderbook, large print, audio collections, and explore a braille collection</i>	Admin/Library	Y	TBD
G-3.1.1	<i>Review, reaffirm, and amend library policies and procedures to ensure transparency and efficiency</i>	Admin/Library	Y	TBD
G-3.1.2	<i>Work with Pacific Grove and Monterey libraries to implement book/DVD sharing</i>	Admin/Library	N	TBD
G-3.1.3	<i>Work with community organizations to identify projects that could provide opportunities for special funding</i>	Admin/Library	N	TBD
G-3.1.4	<i>Better promote purchase suggestions to further engage the community in collection development</i>	Admin/Library	Y	TBD
G-3.2.1	<i>Develop staff training plan (1 all-staff training per month) including emergency preparedness</i>	Admin/Library	Y	TBD
G-3.2.2	<i>Map the library's volunteer needs and map the needs of volunteers</i>	Admin/Library	Y	TBD
G-4.1.1	<i>Investigate ways to reduce waste in library operations (paper, single-use plastics, etc.)</i>	Admin/Library	Y	TBD
G-4.1.2	<i>Look for opportunities to switch to local/sustainable/Certified/etc. companies and vendors when possible</i>	Admin/Library	Y	TBD
G-4.1.3	<i>Work with Public Works to identify opportunities to reduce energy consumption in library buildings</i>	Admin/Library	Y	TBD
G-4.2.1	<i>Develop Continuity of Operations Plan for the Library</i>	Admin/Library	Y	TBD
G-4.2.2	<i>Create a special collections evacuation plan in case of an emergency</i>	Admin/Library	Y	TBD
G-4.2.3	<i>Prioritize staff training on disaster recovery topics, such as salvaging water-damaged materials</i>	Admin/Library	Y	TBD
G-4.3.1	<i>Regularly host sustainability and resilience related programs that are relevant to Carmel</i>	Admin/Library	Y	TBD
G-4.3.2	<i>Provide opportunities for organizations such as CERT, CalFire, Carmel Prepares to share info</i>	Admin/Library	Y	TBD
G-4.4.1	<i>Continue to act as a charging/warming center during storms and power outages</i>	Admin/Library	Y	TBD
G-x.x.x	<i>Explore additional ways we can support our community during emergencies and extreme weather events</i>	Admin/Library	Y	TBD

P-6.7 Mission Trails Nature Preserve Master Plan

Program #	Program Name			
G-x.x.x	IN PROCESS	PW	N	TBD

Future Projects - These are projects that are important, but are not actively being worked on by City Staff until directed by Council.

F-1	<i>Explore Opportunities for Flanders Mansion</i>	Admin	Y	TBD
F-2	<i>Undergrounding Power Lines separate from Rule 20A</i>	PW	Y	TBD
F-3	<i>Build city-owned conduit system for data (currently Comcast owned)</i>	Admin/IT	Y	TBD

City Council Strategic Priorities - **SAMPLE**

F-4	Implement a parking and traffic management program	Admin/CPB	Y	TBD
G-1.2.1	Receive Council approval on revised investment portfolio approach	Admin/Finance	Y	TBD
G-1.2.2	Complete internal review (checklist) of City readiness to take on bonds or other financing	Admin/Finance	Y	TBD
G-1.1.1	Increase usability and clarity of financial reports given to Council	Admin/Finance	Y	July 2026
G-3.1.3	Complete the City's Rule 20-A project at Del Mar Parking Lot	PW	N	TBD
G-3.5.2	Complete modeling work of street condition to optimize use of CIP funds for maintenance and replacement	PW	Y	April 2026
G-4.1.3	Reinstate the Design Review Board (DRB)	CPB	Y	TBD
G-5.2.1	Scan and digitize all physical city records to make available online (resolutions, ordinances, etc.)	Admin/IT	Y	Ongoing



CITY OF CARMEL-BY-THE-SEA
City Council
Staff Report

March 24, 2026
ORDERS OF BUSINESS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Jayme Fields, Finance Manager

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Receive a presentation on the Five-Year Financial Forecast and provide direction to staff

RECOMMENDATION:

Receive a presentation on the Five-Year Financial Forecast and provide direction to staff.

BACKGROUND / SUMMARY:

The purpose of this agenda item is to present a high-level financial forecast that highlights the fiscal environment facing the City in the next five years. A financial forecast is a long-range financial planning tool to provide awareness of future challenges and opportunities and is intended to assist decision-makers in weighing the longer-term financial consequences of short-term decisions. The forecast is intended to assess whether the City is likely to have a surplus or deficit in the fiscal year based upon projected revenues and anticipated expenditures. The consideration of the financial horizon is particularly relevant as staff embark on the development of the Fiscal Year 2026-2027 (“FY 26-27”) operating and capital budget.

As shown within **Attachment 1**, “Five-Year Financial Forecast FY 2027-2031”, expenditures are projected to outpace revenues, resulting in a budgetary deficit for fiscal years 2026-27 through fiscal years 2030-2031. The forecast is based upon the following assumptions and any change in these factors would impact the projected deficit:

1. Maintaining staffing levels at the full-time equivalent positions contained within the Fiscal Year 2025-26 Adopted Budget plus minor adjustments, including additional Project Management staff.
2. No change in debt payments resulting from refinancing and/or incurring new debt.
3. One year of additional funding of the Section 115 Trust to address pension liabilities.
4. Capital outlay expenses are based upon 5-year Capital Improvement Plan.

Revenue Assumptions

In looking at Fiscal Year 2026-2027 (“FY26-27”) and beyond, the model assumes continued modest growth in property taxes and sales tax over the next few years. Based on current industry expectations, transient occupancy tax is forecast for modest growth. The assumptions are based upon economic literature, forecasts developed for the tourism industry and in consultation with the City’s sales tax consultant. The assumptions reflected within the attached forecast include:

- Property Tax: FY 26-27 property tax revenue assumes a 2.5% growth over the FY 25-26 Estimated Actual and 2.5% annual growth thereafter.
- Sales Tax: Based upon local business trends and the December 2025 Consensus Forecast received from industry consultants, Bradley Burns and Measure C assumes small economic growth in FY 26-27 of 1.8%. After, Bradley Burns is projected to grow 2.7% each year through FY 30-31 and Measure C is projected to grow 2.8% in the same period.
- Transient Occupancy Taxes: Reflects 1.3% increase over the FY 25-26 Estimated Actual, and 1.3% annual growth thereafter based on industry expectations, economic indicators and anticipated room inventory.
- Charges for Services: Charges for services are based upon consumer demand for a variety of services, including planning and building, ambulance transport and special events, and are thus more challenging to predict. The forecast builds upon the FY 25-26 Estimated Actual and assumes an annual increase of 2.8% for inflation.
- Other Revenues: This category includes revenues such as business license taxes, franchise fees, and intergovernmental revenue. The forecast builds upon the FY 25-26 Estimated Actual and assumes an annual increase of 2.8% for inflation each year.

Operating Expenditure Assumptions

Fiscal Year 2025-2026 is likely to end with a surplus, before capital expenditures, due to stronger than anticipated revenue offsetting increased operating expenditures. Operating expenditures include the General Fund operating budget, pension liability catch-up and debt service. The forecast for fiscal year 26-27 through fiscal year 30-31 is based upon the following assumptions:

- **Salary and Benefits:** Forecast FY 26-27 reflects net 1.9% growth over the FY 25-26 Estimated Actual, as salaries for Ambulance staff have been eliminated from FY 26-27 and beyond. In subsequent years, increases in salaries are forecast at a 2.6% annual growth rate over each prior year's salary expenses to reflect anticipated step increases. In addition, the FY 26-27 year reflects a previously contracted one-time increase for Police. No CPI or cost of living ("COLA") increases are factored into the forecast. Increases in other benefits, such as healthcare, are forecast to increase by 2.8% to 8.2% based on industry guidelines. FY 26-27 and each year thereafter assume the same staffing level as those planned in the FY 25-26 budget. Thus, any changes in staffing levels and/or negotiated salary and benefit changes will impact projected expenses.
- **CalPERS Unfunded Pension Liability:** The forecast is based upon the City's projected premiums using a pension forecasting model which assumes a 6.8% CalPERS investment return.
- **Services and supplies:** FY 26-27 and thereafter assume a 2.8% annual inflationary increase over the FY 25-26 Estimated Actual.
- **Debt:** The debt payment is based on debt repayment schedules, reflecting payments in FY 26-27 through FY 30-31 for the Sunset Center. Maturation of the Sunset Center bond is anticipated in FY 31-32. The forecast assumes no additional debt either through the issuance of new bonds, the refinancing of existing bonds or the use of lease financing for capital projects and/or vehicle purchases.
- **Pension Mitigation (Section 115 Trust):** In Fiscal Year 21-22, Council authorized the City Administrator to set aside \$1 million annually for pension mitigation in each of the next five years. The City has included an additional potential liability set-aside in FY 26-27. This set aside is not an expense, rather it is a reserve of assets. The forecast assumes no additional pension mitigation thereafter.

It is the City's policy that no more than 90% of budgeted revenues be utilized for operating expenses, including debt service and pension liability premiums. As can be seen from the forecast percentages of 88.5% for FY 26-27 increasing to 90.3% for FY 30-31, the forecast does not maintain that budgetary goal.

Capital Improvement Plan Assumptions

The forecast for capital expenditures is based upon the City's Five-Year Capital Improvement Plan ("CIP"). The Capital Improvement Plan considers the City's infrastructure needs and seeks to prioritize the urgency of needs against the City's limited funding resources.

It is the City's policy that at least 10% of budgeted revenues be utilized for capital expenditures. For FY 26-27, that would be a CIP budget of \$3.7million. As can be seen from the forecast, the City is exceeding that budgetary goal in all forecast years due to the backlog of deferred maintenance plus current, urgent needs. The City roughly estimates total deferred maintenance needs (in today's dollars) to be:

<u>Deferred Maintenance Need</u>	<u>Estimated Current Cost</u>
New Police/PW Building	38,000,000
Streets	24,000,000
Storm Drain System	14,700,000
Shoreline Structures	8,000,000
Sidewalks	6,600,000
Parks and Facilities	10,685,000
Undergrounding	unknown
Net Additional Need	<u>101,985,000</u>

In FY 23-24, the completed CIP was \$3.0 million and in FY 24-25 it was \$3.8 million. The forecast for CIP completion in FY 25-26 is \$6.3 million. In addition to conversations about new revenue sources which could support a meaningful impact on the backlog of deferred maintenance, City Council may also wish to revisit financial policy related to expenses. This could include looking at things like adjusting their policy goal upward from a split of 10% capital / 90% operating spending. To achieve even a modest goal of 15% capital / 85% operating spending, operating expenditures will need to be reduced. In order to do this, an analysis of operations and services would be required. Council would need to provide staff with policy-level direction regarding which City services it wished to maintain at current levels, and which services it would want to scale back on.

Fund Balance Assumptions

The forecast for available fund balance is based on a beginning fund balance of CIP reserves and unassigned fund balances. Projected net revenue (total of revenues to

be collected less operating costs) are added to this and completed capital improvement projects are deducted from this. As we gear-up our plans and processes to increase the completion of our Capital Improvement Plan, we see that capital expenditures outpace net revenue and consume existing available fund balances, resulting in all available resources having been utilized by FY 26-27. After that, the CIP plan would require the City to dip into reserves and other fund balances that are not currently available for spending.

Budgeting Options

The financial forecast is intended as a planning tool to assist in both short and long-term decision-making. It is developed by staff based upon historical data, year-to-date actuals, and economic and industry literature and attempts to capture various external factors that impact the City's revenues and expenses. It should be considered a guide that is fluid and able to be updated as new factors emerge, especially considering the changing economic environment. Current projections show an annual deficit whereby planned expenditures outpace anticipated revenues, primarily due to growing operating and capital expenditures.

The purpose of the special meeting is to receive preliminary direction from Council regarding the forecast and capital expenditures. In particular, as part of a subsequent agenda item at this same meeting, Council will receive a presentation on the proposed capital projects for the upcoming fiscal year based on Public Work's prioritization. The Council will be asked to review the prioritization of identified projects as well as any additional projects to be included within the Capital Improvement Plan.

Currently, the forecast allocates approximately \$9,987,000 for capital outlay in FY 26-27. The \$9,987,000 represents 25.9% of projected revenue, which is in excess of the financial policy minimum of 10%. Council has the discretion to change the amount allocated for capital projects. However, should the capital budget be maintained at current forecast levels, or increased, that spending should be considered in light of other factors that will impact the forecast, namely service levels and pension liability.

For service levels, the first factor to be considered in the forecast is the City's largest expenditure, salaries and benefits. The forecast assumes the same authorized staffing level as FY 25-26, a 1.9% growth in net costs over FY 25-26 Estimated Actual in the first year, and 2.6% for annual step increases thereafter. The City typically renegotiates MOU salary contracts every two years, therefore any potential negotiated salary schedules will also impact projected salary expenditures.

For service levels, the second factor to consider is the operating budget assumption of a 2.8% "CPI" inflationary increase over the FY 25-26 Estimated Actual for services and supplies in FY 26-27 and forward. It is likely that many of the contractual services

necessary to provide critical services to the community, as well as necessary costs associated with daily operations (“cost of doing business”), will experience increases greater than 2.8%. Depending on the magnitude of the increase in some of these services, it may not be possible to absorb the impact through further reductions in other areas of the budget without impacting service levels and/or the efficiency of departmental operations.

The third factor to consider is funding to address the pension liability. The City’s Unfunded Accrued Liability Payment (“UAL”) is estimated at \$28.0 million as of June 30, 2025. The City’s annual UAL payment is expected to increase from \$2.7 million in FY 25-26 to \$3.1 million in FY 30-31. However, it is possible that the payments may increase further if CalPERS either does not achieve its goal of a 7% return on its investments or reduces the discount rate. The forecast includes a \$1 million reserve of fund balance in FY26-27, in addition to the annual premium expenses, to be used for pension mitigation options. Council has the discretion to allocate additional funding for pension mitigation strategies.

FISCAL IMPACT:

There is no direct fiscal impact associated with receiving this report. Direction received by Council will help guide the development of the Fiscal Year 2026-2027 budget and beyond

PRIOR CITY COUNCIL ACTION:

Not applicable

ATTACHMENTS:

1. Five-Year Financial Forecast FY 2027-2031

Five Year Financial Forecast

	FY 21-22 Actual	FY 22-23 Actual	FY 23-24 Actual	FY 24-25 Actual	FY 25-26 Budget	FY 25-26 Estimated Actual	FY 26-27 Projection	FY 27-28 Projection	FY 28-29 Projection	FY 29-30 Projection	FY 30-31 Projection
Revenues											
Property	7,681,714	8,152,163	8,770,848	9,147,434	9,198,405	9,445,000	9,680,988	9,923,013	10,171,088	10,425,366	10,686,000
Sales tax - Bradley Burns	3,611,423	3,469,442	3,692,470	3,956,282	3,828,119	4,092,183	4,166,843	4,279,348	4,394,890	4,513,552	4,635,418
Sales tax - Local Meas. C	5,970,464	5,868,695	6,386,122	6,913,837	6,595,056	6,900,734	7,023,597	7,220,258	7,422,425	7,630,253	7,843,900
Transient Occupancy Tax (TOT)	7,787,643	8,455,742	8,579,344	9,559,155	9,109,116	9,526,737	9,650,584	9,776,042	9,903,130	10,031,871	10,162,286
Charges for Services	2,485,797	2,500,112	2,871,504	2,903,856	3,059,214	2,725,019	3,436,094	3,532,305	3,631,209	3,732,883	3,837,404
Other Revenues *	3,308,607	4,445,838	4,556,572	5,302,347	3,125,171	4,600,827	4,662,030	4,792,567	4,926,759	5,064,708	5,206,520
Revenue Total	30,845,650	32,891,990	34,856,860	37,782,913	34,915,081	37,290,499	38,620,137	39,523,532	40,449,502	41,398,633	42,371,527
Expenditures											
Salaries/Benefits	10,259,176	11,784,776	12,628,934	13,749,575	15,196,084	15,598,822	15,891,119	16,426,728	16,980,389	17,552,712	18,144,324
CalPERS Unfunded Liability Paym	1,772,536	2,013,193	1,942,765	2,298,486	2,708,158	2,708,158	2,972,564	3,001,737	3,176,353	3,124,497	3,064,255
Services/Supplies	8,952,087	10,249,694	11,137,823	11,722,679	13,582,458	14,226,458	14,804,220	15,218,738	15,644,863	16,082,919	16,533,241
Debt Service Total	859,211	874,942	520,042	510,631	509,100	509,100	523,355	517,960	517,960	517,960	517,960
General Fund Operating Total	21,843,011	24,922,605	26,229,564	28,281,371	31,995,800	33,042,538	34,191,259	35,165,164	36,319,565	37,278,088	38,259,780
Revenue Net of Operating Costs	9,002,639	7,969,386	8,627,296	9,501,542	2,919,281	4,247,961	4,428,878	4,358,369	4,129,937	4,120,546	4,111,748
Capital Expenditures	149,873	1,199,076	3,041,379	3,862,210	7,834,000	6,319,916	9,986,504	9,562,817	9,208,512	10,794,600	10,376,090
Expenses Total	21,992,884	26,121,681	29,270,943	32,143,581	39,829,800	39,362,454	44,177,763	44,727,981	45,528,077	48,072,688	48,635,870
Surplus/(Deficit)	8,852,766	6,770,310	5,585,917	5,639,332	(4,914,719)	(2,071,955)	(5,557,626)	(5,204,448)	(5,078,575)	(6,674,054)	(6,264,342)
<i>Additional Pension Mitigation</i>	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000				
Available Resources - Unassigned and CIP Fund Balances				21,758,242		18,686,287	12,128,662	6,924,213	1,845,638	(4,828,416)	(11,092,759)

Surplus = adds to fund balance; (Deficit) = use of fund balance

* Other Revenues include one-time revenue sources.

Operating expense under (over) 90% policy limit

518,911	566,865	406,016	84,987	(19,318)	(125,405)
88.6%	88.5%	89.0%	89.8%	90.0%	90.3%

CIP (under) over 10% policy limit

2,590,866	6,124,490	5,610,464	5,163,562	6,654,737	6,138,937
16.9%	25.9%	24.2%	22.8%	26.1%	24.5%



CITY OF CARMEL-BY-THE-SEA
City Council
Staff Report

March 24, 2026
ORDERS OF BUSINESS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Ken Wysocki, Director of Public Works, Shari Carlet, Project Manager

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Receive a presentation on the proposed FY 26-27 CIP Program and Five-Year plan and provide direction to staff

RECOMMENDATION:

Staff recommends that the City Council:

1. Review the Proposed Fiscal Year 2026–2027 Capital Improvement Program (CIP) Budget.
2. Review the proposed Five-Year Capital Improvement Plan for Fiscal Years 2026 through 2031.
3. Provide direction to staff regarding project priorities, sequencing, and any potential additions or revisions prior to preparation of the final CIP budget for adoption as part of the City's FY 2026–2027 budget.

BACKGROUND / SUMMARY:

PURPOSE OF THIS PRESENTATION

The purpose of this presentation is to provide the City Council with the first overview of the proposed FY 2026–2027 Capital Improvement Program and the Five-Year CIP Plan. Specifically, this presentation is intended to:

- Introduce the proposed FY 2026–2027 capital projects
- Provide an overview of major infrastructure priorities across City
- Discuss long-term capital investment needs identified through infrastructure assessments through the 5-CIP Plan for Fiscal years 2026-2031

- Obtain Council direction regarding project priorities and potential adjustments prior to finalizing the CIP budget

Following Council discussion and direction, staff will refine the CIP program as necessary and return with a final proposed CIP budget as part of the City's annual budget adoption process.

BACKGROUND

The City prepares a Capital Improvement Program (CIP) each year to guide planning and investment in major infrastructure, facilities, equipment, and long-term capital needs. The CIP is an important planning and financial management tool that allows the City to:

- Maintain and rehabilitate aging infrastructure
- Improve public safety and accessibility
- Address regulatory and environmental requirements
- Implement long-range infrastructure improvements
- Coordinate major capital investments with available funding sources

The CIP consists of two primary components:

- **Five-Year Capital Improvement Plan** - The Five-Year CIP identifies capital projects anticipated over a five-year planning horizon. The plan provides a framework for long-term infrastructure planning and helps staff coordinate future design work, grant opportunities, and project sequencing. Projects listed in the out-years of the plan are planning items only and do not authorize spending.
- **Annual Capital Improvement Budget** - The Annual CIP Budget identifies the projects recommended to move forward in the upcoming fiscal year and provides the expenditure authority for those projects. The proposed FY 2026–2027 CIP Budget represents the first year of the Five-Year CIP Plan.

This staff report presents the proposed CIP program to the City Council for initial review and policy direction prior to finalizing the FY 2026–2027 budget.

PROPOSED FY 2026–2027 CIP PROGRAM OVERVIEW

The Proposed FY 2026–2027 CIP includes projects organized into several major infrastructure categories:

- Drainage Infrastructure
- Streets and Sidewalks
- Public Facilities

- Forest, Parks, and Beach Infrastructure
- Fleet and Equipment

These projects reflect a combination of:

- Asset maintenance and lifecycle replacement
- Infrastructure resilience and safety improvements
- Environmental restoration and coastal protection
- Facility modernization and operational improvements
- Planning and design for future capital investment
- Staff capacity and needs

Many of the projects included in the CIP build upon previously completed studies and infrastructure assessments, including the Storm Drain Master plan, Pavement Management Analyses, Facility Condition Assessments, and environmental restoration studies.

PROPOSED FY 2026–2027 PROJECT CATEGORIES

Drainage Infrastructure

The CIP includes several drainage improvements intended to address localized flooding, improve stormwater conveyance, and increase long-term system resilience.

Drainage Improvement Project- Design (\$450,000)

This project addresses recurring localized neighborhood street ponding by improving surface drainage and upgrading the stormwater intake and conveyance system. The work will include targeted roadway and gutter grading to restore positive flow, installation of new catch basins to increase intake capacity, upsizing select storm drain pipelines to improve conveyance and adding new manholes to enhance system access and long-term maintenance. These improvements will reduce and eliminate floodwater entering residential properties and prevent standing water from accumulating on neighborhood streets, resulting in safer conditions, reduced pavement deterioration, and improved stormwater performance during peak rainfall events. The project also serves as an important preparatory phase for the future major storm drainage bypass pipeline improvement along Junipero, ensuring that upstream and local drainage conditions are properly integrated with the larger system upgrade.

Streets and Sidewalk Infrastructure

Maintaining roadway and pedestrian infrastructure integrity remains a core focus of the CIP program.

Street Improvement Project – Design (\$500,000)

This project funds engineering design for priority street rehabilitation and maintenance projects identified through the City’s pavement management program, StreetSaver.

StreetSaver evaluates roadway conditions and assigns a Pavement Condition Index (PCI) score to help prioritize the most cost-effective maintenance and rehabilitation strategies across the City's street network. The design phase will include field verification, surveying, and preparation of construction documents and cost estimates for the highest-priority roadway segments. Implementing these improvements helps preserve pavement conditions, extend the useful life of the roadway system, This project funds engineering design for priority street rehabilitation and maintenance projects identified through the City's pavement management program, StreetSaver. evaluates roadway conditions and assigns a Pavement Condition Index (PCI) score to help prioritize the most cost-effective maintenance and rehabilitation strategies across the City's street network. The design phase will include field verification, surveying, and preparation of construction documents and cost estimates for the highest-priority roadway segments. Implementing these improvements helps preserve pavement conditions, extend the useful life of the roadway system, and improve the City's overall PCI score while minimizing more costly reconstruction in the future.

Street Rehabilitation Project – Micro-seal (\$575,000)

This project includes rehabilitation work on selected streets identified through the StreetSaver pavement evaluation program. Improvements will consist primarily of microseal/microsurfacing treatments designed to extend the service life of existing roadways and prevent further deterioration. By addressing pavement needs proactively, this project reduces long-term costs associated with major repairs or full street reconstruction. These preventive maintenance efforts help preserve roadway integrity, improve safety, and maintain the overall quality of the pavement throughout the project area.

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

This project completes asphalt rehabilitation improvements at the Sunset Center parking lot, 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 lot while improving safety, circulation, and ADA compliance for visitors to the Sunset Center campus.

Sidewalk Improvement Project – Design (\$275,000)

This project supports the design of priority sidewalk repair and replacement projects throughout the City to improve pedestrian safety and accessibility. Areas requiring improvement have been identified through the City's recent sidewalk condition assessment conducted by Precision Concrete, which documented trip hazards, vertical offsets, and deteriorated sidewalk segments across the community. The assessment data is managed through the City's DataWorks infrastructure management software, allowing staff to prioritize repairs based on safety risk, condition severity, and pedestrian usage. The design phase will include surveying, preparation of construction drawings, and cost estimates for the highest-priority locations, supporting future construction projects that enhance walkability, reduce liability risks, and improve overall sidewalk conditions.

Sunset Center Retaining Wall, Sidewalk and Fence Improvements – Design (\$450,000)

This project continues engineering design for improvements to the retaining wall located along 7th Avenue at the Sunset Center campus. In addition, an assessment of the retaining wall between the parking lots at the Yoga Center and the second parking lot located along San Carlos Street. The existing retaining walls show signs of deterioration and present potential safety concerns if not addressed. Design work will evaluate repair or replacement options to restore structural integrity and ensure long-term stability of the retaining walls. The project will also address repairs to the adjacent sidewalk and replacement of the deteriorated fence located along the top of the wall, which have been impacted by settlement and aging infrastructure. These improvements will enhance public safety along the 7th Avenue frontage, the integrity of the retaining walls and the repair of deteriorated fence between the parking lots while preserving the functionality and character of the Sunset Center campus.

Public Facilities

The CIP includes several projects addressing maintenance, safety improvements, and long-term facility planning.

Vista Lobos Electrical Panel Upgrade and EV Infrastructure (\$560,000)

This project continues with the upgrade of the electrical infrastructure at the Vista Lobos facility to support modern electrical loads and future electric vehicle charging infrastructure. Improvements include replacement of aging electrical panels and expansion of electrical capacity needed to support City fleet electrification efforts. The project supports the City's sustainability goals while ensuring reliable power distribution within the facility.

City Hall Shingles and Window Repairs (\$500,000)

This project provides for exterior rehabilitation of City Hall, including replacement of deteriorated wood shingles around the building and repair of aging window components. Many of the existing shingles have reached the end of their service life due to prolonged exposure to coastal weather conditions. The project will replace the shingles while maintaining the historic architectural character and appearance of the building. In addition, window repairs will address deteriorated frames, seals, and trim to improve weather protection and extend the life of the structure. These improvements will help preserve the building envelope, protect the facility from moisture intrusion, and maintain the historic character of one of the City's primary civic buildings.

ADA Upgrade Program (\$20,000)

The City continues its ongoing program of accessibility improvements to public facilities and infrastructure. Funding supports targeted upgrades identified through ADA transition planning and accessibility reviews. Improvements may include pathway modifications, accessibility improvements to public buildings, and upgrades that ensure compliance with current accessibility standards.

Sunset Center Piano Room Floor and Guardrail Replacement (\$75,000)

This project includes two improvements at the Sunset Center facility to address aging infrastructure and safety concerns. The Piano Room floor requires replacement due to deterioration from years of use, which has impacted its structural integrity and appearance. Upgrading the floor will restore the functionality and safety of the space used for rehearsals, events, and performances.

The project also includes replacement of the exterior guardrail along the ramp in the Sunset Center North Parking Lot, which has deteriorated due to age and exposure to coastal weather conditions. Replacing the guardrail will improve safety for pedestrians using the ramp and adjacent parking areas while maintaining compatibility with the character of the Sunset Center campus.

Fire Station Alert System Upgrade (\$200,000)

This project replaces the Fire Station's alerting and notification system used to notify emergency personnel of incoming calls and dispatch information. Modernization of the system will improve reliability, response time, and compatibility with current emergency communications infrastructure, ensuring firefighters receive timely notifications during emergency incidents.

Police / Public Works Facility – Architectural Design (\$5,000,000)

This project initiates architectural and engineering design services associated with the future Police and Public Works facility project. Work will include feasibility studies, conceptual layouts, site evaluation, and preliminary architectural design alternatives for renovation or replacement of the existing facility. This phase will establish project scope, cost estimates, and potential development strategies for one of the City's most significant future infrastructure investments.

Flanders Mansion Foundation Repair (\$150,000)

Structural assessment and stabilization work will address foundation issues identified at Flanders Mansion. The project includes engineering evaluation, development of repair strategies, and implementation of stabilization measures to protect the historic structure. These improvements ensure the continued structural integrity and preservation of one of the City's most historically significant properties.

Transfer Switch Installation – City Hall and Vista Lobos (\$100,000)

Automatic transfer switches will be installed at City Hall and the Vista Lobos facility to support backup power operations. These systems allow facilities to seamlessly transition to emergency power during outages, improving operational continuity for essential municipal services.

Forest, Parks, and Beach Infrastructure

Several projects focus on coastal resilience, environmental restoration, and park infrastructure.

Sand Ramp – Eighth Avenue Repair and Design (\$275,000)

This project advances the design and reconstruction of the sand access ramp near

Eighth Avenue, which has experienced repeated storm damage due to coastal erosion and sea level rise. Improvements will restore reliable access to the beach while incorporating design features that improve durability under changing coastal conditions.

Eroded Bluff Emergency Repair (\$200,000)

Emergency stabilization work will address coastal bluff erosion that poses risks to public safety and nearby infrastructure. The project will include geotechnical investigation and design, along with the necessary emergency repairs or construction activities to address damaged areas. Additional restoration efforts will be undertaken to reduce future instability.

Scenic Pathway Emergency Improvements (\$300,000)

This project reconstructs and stabilizes a section of the Scenic Pathway between Eighth and Eleventh Avenues where erosion and pathway deterioration have created safety concerns. Improvements may include pathway reconstruction, slope stabilization, drainage improvements, and installation of protective barriers. The project enhances safety along one of Carmel’s most iconic coastal recreational routes.

Mission Trail Nature Preserve Stream Restoration – Design (\$175,000)

Engineering and environmental design will advance restoration and resiliency improvements within the Mission Trail Nature Preserve stream system. The project builds upon previous stream stability studies and focuses on restoring natural channel alignment, reducing erosion impacts, and improving trail resiliency. Design work will also support future environmental permitting and construction phases.

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.

Fleet and Equipment

Fleet replacement and equipment investments support ongoing municipal operations.

Vehicle and Equipment – Fleet (\$455,000), (3CE Grant \$30,000)

Police Radios Lease, Year 6 (last): Twenty-two (22) radios were purchased in 2021 with a payment schedule of \$30,000 per year payments for six years, with funding from the Vehicle and Equipment Fund.

Police & Fire Department Fleet: Police and Fire will be replacing five vehicles this fiscal year, all based on age. (1) Parking Enforcement Vehicle, (2) A 2009 Animal Control Vehicle, (3) 2013 Police Administration Vehicle, (4) 2009 Radar Trailer, (5) 2012 Fire Inspector Vehicle. EV options for all vehicles will be evaluated.

Public Works: The Public Works Street Division’s asphalt patch truck is 27 years old

with 62,000 miles. While the truck has low mileage, it is in poor condition and has an outdated leaking asphalt tack oil sprayer. This truck will be replaced with a medium-size truck, outfitted with a dump bed, lift gate, and tack oil sprayer. An EV option will be evaluated.

FISCAL IMPACT:

The fiscal impact of the CIP program will be finalized during preparation of the FY 2026–2027 City Budget.

The CIP program is funded through multiple sources including:

- Capital Improvement Fund
- Vehicle and Equipment Fund
- Grants and external funding
- Future potential funding sources

Council directions provided during this meeting will help refine project priorities prior to preparation of the final CIP budget.

PRIOR CITY COUNCIL ACTION:

ATTACHMENTS:

1. CIP 5 YEAR PLAN
2. CIP FY 26-27
3. STATUS OF CIP FY 25-26
4. CIP FY 26-27 BUDGET CATEGORY DISTRIBUTION

City of Carmel-by-the-Sea
5-Year Capital Improvement Plan FY 2026-2031
Excluding Operating Budget Projects

ATTACHMENT 1

As of: 3/24/26

Category	FY 2026/27			FY 2027/28			FY 2028/29			FY 2029/30			FY 2030/31				
	Year 1		Estimate	Year 2		Estimate	Year 3		Estimate	Year 4		Estimate	Year 5		Estimate		
	Project	D		Project	D		Project	D		Project	D		Project	D			
Drainage	Drainage Improvement Project Design (Carryover \$175,000)	D	450,000														
				Drainage Improvement Project-Construction FY 26/27	D	1,500,000											
							Mission Bypass Pipe - Design	D	415,000			Mission Bypass Pipe - Construction	D	2,750,000			
														Drainage Improvement Project - Design	D	865,000	
			\$ 450,000			\$ 1,500,000			\$ 415,000			\$ 2,750,000			\$ 865,000		
Streets/Sidewalks	Street Improvement Project - Design	D	500,000	Street Improvement Project - Construction Ph 1	D	1,000,000	Street Improvement Project - Construction Ph 2	D	1,500,000								
	Street Rehabilitation Project - Microseal (Design and Construction)	D	575,000				Street Improvement Project - Design	D	500,000			Street Improvement Project - Construction Ph 1	D	500,000	Street Improvement Project - Construction Ph 2	D	1,500,000
	Resurface Parking Lot Sunset Center	D	300,000														
					Childrens Library Drainage & Parking Lot Resurface - Design		150,000	Childrens Library Drainage & Parking Lot Resurface - Construction		600,000							
	Sidewalk Improvement Project - Design	D	275,000	Sidewalk Improvement Project - Construction Ph 1	D	500,000	Sidewalk Improvement Project - Construction Ph 2	D	600,000			Sidewalk Improvement Project - Design	D	300,000	Sidewalk Improvement Project - Construction Ph 1	D	700,000
	Sunset Center Retaining Walls, Sidewalk and Fence Improvement - Design (Carryover \$450,000)	D	450,000				Sunset Center Retaining Walls, Sidewalk & Fence Improvement - Construction	D	1,200,000								
								Traffic and Pedestrian Safety Study		100,000			Traffic and Pedestrian Safety Study Implementation		250,000		
			\$ 2,100,000			\$ 2,850,000			\$ 3,300,000			\$ 1,050,000			\$ 2,200,000		
Facilities				Picadilly Restroom - Design (Carryover from FY25/26 \$70,000)	D	150,000	Picadilly Restroom	D	600,000								
	Vista Lobos Panel Upgrade EV (Carryover \$550,000)	D	560,000	Facility Condition Assessment		200,000	Facility Repairs	D	300,000			Facility Repairs	D	300,000	Facility Repairs	D	300,000
	City Hall Shingles & Windows (Carryover \$70,000)	D	500,000														
	ADA Upgrade		20,000	ADA Upgrade		20,000	ADA Upgrade		20,000			ADA Upgrade		20,000	ADA Upgrade		20,000
	Sunset Center - Piano Room Floor		25,000														
	Sunset Center - Guardrail Replacement		50,000														
	Fire Station Alert System Upgrade		200,000														
	PD/PW Architecture - Design (Carryover from FY26/27)	D	5,000,000	PD/PW Architecture - Design (Carryover from FY26/27)	D												
	Flanders Foundation Repair (Assessment & Repair)	D	150,000	Flanders Window and Gutter Repair	D	100,000											
	Transfer Switches for City Hall & Vista Lobos	D	100,000	Back-up generator transfer switch for City Hall & Vista Lobos		200,000											
	Fire Service Backflow Preventer Upgrade (HML, CL and CH) (Carryover \$200,000)	D	250,000	Fire Station Window upgrades	D	20,000											
												PW Roll-up 2 Doors	D	100,000			
			\$ 6,855,000			\$ 690,000			\$ 920,000			\$ 420,000			\$ 320,000		
Forestry, Parks & Beach	Sand Ramp 8th Ave Repair Project - Design and Temporary Sand Replacement (Carryover \$275,000)	D	275,000	Sand Ramp 8th Ave Repair Project - Design and Permitting	D	250,000	Sand Ramp 8th Ave Repair Project - Construction	D	2,000,000								
	Eroded Bluff Emergency Repair (Design and Construction)		200,000	Eroded Bluff Emergency Repair (Design and Construction)		250,000	Eroded Bluff Emergency Repair (Design and Construction)		300,000			Eroded Bluff Emergency Repair (Design and Construction)	D	350,000	Eroded Bluff Emergency Repair (Design and Construction)	D	400,000
	Scenic Pathway Emergency Improvement Design 8th - 11th (Carryover \$100,000)	D	300,000	Scenic Pathway Emergency Improvement Constr Ph 1 - 8th - 11th	D	1,500,000	Scenic Pathway Emergency Improvement Planting/Monitoring Ph 2 - 8th - 11th	D	300,000			4th Ave Outfall - Design (Carryover \$900,000 from FY25/26)	D	900,000	4th Ave Outfall - Permitting and Construction	D	2,500,000
												4th Ave Pathway (Monte Verde St to San Antonio) Design		400,000	4th Ave Pathway (Monte Verde St to San Antonio) Construction		2,500,000
			\$ 1,150,000			\$ 3,250,000			\$ 4,000,000			\$ 5,250,000			\$ 5,650,000		
Fleet & Equipment	Radio Lease, Year 6		30,000	PW Water Truck (1994 Ford SD)		125,000	PW EV Truck (2005 Ford LCF)		125,000			PW Maintenance Truck (2008 Ford F350)		125,000	PW Maintenance Truck (2012 F250)		125,000
	PW Patch Truch (1999 F450)		125,000	PD Patrol Vehicle EV (2019)		75,000	PD Detective Vehicle EV (2017)		75,000			PD Patrol Vehicle EV (2016)		75,000	PD Patrol Vehicle EV (2020)		75,000
	PD Radar Trailer (2009)		25,000	PD Parking Vehicle EV (2014)		45,000	PD Patrol Vehicle EV (2020)		75,000								
	Fire Inspector Vehicle EV (2012)		75,000				PW Backup Portable Generator		90,000								
	PD Parking Vehicle		50,000														
	PD Admin Vehicle EV (2013)		75,000														
	PD Animal Control Vehicle (2009)		75,000														
	EV Vehicles - 3CE Grants		-30,000	EV Vehicles - 3CE Grants		-30,000	EV Vehicles - 3CE Grants		-35,000			EV Vehicles - 3CE Grants		-35,000	EV Vehicles - 3CE Grants		-35,000
				\$ 425,000			\$ 215,000			\$ 330,000			\$ 165,000			\$ 165,000	
	Contingency			CIP Contingency		549,000	CIP Contingency		500,000	CIP Contingency		500,000	CIP Contingency		500,000	CIP Contingency	
			\$ 1,300,000			\$ 9,005,000			\$ 9,465,000			\$ 10,135,000			\$ 9,700,000		
Staff Resources	Project Management (3 FTE)		\$ 612,504	Project Management (3 FTE)		\$ 627,817	Project Management (3 FTE)		\$ 643,512	Project Management (3 FTE)		\$ 659,600	Project Management (3 FTE)		\$ 676,090		
	5-Year Total:																
Grand Totals (incl. carry over)			\$53,053,523			\$9,632,817			\$10,108,512			\$10,794,600			\$10,376,090		
	Deferred Maintenance Total		\$9,860,000	Deferred Maintenance Total		\$6,620,000	Deferred Maintenance Total		\$7,215,000	Deferred Maintenance Total		\$8,600,000	Deferred Maintenance Total		\$6,365,000		

Category	Year 1		FY25-26 Carryover (Included in the Budget)	FY 26-27 Budget Needed	Soft Cost (Included in the Estimate)	FY 26/27 Construction Cost	FY 27/28 Construction Cost	Future Construction Cost	ADA Required?	Soft Cost: (~25%-30%)	Construction Cost:
	FY 2026/27	Estimated Total									
Drainage	Drainage Improvement Project Design	450,000	175,000	275,000	450,000		1,500,000		No	Engineering/Design	Construction
										Topo Survey	Contingency (~10%-20%)
		\$ 450,000	\$ 175,000	\$ 275,000	\$ 450,000		\$ 1,500,000			Advertisement	
Streets/Sidewalks	Street Improvement Project - Design	500,000		500,000	500,000		1,000,000	1,500,000	Yes	Public Outreach	
	Street Improvement Project - Microseal (Design and Construction)	575,000		575,000	75,000	500,000			No	Permits	
	Resurface Parking Lot Sunset Center -	300,000	150,000	150,000	30,000	270,000			Yes	Geotechnical Investigation	
										Project Management	
	Sidewalk Improvement Project - Design	275,000		275,000	275,000		500,000	600,000	Yes	Construction Management	Inspection
	Sunset Center Retaining Walls, Sidewalk and Fence Improvement - Design	450,000	450,000		450,000			1,200,000	Yes		
		\$ 2,100,000	\$ 600,000	\$ 1,500,000	\$ 1,330,000	\$ 770,000	\$ 2,700,000				
Facilities	Vista Lobos Panel Upgrade EV	560,000	560,000		140,000	420,000			No		
	City Hall Shingles & Windows	500,000	70,000	430,000	100,000	400,000			No		
	ADA Upgrade	20,000		20,000		20,000			Yes		
	Sunset Center - Piano Room Floor	25,000		25,000		25,000			No		
	Sunset Center - Guardrail Replacement	50,000		50,000		50,000			No		
	Fire Station Alert System Upgrade	200,000		200,000		200,000			No		
	PD/PW Architecture - Design	5,000,000		5,000,000	5,000,000				No		
	Flanders Foundation Repair (Assessment & Repair)	150,000		150,000	50,000	100,000			No		
	Transfer Switches for City Hall & Vista Lobos	100,000		100,000		100,000			No		
	Fire Service Backflow Preventer Upgrade (HML, CL and CH)	250,000	200,000	50,000	20,000	230,000			No		
		\$ 6,855,000	\$ 830,000	\$ 6,025,000	\$ 5,310,000	\$ 1,545,000	\$ -				
Forestry, Parks & Beach	Sand Ramp 8th Ave Repair Project - Design and Temporary Sand Replacement	275,000	275,000		275,000				Yes		
	Eroded Bluff Emergency Repair	200,000		200,000	100,000	100,000			No		
	Scenic Pathway Emergency Improvement Design 8th - 11th	300,000	100,000	200,000	300,000		1,500,000		Yes		
	Mission Trail Nature Preserve - Stream Restoration & Trail Resiliency Design	175,000	175,000		175,000				Yes		
	North Dunes Habitat Restoration Area - Invasive Species Planning and Removal	200,000		200,000	100,000	100,000			No		
		\$ 1,150,000	\$ 550,000	\$ 600,000	\$ 950,000	\$ 200,000	\$ 1,500,000				
Fleet & Equipment	Radio Lease, Year 6	30,000		30,000		30,000			No		
	PW Patch Truch (1999 F450)	125,000		125,000		125,000			No		
	PD Radar Trailer (2009)	25,000		25,000		25,000			No		
	Fire Inspector Vehicle EV (2012)	75,000		75,000		75,000			No		
	PD Parking Vehicle	50,000		50,000		50,000			No		
	PD Admin Vehicle EV (2013)	75,000		75,000		75,000			No		
	PD Animal Control Vehicle (2009)	75,000		75,000		75,000			No		
	EV Vehicles - 3CE Grants	-30,000		-30,000		-30,000					
		\$ 425,000		\$ 425,000		\$ 425,000					
Contingency	CIP Contingency	\$ 549,000		\$ 549,000	\$ 249,000	\$ 300,000					
	Project Subtotal	\$ 11,529,000	\$ 2,155,000	\$ 9,374,000	\$ 8,289,000	\$ 3,240,000	\$ 5,700,000	\$ 2,100,000	\$ -		
Staff Resources	Project Management (3 FTE)	\$ 612,504		\$ 612,504	\$ 612,504						
	Grand Total	\$12,141,504	\$2,155,000	\$9,986,504	\$8,901,504	\$3,240,000	\$5,700,000	\$2,100,000			

FY25/26 CIP STATUS

ATTACHMENT 3

Complete this FY?	Category	Description	Budget	Budget Request	Carryover to New FY
Completed	Facilities	ADA Upgrade Year 8	20,000		No
Completed	Facilities	Fire Station Upgrades	175,000		No
Completed	Facilities	SS Elevator Power Unit	120,000		No
Yes	Streets	Conglomerate Paving Project: Carryover	2,810,000	199,360	No
Yes	Facilities	Design Repairs CH, FS, VL	150,000		Yes
Yes	Facilities	Forest Theatre Stage	60,000		No
Yes	Facilities	Park Library Window Repairs	50,000		No
Yes	Streets	Sidewalks	500,000		Maybe
Yes	Facilities	SS Painting Phase 2	250,000		No
Yes	Facilities	Yoga Center reroof	50,000		No
Yes	FPB	Rio/Junipero Median	25,000		No
Yes	FPB	Forest Plan Implementation Year 2	739,000		No - Maintenance
Yes	FPB	Devendorf Park Improvements	35,000		No
Yes	FPB	Ribbon Trash/Recycling Cans, Liners, Parts	60,000		No
Partial - Not CL	Streets	Resurface Parking Lots (CL, SC - Upper)	300,000		Yes - Partial
Partial - Not all segments	Streets	Road Segment Project (10 segments)	300,000		Yes - Partial
Partial - New Work	FPB	Eroded Bluff Emergency Repairs		180,000	Yes
Maybe	Facilities	Fire Backflows to Code (3 Bldgs)	200,000	50,000	Yes
Maybe	FPB	Shoreline Stairs Repair (10th Ave & 12th Ave)	300,000	190,000	Maybe
No	Facilities	Vista Lobos Panel Upgrade & EV	560,000		Yes
No	FPB	4th Ave Outfall	900,000		Yes
No	FPB	San Ramp at 8th	275,000		Yes
No	FPB	Scenic Pathway Enhancements	100,000	100,000	Yes
No	Facilities	City Hall Exterior Shingles	70,000		Yes
No	Streets	Scenic/Santa Lucia ADA Parking	20,000		Yes
No	Streets	SS Retaining Walls	450,000		Yes
No	Drainage	Junipero Bypass Pipe - Design	175,000		Yes
No	Drainage	MTNP Stream Projects 4/5 - Design	175,000		Yes
No	Facilities	Picadilly Restroom Design	70,000	80,000	Yes
Continuous	FPB	Shoreline Infrastructure Repair	400,000		Yes

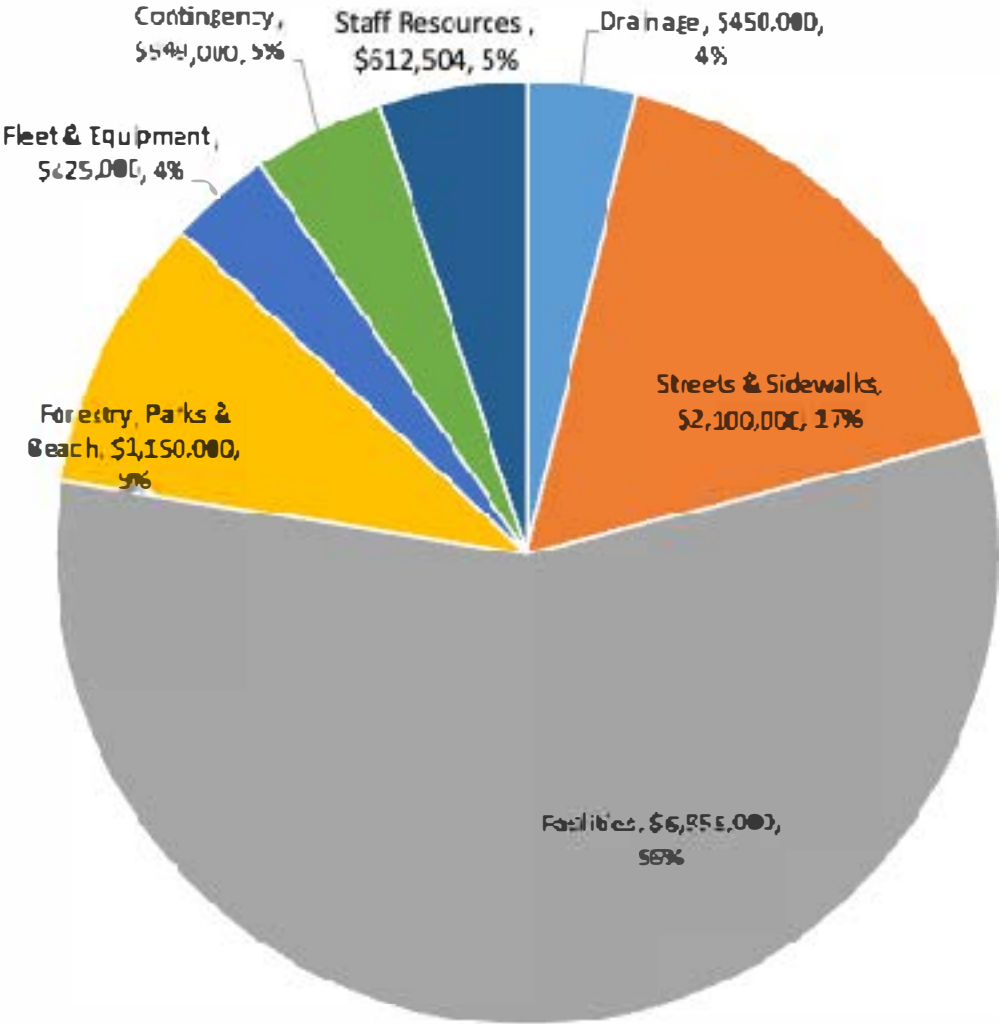
Total Number of Completed CIP FY'26 **15**

Total Number of Carry-Over Projects FY'26 to FY'27 **15**

Total Amount of Carry-Overs from FY'26 to FY'27 **\$2,155,000**

Category	FY 26/27 CIP Draft Budget
Drainage	\$450,000
Streets & Sidewalks	\$2,100,000
Facilities	\$6,855,000
Forestry, Parks & Beach	\$1,150,000
Fleet & Equipment	\$425,000
Contingency	\$549,000
Staff Resources	\$612,504
TOTAL	\$12,141,504

FY '26-'27 CIP BUDGET CATEGORY DISTRIBUTION



■ Drainage
 ■ Streets & Sidewalks
 ■ Facilities
 ■ Forestry, Parks & Beach
 ■ Fleet & Equipment
 ■ Contingency
 ■ Staff Resources