



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

Regular Meeting Tuesday, June 2, 2026 4:30 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 and enter the passcode.

<https://ci-carmel-ca-us.zoom.us/j/83138976374>

Webinar ID: 831 3897 6374

Passcode: 862068

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.

CALL TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE

EXTRAORDINARY BUSINESS

- A. Pride Month Proclamation
- B. Monterey Airport District Presentation

PUBLIC APPEARANCES

Members of the public are entitled to speak on matters of municipal concern not on the agenda during Public Appearances. Each person's comments shall be limited to 3 minutes, or as otherwise established by the Chair. While stating your name is optional, it helps to identify speakers in the meeting minutes. Under the Brown Act, public comment for matters on the agenda must relate to that agenda item, and public comments

for matters not on the agenda must relate to the subject matter jurisdiction of this legislative body. Remote or in-person participants who do not comply with the requirements of the Brown Act will be muted.

ANNOUNCEMENTS

City Administrator Announcements

City Attorney Announcements

Councilmember Announcements

PUBLIC HEARINGS

- 1) Resolution 2026-035 Adopting the Fiscal Year 2026-2027 Annual Operating and Capital Budget, and provide staff direction on Budget Policy
- 2) Resolution 2026-036 Adopting the Fiscal Year 2026-2027 Appropriations Limit

ORDERS OF BUSINESS

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

- 3) Resolution 2026-037, implementing an address identification system consistent with the requirements of the California Building Standards Code and adopting the Street Addressing Map identifying assigned property addresses citywide
- 4) Resolution 2026-038 approving a 3.04 percent rate increase to charges by the City's franchise hauler, GreenWaste Recovery, for collection of solid waste, recycling, and organics, effective July 1, 2026, and approving Amendment No. 5 to the MOU between ReGen Monterey and Member Agencies for Fiscal Year 2026/27
- 5) Consider Resolution 2026-039 Rejecting all Bids for the Project for Beach Access 12th Avenue Stairs Repair (Carmel Beach Coastal Protection and Access Improvement) BID 25-26-006 and request for direction
- 6) Resolution 2026-040 Calling for the November 3, 2026 General Municipal Election, Requesting Consolidation with the Monterey County Elections Department, and Establishing Procedures for Resolving a Tie Vote; and Resolution 2026-041 Establishing Regulations for Candidate Statements; and approving a Service Agreement for the Provision of Election Services by the County of Monterey Department of Elections
- 7) Resolution 2026-042 Submitting To The Qualified Electors Of The City Of Carmel-By-The-Sea A Measure To Adopt A New Two Percent Transient Occupancy Tax, In Addition To Existing Ten Percent Transient Occupancy Tax, And Approving The Form Of The Ordinance To Be Submitted To The Voters; Requesting The Monterey County Elections Department To Conduct The Election And Requesting Consolidation Of The General Municipal Election With The Statewide General Election To Be Held On November 3, 2026; Directing The City Attorney To Prepare An Impartial Analysis Concerning Such Measure; Authorizing The Drafting Of

Primary Arguments And Rebuttals Concerning Such Measure or, in the alternative, provide direction and Motion to approve Draft Primary Argument in support of Proposed Measure

- 8) Resolution 2026-043 ordering the submission to the qualified electors of the City of Carmel-by-the-Sea at the General Municipal Election to be held on November 3, 2026, a Measure increasing the City's current Transactions and Use Tax rate from 1.5% to 1.875%, extending the duration of such Transactions and Use Tax so that it remains in effect until ended by voters of the City of Carmel-by-the-Sea, and approving the Ordinance to be submitted to the voters pursuant to Revenue and Taxation Code Section 7285.9; requesting the Monterey County elections department to conduct the Election and requesting consolidation of the General Municipal Election with the Statewide General Election to be held on November 3, 2026; directing the City Attorney to prepare an impartial analysis concerning such Measure; authorizing the drafting of primary arguments and rebuttals concerning such Measure; or, in the alternative, provide direction and Motion to approve proposed Primary Argument in support of ballot measure
- 9) Consider Resolution 2026-044 Approving First Amendment to Acting City Administrator At-Will Employment Agreement

RECESS

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

FUTURE AGENDA ITEMS

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).

PROCLAMATION

CITY OF CARMEL-BY-THE-SEA CITY COUNCIL



RECOGNIZING JUNE 2026 AS LGBTQ PRIDE MONTH

WHEREAS, many cities across the United States recognize June as Lesbian, Gay, Bisexual, Transgender and Queer Pride Month, in commemoration of the Stonewall riots in June of 1969 and to celebrate the progress that has been made for LGBTQ rights; and

WHEREAS, continued discrimination against LGBTQ persons makes it important for cities to stand up and show solidarity and support for our LGBTQ residents and those in the community at large; and

WHEREAS, the City of Carmel-by-the-Sea has a diverse Lesbian, Gay, Bisexual, Transgender and Queer community and is committed to celebrating and supporting visibility, dignity and equality for all people in the community; and

WHEREAS, The City of Carmel-by-the-Sea has a long and proud history of celebrating diversity, promoting inclusion and defending civil rights both within our community and outside of our community; and

WHEREAS, it is of great importance to respect one another and appreciate our differences.

NOW, THEREFORE, BE IT PROCLAIMED THAT I, Dale Byrne, Mayor of the City of Carmel-by-the-Sea, on behalf of the City Council and the citizens of Carmel hereby proclaim June 2026 as LGBTQ Pride Month.

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of June, 2026, in Carmel-by-the-Sea, California.

Dale Byrne, Mayor



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

June 2, 2026
PUBLIC HEARINGS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Jayme Fields, Finance Manager

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Resolution 2026-035 Adopting the Fiscal Year 2026-2027 Annual Operating and Capital Budget, and provide staff direction on Budget Policy

RECOMMENDATION:

Adopt Resolution 2026-035 (**Attachment 1**) Adopting the Fiscal Year 2026-2027 Annual Operating and Capital Budget and provide direction to staff on Budget Policy.

BACKGROUND / SUMMARY:

In accordance with Carmel Municipal Code Section 3.06.020, prior to the beginning of each fiscal year, the City Administrator shall prepare and submit to the City Council a proposed operating and capital budget for the forthcoming fiscal year (**Attachment 2**). The proposed budget, referred to as the Fiscal Year 2026-2027 (FY 26-27) Recommended Budget, of \$41.9 million is submitted for Council's consideration.

BACKGROUND

The City has continued its new approach to budgeting. It is being more aggressive with revenue estimates. It is being serious about identifying opportunities to trim operating expenses. It is taking seriously the policy goal set out for it, balancing operating costs against capital outlay. This is an effort that has gone into forming the 2026-2027 budget and an effort that will continue into the future.



The budget is a puzzle made up of three pieces: operating expenses, capital outlay and revenue. The City has identified a list of approximately \$100 million of deferred maintenance. The Community and the City Council have made addressing this a priority, resulting in a 10-year plan to resolve the City’s deferred maintenance needs. The budget reflects the first year of that plan and the rightsizing of the project management staff to do it.

In order to address the necessary capital outlay, the City must address the operating expenses piece of the puzzle. Administration is committed to fiscal discipline. Multiple meetings with department heads and transparent sharing with the Financial Stewardship Workgroup have resulted in meaningful spending cuts to help fund Capital Outlay. The City is seeking to maximize its impact with reduced resources.

But addressing operating expenses alone is not enough to finish the puzzle. Revenue is the missing piece. The City is utilizing informed, more aggressive forecasting to help it plan. It is trying to balance operating needs against sustainable revenues. At the same time, every dollar counts as the City is seeking to address capital outlay needs that exceed its current revenue sources.

SUMMARY OF BUDGET PRESENTED

The budget originated from Departmental Requests that were formed based on current year operations and planned projects for the coming year. City management reviewed the detail of those requests with department heads and identified areas where current operating costs could be redirected, new projects and new positions eliminated, additional revenues identified and revenue assumptions made less conservative.

For fiscal year 2026-2027, the City is budgeting \$39.1 million of revenues, \$33.4 million of operating expenditures and \$8.5 million of capital project expenditures. Operating expenditure represents 85% of budgeted revenues, which is \$1.8 million less than the 90% budgetary *maximum*. Capital Project expenditures represent 22% of budgeted revenues, which is \$4.6 million in excess of the 10% budgetary *minimum*. These capital project expense amounts are in addition to any unfinished FY 25-26 projects that will be carried over into FY 26-27. See “Capital Outlay and Fund Balance” below.

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

The budget anticipates continued increases in revenues for FY 26-27. Additionally, the budget also expects expenditures to grow in FY 26-27, primarily related to increased staffing, pension costs, general operating costs, and a robust Capital Improvement Plan. Highlights of the budget include:

- Salary and benefit costs of approximately \$15.0 million in funding for maintaining 92 full-time equivalent (FTE) positions supporting daily citywide operations and capital projects.
- Pension costs of approximately \$3.0 million for the City’s annual unfunded accrued liability (“UAL”) payment to CalPERS, in addition to the normal pension costs included in salary and benefits.
- Services and supplies costs of approximately \$14.8 million to fund contractual services, fuel and vehicle maintenance, supplies and materials, utilities, fire services, insurance premiums, Sunset Center, staff training, marketing and other operational costs.
- \$8.5 million for capital projects and vehicle and equipment.
- \$519,000 for debt service payments on the City’s bonds.

The budget above is consistent with the City’s budget policies:

Budget Policy	Policy Maximum	Policy Percentage	Budgeted Amount	Budget Percentage	Expenditure Amount Under Policy Max
Operational Expenditures to be no more than 90% of Revenue	35,178,748	90%	33,273,867	85%	1,904,881

Budget Policy	Policy Minimum	Policy Percentage	Budgeted Amount	Budget Percentage	Expenditure Amount Over Policy Min
Capital Outlay Expenditures to be at least 10% of Revenue	3,908,750	10%	8,488,680	22%	4,579,931

The City’s policy says that it will spend at least \$3.9 million (10%) on capital outlays. The proposed budget this year shows projects totaling \$8.5 million, which is more than double the minimum required capital investment. The City’s policy also says that it will spend no more than \$35.1 million (90%) on operating expenditures. The proposed budget this year is \$33.4 million (85%). That is a \$1.8 million savings in operating costs

below the policy maximum, compared to the operating expenditures of 91% exceeding the policy last year.

Staff provided a brief overview of the budget as part of the May 5, 2026 Council meeting. At the May 12, 2026 budget workshop, staff presented a detailed review of the budget and received questions and feedback from both the public and Council. At the direction of Council at the budget workshop, the Recommended Budget was updated to include some of the contract services, training and other expenses previously removed from the first version of the budget (see **Attachment 3**). CIP projects were also discussed by Council along with the potential for additional modifications to the Capital Improvement Projects list going forward. The proposed CIP budget remains the same as presented on May 12th, but staff will be prepared to continue discussions and receive direction from Council if they wish to modify the CIP list prior to adoption of the budget.

Additionally, the Recommended Budget Book has been updated to include the fund balance forecasts, and the Question & Answer report has been updated for questions received since it was published for the May 12 meeting (see **Attachment 4**).

Budget Policy

At the May 12th Budget Workshop, Council expressed a desire to have a conversation about whether to amend the existing budget policy which states that operating expenses should not exceed 90% of projected revenues, and Capital Expenses should not be less than 10% of projected revenues. This has been referred to as the "90/10" policy. Council stated that they wished to discuss the possibility of modifying the policy from "90/10" to "85/15". Staff will be prepared to answer questions related to this potential change. If Council wishes to modify this budget policy at the June 2nd meeting, it would not prevent the budget from being able to be adopted.

FISCAL IMPACT:

The FY 26-27 Recommended Budget totals \$41,762,547 and uses \$2,675,050 in prior years' unassigned fund balance to fund capital projects.

PRIOR CITY COUNCIL ACTION:

Council participated in a Priorities Workshop in January, 2026 and received a presentation regarding the Five-Year Financial Forecast and Five-Year CIP on March 24, 2026. Council received a presentation regarding the FY 26-27 Recommended Budget, inclusive of the Capital budget, on May 5, 2026 and participated in a Budget Workshop on May 12, 2026.

ATTACHMENTS:

1. Resolution 2026-035

2. FY26-27 Adopted Budget Book
3. Detail of Expenditure Adjustments Through Budget Development
4. FY26-27 Questions & Answers - updated

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

RESOLUTION NO. 2026-035

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA
ADOPTING THE FISCAL YEAR 2026-2027 ANNUAL OPERATING AND CAPITAL BUDGET**

WHEREAS, on January 12, 2026, the City Council of the City of Carmel-by-the-Sea adopted the budget schedule for Fiscal Year 2026-2027 in accordance with Carmel Municipal Code Section 3.060.020; and

WHEREAS, the City Council held public meetings on the proposed Fiscal Year 2026-2027 capital projects and Five-Year Capital Improvement Program on March 24, 2026 and May 12, 2026; and

WHEREAS, in accordance with Section 3.06.020 of the Carmel Municipal Code and Section 65103 of the State Government Code, the City's Planning Commission will hold a hearing on June 10, 2026 and will determine whether the Capital Improvement Program is consistent with the City's General Plan; and

WHEREAS, the City Council has received and completed its review of the proposed Fiscal Year 2026-2027 Operating and Capital Improvement Program Budgets during the budget hearing held on May 12, 2026 and gave general direction on the recommendations contained therein during a public meeting; and

WHEREAS, the City Council held a public hearing on June 2, 2026 for consideration of adoption of the proposed Fiscal Year 2026-2027 Operating and Capital Budget; and

WHEREAS the City's budget totals \$41,762,547 for Fiscal Year 2026-2027 consisting of appropriations, inter-fund transfers, General Fund expenditures of \$32,754,967, Capital expenditures of \$8,488,680 (Capital Projects and Vehicle and Equipment Funds), and Debt Service expenditures of \$518,900.

WHEREAS the City's budgeted revenue totals \$39,087,497 for Fiscal Year 2026-2027.

WHEREAS, in accordance with Carmel Municipal Code Section 3.06.010, the City Council shall adopt a budget for expenditures and anticipated revenues prior to the beginning of the fiscal year and the City Council now desires to adopt the Operating and Capital Budgets for Fiscal Year 2026-2027.

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

Authorize the City Administrator to make ministerial changes to budgeted transfers and adjust appropriations to or from designated funds for Fiscal Year 2025-2026 as necessary as part of the fiscal year-end process on June 30, 2026.

Approves and adopts the City of Carmel-by-the-Sea's Fiscal Year 2026-2027 Recommended Operating Budget and Capital Improvement Program Budget.

Authorize the City Administrator to make ministerial changes to budgeted transfers and adjust appropriations to or from designated funds as necessary during Fiscal Year 2026-2027.

Directs that a copy of the adopted budget, signed by the Mayor and attested to by the City Clerk, shall be kept on file with the City Clerk of the City of Carmel-by-the-Sea as the official budget of the City of Carmel-by-the-Sea for Fiscal Year 2026-2027.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 2rd day of June, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Dale Byrne
Mayor

Nova Romero
City Clerk



FISCAL YEAR 2026-2027

ADOPTED BUDGET

CITY OF CARMEL-BY-THE-SEA



CITY OF CARMEL-BY-THE-SEA
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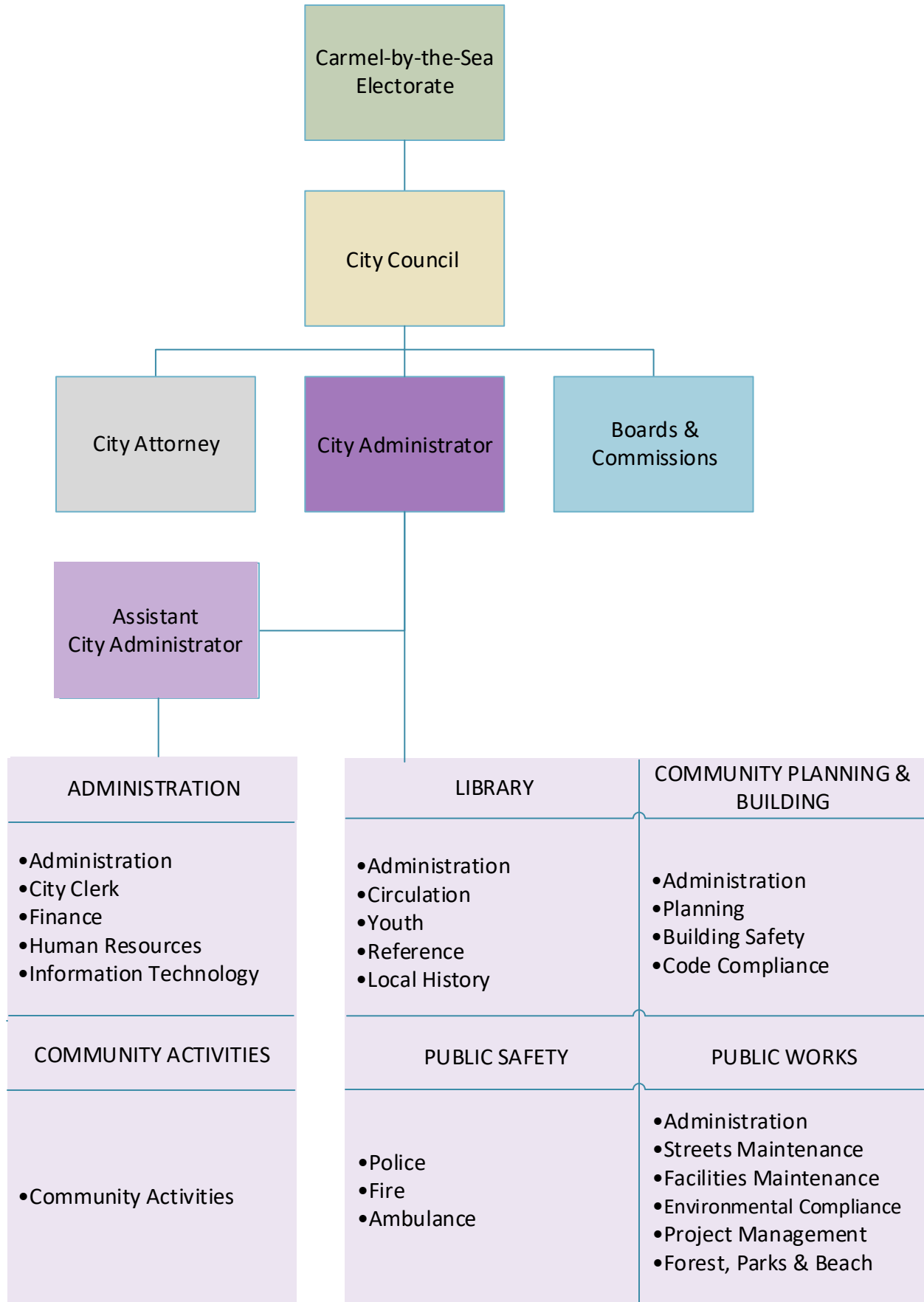
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INTRODUCTION

City Boundaries Map





City Council



**DALE BYRNE,
MAYOR**



**BOB DELVES,
MAYOR PRO TEMPORE**



**JEFF BARON,
COUNCILMEMBER**



**HANS BUDER,
COUNCILMEMBER**



**ALISSANDRA DRAMOV,
COUNCILMEMBER**

Department Heads

ACTING CITY ADMINISTRATOR – Brandon Swanson

ACTING ASSISTANT CITY ADMINISTRATOR – Marisa Bermudez

CITY ATTORNEY – Brian Pierik

POLICE CHIEF – Todd Trayer

ACTING DIRECTOR OF PUBLIC WORKS – Shari Carlet

DIRECTOR OF PLANNING & BUILDING – Anna Ginette

LIBRARY DIRECTOR – Heather Cousin

Boards, Committees & Commissions

City Board and Commissions advise and assist the City Council with specific projects, policies and issues.

Terms of office are 4 years, with the exception of the Harrison Memorial Library Board of Trustees who serve 3-year terms. Terms run through May 30th. Vacancies occur on a rotating basis each year and the City recruits to fill these vacancies each year in March or whenever an unscheduled vacancy occurs.



CITY OF CARMEL-BY-THE-SEA PROFILE

Located about 120 miles south of San Francisco on the Monterey Peninsula, Carmel-by-the-Sea is a world-renowned coastal village spanning just one square mile. Despite its small footprint, it is home to 3,049 residents and an impressive urban forest of over 10,000 public trees, including Monterey pines, live oaks, and Monterey cypress. Visitors and residents alike enjoy its signature white sand beach, natural parklands, and a walkable downtown famous for its unique architecture, dining, and shopping. The community is further enriched by cultural hubs like the Sunset Center and the outdoor Forest Theater, alongside beloved local events such as the Sandcastle Contest, the City Halloween Parade, and the annual Pumpkin Roll.

Established on October 31, 1916, Carmel-by-the-Sea operates as a General Law City with a Council-City Manager form of government. All legislative authority rests with a five-member City Council, which includes a Mayor serving a two-year term and four Councilmembers serving four-year terms. This Council acts as the ultimate policy-making body, responsible for adopting the annual budget, enacting local laws, and approving major contracts or acquisitions. To manage the city's daily affairs, the Council appoints a City Administrator to act as the chief administrative officer. This individual is tasked with enforcing ordinances, executing Council orders, maintaining city records, and overseeing the day-to-day operations of departments like Public Works, Public Safety, and Community Planning and Building.

The City provides a wide variety of services to ensure the village remains a safe and beautiful place for everyone. This includes everything from building safety and planning functions to law enforcement and crime prevention through the Police department. While many services are handled internally, fire and ambulance are provided through a contract with the City of Monterey. The Public Works department maintains the village's vital infrastructure, including streets, sidewalks, and the iconic shoreline and urban forest. The City also manages two library branches and organizes a variety of community activities and special events.

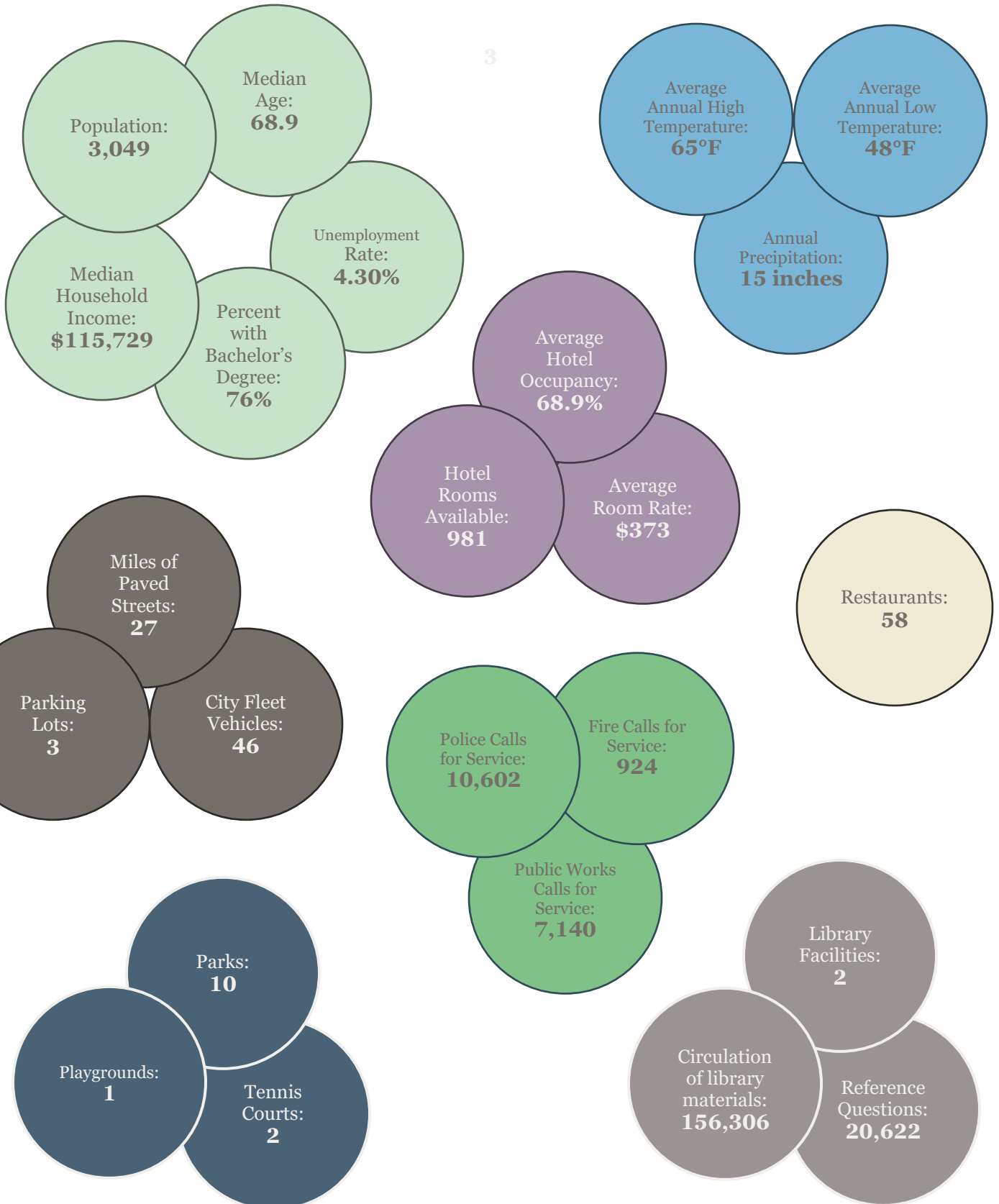
The true soul of Carmel-by-the-Sea is found in its residents, who stand as the City's most precious resource. Their unwavering pride and dedication are the driving forces that preserve the unique, historic character of our one-square-mile community. It is the commitment of our residents that keeps the village's legendary charm and natural beauty alive for everyone to enjoy.



CITY OF CARMEL-BY-THE-SEA STATISTICS

AS OF JUNE 30, 2025

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FINANCIAL SUMMARIES

BUDGET MESSAGE

Greetings,

As we present the City's Fiscal Year 2026/27 Budget, I am proud of the work that shaped this important document. Through meaningful engagement from the City Council, staff, and our community, this has truly become *our* budget — one that reflects shared priorities, community values, and a commitment to Carmel-by-the-Sea's future.

Like many communities, we face increasing costs and evolving financial pressures, making disciplined and strategic decision-making more important than ever. I want to sincerely thank the Mayor and City Council for their thoughtful leadership and engagement throughout this process, as well as the residents and stakeholders whose participation helped inform the decisions reflected in this document.

I also want to express my appreciation to City staff across every department for the tremendous effort required to prepare this budget. Departments rose to the challenge of reducing operating expenditures while continuing to provide the exceptional service our community expects and deserves.

The FY 2026/27 Budget is structurally balanced and strategically utilizes available fund balance to support a much-needed, aggressive Capital Improvement Program for the coming fiscal year. These investments will help maintain community assets while positioning the City for long-term success.

Looking ahead, I am encouraged by discussions surrounding potential new revenue sources and other long-term financial stewardship measures that can improve fiscal sustainability and reduce reliance on fund balance in future years. While important work remains ahead, I believe this budget positions the City to move forward responsibly, strategically, and with optimism about the future.

See you around town,



Brandon Swanson
Acting City Administrator



EXECUTIVE SUMMARY

In accordance with Carmel Municipal Code Section 3.06.020, this document presents the City’s operating and capital budget for the fiscal year 2026-2027 (“FY 26-27”) with tentative adoption on June 2, 2026. This budget reflects a conservative view of revenues in the face of increased economic uncertainties. It is designed to maintain essential service levels while balancing operational expense reductions. During the year, the City has invested significant resources addressing high interest community projects, and there is more work to be done. This work is reflected in the proposed budget.

FISCAL YEAR AT 26-27 AT A GLANCE

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

As we move forward and plan to implement the Fiscal Year 26-27 operating budget in the upcoming year, it is important to take into consideration the various factors that impact our financial health at the global, national, State, and local levels.

BUDGET ASSUMPTIONS

Economic uncertainty and instability continue to affect markets at the local, national, and global levels. Persistent inflationary pressures are weakening consumer confidence and reducing discretionary spending, creating ongoing challenges for revenue forecasting and long-term financial planning.

The City’s three major sources of General Fund revenue (Property Tax, Sales and Use Tax and Transient Occupancy Tax) continue to show growth, however, the pace of growth has slowed as economic factors and international relations make for uncertainty. This trend has led to a 66% - 68% annual occupancy rate over the past three fiscal years, which is below industry targets. It is also worth noting that Highway 1 through Big Sur is routinely impacted by natural disaster events, contributing to fluctuations in tourism activity and related revenues throughout the Peninsula.

The factors identified above may reflect a monetary tightening that could impact the City’s revenue pillars into the future. As such, we approached our budget planning with an understanding of these factors and their potential impacts on our financial health.

The proposed budget reflects a balanced and collaborative approach, incorporating input from both internal stakeholders and the community to identify opportunities to control cost, maintain essential services, and implement operational efficiencies where appropriate, while continuing to meet the needs of the Village.

BUDGET POLICY

This budget is crafted based on the City’s budget policies, which include a policy that requires that a maximum of 90% of revenues be used to fund operations and that a minimum of 10% of revenues be used to pay for the capital improvement plan (“CIP”).

Based on the budgeted revenues of \$39.1 million, the goal for this year’s Operating Expenses to meet the 90%/10% policy would be \$35.1 million or less, and Capital Expenses would be \$3.9 million or more. This compares to the forecast 5-Year CIP plan total costs, which focus on deferred maintenance, of \$9M - \$12M per year, each year. Given the fact that the City has no new revenues sources to increase the projected \$39.1M revenue, City Administration and Department Leadership has been looking for ways to cut costs and control spending. Thanks to this thoughtful scrutiny of department operations, the proposed budget on the following pages results in operating expenses equal to 85% of revenues (compared to the 90% maximum per the policy).

Budget Policy	Budgeted Amount	Budget Percentage	Policy Amount	Policy Percentage
Operational Expenditures to be no more than 90% of Revenue	33,273,867	85%	35,178,748	90%
Capital Outlay Expenditures to be at least 10% of Revenue	8,488,680	22%	3,908,750	10%

This makes additional funding available for CIP but the current capital plan still exceeds the available revenues, resulting in the above-noted \$2.7 million use of fund balance for Capital Projects.

Budget policy also says that a balanced budget is a budget in which total funding sources meet or exceed uses. The adopted budget is not operationally balanced, meaning the total projected incoming revenue does not fully compensate for our projected expenditures. The budget is balanced by strategically using “unrestricted fund balance”. As discussed at the budget hearings, “unrestricted fund balance” is different than our “restricted fund balance” and “reserved fund balance”. The “unrestricted fund balance” is not required to be set aside or used for a specific purpose each year, since it comes from revenue that was not spent over past fiscal years as planned (e.g.: unspent Capital Improvement Program dollars or increased revenues received). The use of these “unrestricted fund balance” dollars make it possible to address the past and current

direction of Council, which is to maintain core services, invest heavily in deferred infrastructure maintenance, natural resource management and community character. We are fortunate to have an available “unrestricted fund balance”, accumulated through the prudent budgeting in past years, to close the gap in revenue that we are forecasting. In total, the funds needed to structurally balance the budget equal \$2.7 million.

STAFFING

Over the past year, the City has taken a more strategic approach to staffing in response to ongoing economic uncertainty and rising operational costs. As vacancies and retirements occur, departments are evaluated to determine current operational needs and identify opportunities for organizational efficiencies. This approach has included reviewing position structures, leveraging technology and software improvements, and maximizing the use of existing systems and resources. While some staffing reductions have been achieved through attrition, the primary focus has been on right-sizing departments and improving operational effectiveness rather than implementing broad workforce reductions.

These efforts have enabled the City to continue providing quality services to the community while exercising prudent fiscal management and maintaining flexibly for future staffing needs.

SUMMARY

The following pages outline forecasts of the City’s revenue sources and detail of each department and division’s staffing and spending plans. Also included is a detail of the current year plan for capital improvements, including projects that are being carried over from the prior fiscal year, and a detailed plan for the four years following.

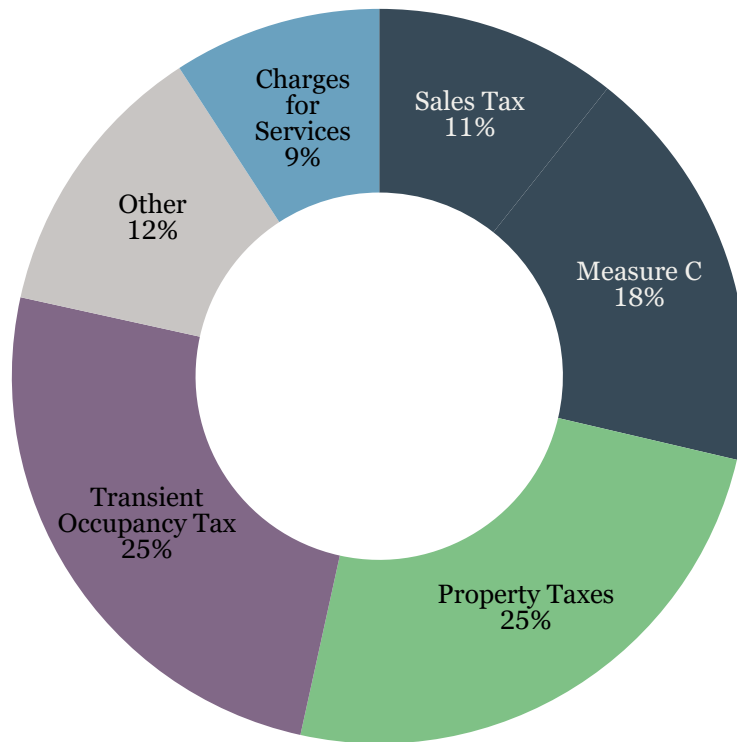
Altogether, the Operating Budget serves as a policy document, financial plan, operations guide, and communications device. It is a living document that reflects the City Council’s strategic goals and objectives and provides a framework to meet future challenges such as rising operational costs and limited growth in revenues.



REVENUE

The FY 26-27 Recommended Budget includes \$39,087,497 in estimated total revenue. As detailed in the following table, the City’s three major sources of revenue—Property Tax, Sales and Use Taxes (including Measure C), and Transient Occupancy Tax (TOT)—continue to provide the foundation for essential services

FY 26-27 Citywide Revenue Sources



Source	Budget
Property Taxes	\$9,680,988
Sales Tax	4,166,843
Measure C	7,023,597
Other	4,874,727
Charges for Services	3,576,436
Transient Occupancy Tax	9,764,905
Total	\$39,087,497

Table 1: Estimated Performance and Recommended Budget for Major Revenue Sources

Key Revenues	FY 22-23 Actual	FY23-24 Actual	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
Property Taxes	\$8,136,928	\$8,770,848	\$9,147,434	\$9,445,000	\$9,680,988
Sales Tax	\$3,469,412	\$3,692,470	\$3,956,282	\$4,092,183	\$4,166,843
Measure C	\$5,868,695	\$6,386,122	\$6,913,837	\$6,900,734	\$7,023,597
TOT	\$8,455,742	\$8,579,344	\$9,559,155	\$9,526,737	\$9,764,905
Total	\$25,930,777	\$27,428,783	\$29,576,709	\$29,964,653	\$30,636,334

The City's three major sources of revenue include Property Tax, Sales and Use Taxes, and Transient Occupancy Tax (As detailed in Table 1 above entitled "Estimated Performance and Recommended Budget for Major Revenue Sources").

PROPERTY TAXES

Property taxes are budgeted at \$9,680,988, representing approximately 25% of the total budgeted revenue. This reflects a 2.5% projected growth over the FY 25-26 estimated actual. The projected growth is minimal and expected to remain below the Consumer Price Index (CPI). As of February 2026, typical home values in the City remain among the highest in the State, with median prices estimated roughly at \$1.17 million, resulting in an average annual tax bill of \$12,281. The desirability of Carmel-by-the-Sea and its limited housing stock are major factors in its strong local market. Even so, the City has opted for a conservative projection due to a general softening in the broader housing market.

SALES AND USE TAXES

In Carmel-by-the-Sea, Sales and Use taxes and the local Measure C district tax are vital revenue streams, collectively budgeted to contribute \$11,190,440, which represents nearly 29% of the City's total revenue.

Carmel's revenue is heavily concentrated in three primary sectors, starting with General Consumer Goods, which remains the largest contributor at approximately 41% of the total sales tax revenue. This sector's performance is bolstered by receipts at jewelry stores and women's apparel. The Restaurants and Hotels sector follow closely at approximately 38% of the total revenue. Within this group, casual dining saw an increase, while hotels also experienced jump in tax receipts. Lastly, the State and County Pools classification accounts for 17% of total sales tax revenue.

Although fiscal year 2025-26 has shown a rebound in sales tax revenues, the outlook for fiscal year 2026-27 remains cautious due to a variety of economic pressures. A significant driver of this caution is shifting consumer sentiment, as shoppers are

becoming increasingly cost-conscious and value-focused while navigating the combined impacts of inflation and evolving tariff policies. Despite these challenges, there is a sense of optimism regarding potential Federal Reserve interest rate changes in 2026, which are expected to improve consumer financing conditions and potentially stimulate growth.

TRANSIENT OCCUPANCY TAX

Transient Occupancy Tax (“TOT”) is levied at 10% of the rent charged by a hostelry operator within the City. Adopted at \$9,764,905, TOT accounts for 25% of revenues and assumes continued occupancy at the current fiscal year’s rate. The City of Carmel-by-the-Sea has seen generally positive growth in TOT driven by higher daily room rates and stable occupancy compared to the previous fiscal year. July-August remains the City’s highest revenue-generating period while January-February is still considered the City’s tourism off season. The primary driver for increased tax revenue appears to be rising room rates. The average daily rate for the fiscal year to date is \$397.36, up 6.80% from the prior year's annual average. Occupancy has remained relatively stable. Even with a decrease in the total rooms available, TOT collections show higher demand for the existing inventory.

The City has historically outperform its initial budget assumptions for TOT. While the current fiscal year has been robust, the City’s official outlook for fiscal year 2026-27 remains cautiously optimistic. Statewide forecasts for the Restaurant and Hotel sector project a 2.8% growth for fiscal year 2026-27. The full reopening of Highway 1 and a new direct flight service from Chicago to Monterey are expected to boost visitor volume. International tourism is forecast to rise 2.7%, supported by San Francisco and Los Angeles hosting the 2026 FIFA World Cup.

Fiscal Year *	TOT	Sales **	Property
2018	\$6,329,074	\$5,476,123	\$6,163,959
2019	\$6,882,015	\$5,719,521	\$6,496,558
2020	\$5,115,277	\$4,766,313	\$6,690,948
2021	\$5,339,285	\$7,028,041	\$7,389,656
2022	\$7,787,643	\$9,596,727	\$7,694,722
2023	\$8,455,742	\$9,338,107	\$8,136,928
2024	\$8,579,344	\$10,078,592	\$8,770,848
2025	\$9,559,155	\$10,870,120	\$9,147,434
2026 Estimated	\$9,526,737	\$10,992,917	\$9,445,000
2027 Budget	\$9,764,905	\$11,190,440	\$9,680,988
*Ending June 30th			
** Combination of Bradley Burns & Measure C 1.5%			

City's Major Revenues Historical



CHARGES FOR SERVICES

The City of Carmel-by-the-Sea is a unique coastal community that takes pride in providing high-quality services to its residents and visitors. To maintain essential services—such as public safety, forest and beach maintenance, and library services—the City must ensure that its fee-supported services are accurately priced to recover the actual cost of providing them. These fee supported services make up the revenue category Charges for Services, which accounts for \$3,576,436 or 8% of the City's total budgeted revenue. The fiscal year 2026-27 budget of Charges for Services has been adjusted to reflect the change in fees presented in the fiscal year 2026-27 Master User Fee Schedule along with no change to number of services provided.

OTHER

Other Revenue budgeted at \$4,874,727 sources make up the final 13% of the budgeted revenues. Other Revenue is made up of business license tax, franchise fees, grant, inter-governmental funding and interest and investment earnings. Interest and investment earnings are budgeted higher than in the prior fiscal year, as the City has been more strategic in its investments.

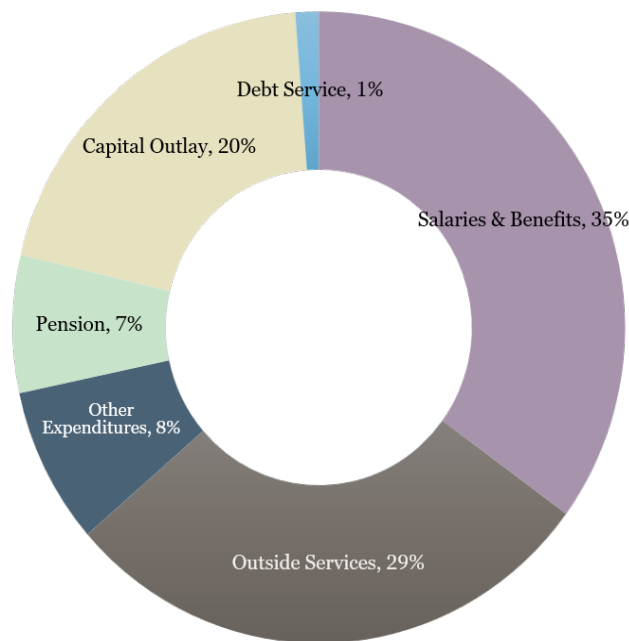
EXPENDITURES

The FY 26-27 Budget totals \$41.8 million, consisting of the following expenditures:

- ▪ Operating Budget totals \$32.8 million, or 79%, of the citywide budget
- ▪ Debt service totals \$518,900, or 1% of the citywide budget
- ▪ Capital outlay, including Capital Improvement Projects (\$8 million) and Vehicles and Equipment (\$0.5 million), makes up 20% of the budget

The Operating Budget encompasses the City’s departments and services. Debt Service is based upon required payments toward bonds issued by the City or by other governmental agencies on behalf of the City. As shown in the chart below, the FY 26-27 Budget includes the Operating Budget, Pension Unfunded Liability (“UAL”) payments, Capital Outlay and Debt Service. The Operating Budget is further categorized by types of expenditure including salaries and benefits, outside services, and other expenditures as explained below.

FY 26-27 Expenditure by Type



Type of Expenditure	Budget
Salaries & Benefits	\$14,814,197
Outside Services	11,989,462
Other Expenditures	2,978,747
Pension	2,972,561
Capital Outlay	8,488,680
Debt Service	518,900
Total	\$41,762,547

The City's largest expenditure is related to the cost of personnel. Salaries and benefits total \$14.8 million and account for 35% of the citywide budget. The second largest type of expenditure is Outside Services. This category includes various types of expenditures, such as advertising and noticing, contract services and community promotions. Contract services are used as an alternative to City staff directly providing the service due to cost savings or the specialized nature of the work being performed and include funding for expenses such as fire and ambulance services provided by the City of Monterey (\$3.7 million, \$2.1 million respectively); support for the operations of the Sunset Center and other economic development activities (\$1.2 million); legal services (\$495,000); tree care and landscape maintenance (\$990,000); fuel reduction (\$300,000); and janitorial service (\$294,000, including all parks). Capital Outlay is the third largest type of expenditure at \$8.5 million, or 20% of the budget.

Other expenditures total \$3 million and account for 8% of the citywide budget. This category includes various line-item accounts such as retiree healthcare and citywide operational expenses like property tax assessments and utilities. Also included here are the City's general liability and property insurance premiums (\$1.1 million) and expenses such as public works materials and supplies, telecommunications, fuel, training and conferences, vehicle maintenance, medical and safety supplies and printing and postage. In addition, Pension expenses total \$3 million, or 7%, of the budget and only include the annual required unfunded pension liability premium.

The citywide budget is rounded out with Debt Service (\$518,900) accounting for 1% of the citywide budget.

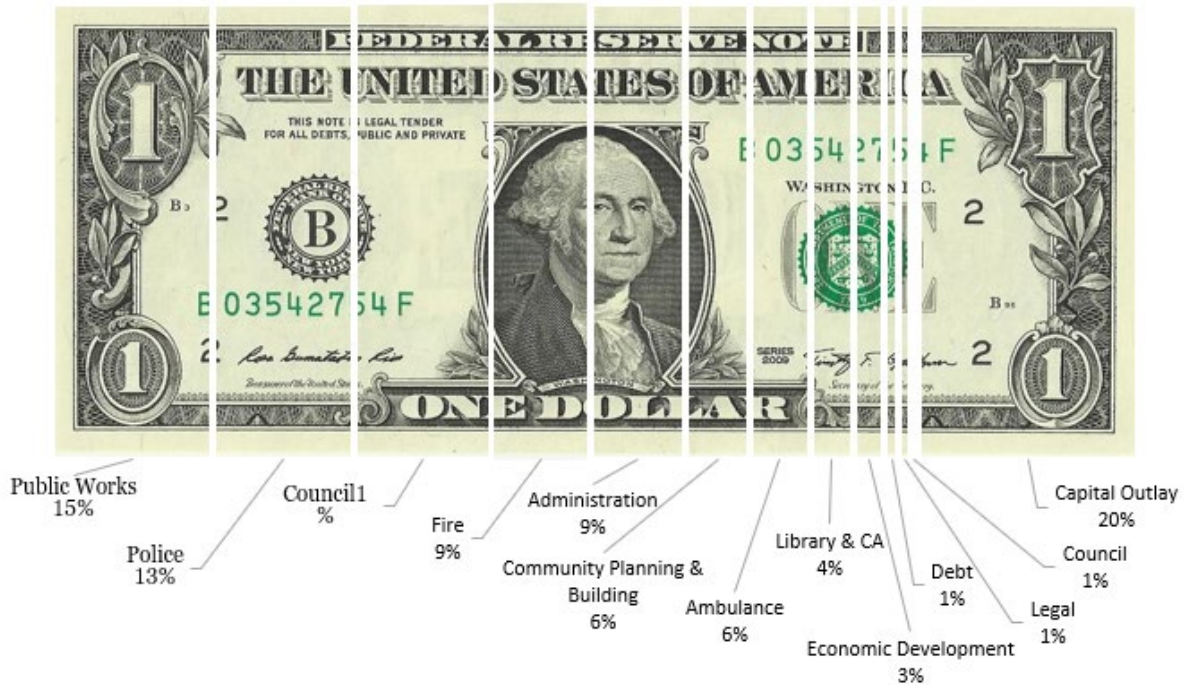
Together, the above budgeted operating expenditures represent 85% of budgeted revenues. This compares favorably to a budget policy that operating expenditures be no more than 90% of revenues.

Total expenditures also include budgeted Capital Outlay of \$8.5 million. This budgeted capital outlay represents 22% of budgeted revenues, compared to a budget policy that capital outlay expenditures be a minimum of 10% of budgeted revenues. While this budgeted Capital Outlay of 22% is a positive variance to the 10% minimum, it exceeds the amount of revenue available, causing the City to have to dip into fund balance reserves.

EXPENDITURES BY FUNCTION

Another way to view operating expenditures is by function, as depicted in the FY 26-27 illustration below. Capital Outlay makes up 20% of operating expenditures. The public safety functions of Ambulance, Fire and Police make up 28% of the budget. The Public Works Department is the next largest operating expenditure at 15% followed by Citywide at 13% of the budget, as it includes the City's unfunded actuarial pension liability premium. In total, Administration, Council, Planning, Legal, Economic Development (including the Sunset Center), and Library and Community Activities represent the remaining 24% of the budget expenditures.

FY 26-27 Expenditures by Function



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

RESERVE OF FUND BALANCE

In past years the City made an additional annual transfer of fund balance to the Section 115 Pension Unfunded Liability trust (\$1.0 million) for pension mitigation. The trust has been built-up to help reduce the long-term liability for pensions. This year the City will forgo transferring funds to the 115 Pension Trust and will instead Assign fund balance of \$1 million to the City’s Housing Trust Reserve.

Authorized Positions

Department and Title	FY 25/26 Adopted	FY 26/27 Adopted	Change
Council			
Councilmember	4.00	4.00	0.00
Mayor	1.00	1.00	0.00
City Council Total	5.00	5.00	0.00
Administration			
City Administrator	1.00	1.00	0.00
Assistant City Administrator	1.00	1.00	0.00
Administrative Analyst	1.00	1.00	0.00
Administrative Technician	0.00	1.00	1.00
Administrative Coordinator	1.00	0.00	-1.00
City Clerk	1.00	1.00	0.00
Finance Manager	1.00	1.00	0.00
Accountant	1.00	1.00	0.00
Finance Analyst	1.00	1.00	0.00
Finance Specialist	1.00	1.00	0.00
Human Resources Manager	1.00	1.00	0.00
Information Services / Network Manager	1.00	1.00	0.00
IT Analyst	0.00	1.00	1.00
IT Help Desk/Technician	1.00	0.00	-1.00
IT Interns	0.00	0.50	0.50
Administration Total	12.00	12.50	0.50
Community Activities			
Community Services Assistant	0.50	0.00	-0.50
Administrative Analyst	0.00	1.00	1.00
Executive Assistant	0.50	0.00	-0.50
Community Activities Total	1.00	1.00	0.00
Library			
Library Director	1.00	1.00	0.00
Supervising Librarian	2.00	2.00	0.00
Librarian	1.00	1.00	0.00
Library Associate	3.00	3.00	0.00
Library Assistant	1.00	1.00	0.00
Executive Assistant	0.50	0.00	-0.50
Administration Technician	0.00	0.50	0.50
Librarian II (Local History)	0.00	0.00	0.00
Hourly Librarian	1.00	1.00	0.00
Hourly Library Assistant	2.00	2.00	0.00
Library Total	11.50	11.50	0.00

Department and Title	FY 25/26 Adopted	FY 26/27 Adopted	Change
Community Planning & Building			
Planning & Building Services Director	1.00	1.00	0.00
Principal Planner	2.00	2.00	0.00
Senior Planner	1.00	1.00	0.00
Associate Planner	2.00	2.00	0.00
Assistant Planner	0.50	0.50	0.00
Administrative Coordinator	1.00	1.00	0.00
Building Official	1.00	1.00	0.00
Building Inspector	1.00	1.00	0.00
Permit Technician	1.00	1.00	0.00
Code Compliance Coordinator	1.50	1.50	0.00
Community Planning & Building Total	12.00	12.00	0.00
Public Works			
Director of Public Works	1.00	1.00	0.00
Administrative Coordinator	1.00	1.00	0.00
Public Works Superintendent	1.00	1.00	0.00
Street Supervisor	1.00	1.00	0.00
Streets Maintenance Worker III	2.00	1.00	-1.00
Streets Maintenance Worker I/II	5.00	6.00	1.00
Facilities Maintenance Supervisor	1.00	1.00	0.00
Facilities Maintenance Specialist	1.00	1.00	0.00
Environmental Compliance Manager	1.00	1.00	0.00
Environmental Administrative Analyst	1.00	1.00	0.00
Capital Program Manager	0.00	1.00	1.00
Project Manager	2.00	2.00	0.00
City Forester	1.00	1.00	0.00
Assistant City Forester	1.00	1.00	0.00
Tree Climber & Care Specialist	1.00	1.00	0.00
Administrative Analyst	1.00	1.00	0.00
F&B Maintenance Worker I/II	3.00	3.00	0.00
Tree Permit Technician	1.00	1.00	0.00
Public Works Total	25.00	26.00	1.00
Police			
Public Safety Director	1.00	1.00	0.00
Police Commander	1.00	1.00	0.00
Sergeant	3.00	3.00	0.00
Police Officer	10.00	10.00	0.00
Police Services Supervisor	1.00	1.00	0.00
Police Services Officer	6.00	5.50	-0.50
Community Services Officer/Animal Control	2.00	2.50	0.50
Police Total	24.00	24.00	0.00
Citywide Total Funded Positions	90.50	92.00	1.50

OPERATING BUDGET

CITY COUNCIL

The City Council consists of the Mayor and four Councilmembers, elected at large by the citizens of Carmel-by-the-Sea on a non-partisan basis. The City Council is the policymaking legislative body of the City. The Council adopts the annual budget, enacts ordinances, and approves major contracts, acquisitions, and leases. With the advice and assistance of the City Administrator and City Attorney, the City Council reviews proposals to meet the community's needs, initiates action for new policies and allocates resources.

YTD 2025-2026 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- 33 City Council meeting
- 136 Hours of City Council meetings
- 79 other City boards, committees and commission meetings
- 67 Resolutions passed
- 5 Ordinances passed

2025-2026 INITIATIVES AND ACCOMPLISHMENTS

- Street Addresses Implementation
- Entered MOU with the Carmel Public Library Foundation to facilitate renovations at the historic Harrison Memorial Library
- Submitted revised draft Housing Element to the State of California for review
- Completed contract with Monterey Fire to operate Ambulance
- Established pickleball regulations by ordinance
- Adopted updated Fire Hazard Maps
- Adopted a Paid Parental Leave policy

2026-2027 PRIORITIES

- Continued oversight of the implementation of the strategic plan and updating of City priorities to include some of the following: plan for natural areas, reduce fire risk; develop forest management plan and update tree ordinance; update zoning code & design guidelines; ADU ordinance; wireless ordinance; increase beautification effort; review barriers to affordable housing; develop a facilities master plan.
- Continue to respond to any forthcoming State legislation that undermines local control, especially as it relates to local land-use decisions.

BUDGET SUMMARY AND SERVICE IMPACTS

Community Promotions includes \$25,000 for the Council discretionary grant program, \$3,000 for United Way 211, \$4,000 for the Monterey County Film Commission, \$7,500

for the Central Coast Small Business Development Center and \$78,000 for the cost of courier service for the mail delivery program for a total budget of \$117,500.

City Council				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-110-00-41008	Salaries -Elected	\$10,101	\$9,600	\$9,600
101-110-00-41101	Retirement	175	179	179
101-110-00-41104	Health Insurance	29,484	24,755	40,109
101-110-00-41105	Social Security	496	0	372
101-110-00-41106	Medicare	147	139	139
101-110-00-41108	Worker's Comp	3,122	514	429
	Salaries & Benefits Subtotal	\$43,525	\$35,187	\$50,828
101-110-00-42005	Community Promotions	\$127,060	\$128,500	\$117,500
101-110-00-42007	Regional Memberships	47,428	53,065	54,240
101-110-00-42101	Office Supplies	0	450	500
101-110-00-42302	Conferences & Meetings	14,105	31,550	31,550
	Services & Supplies Subtotal	\$188,594	\$213,565	\$203,790
	Total	\$232,118	\$248,752	\$254,618

Regional Memberships				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-110-00-42007	TAMC	\$1,295	\$1,295	\$1,360
101-110-00-42007	AMBAG	3,950	3,950	4,100
101-110-00-42007	Monterey Pen. Chamber of Commerce	900	900	950
101-110-00-42007	Monterey County Mayors Association	1,575	1,575	1,700
101-110-00-42007	Monterey County Business Council	500	500	525
101-110-00-42007	MBUAPCA	1,900	1,900	2,000
101-110-00-42007	League of CA Cities	3,380	3,380	3,600
101-110-00-42007	League of CA Cities- Monterey Bay	300	300	315
101-110-00-42007	LAFCo	16,796	16,796	18,000
101-110-00-42007	Community Human Services	19,175	19,175	20,875
101-110-00-42007	CoastWalks/Coastal Trail Association	300	300	315
101-110-00-42007	Carmel Chamber of Commerce	475	475	500
	Total	\$50,546	\$50,546	\$54,240



CITY ATTORNEY

The City Council appoints the City Attorney. The City Attorney represents the City as legal counsel and provides legal advice and/or training to the City Council, City Administrator, boards, commissions, and departments; investigates and resolves claims against the City; defends the City in litigation and administrative actions; initiates and prosecutes litigation on behalf of the City; and drafts and reviews legal documents and agenda items.

YTD 2025-2026 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- 744 hours logged by the City Attorney
- 703 hours logged by City Attorney staff
- 172 hours logged by other legal service providers

BUDGET SUMMARY AND SERVICE IMPACTS

The FY 26-27 City Attorney budget totals \$495,000 and consists of \$395,000 for general legal services and \$100,000 for other specialized legal assistance from the City attorney’s office, including labor negotiations and personnel. The budget also includes \$3,500 for the City attorney’s annual performance evaluation.

City Attorney				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-112-00-42001	Contract Services	\$528,109	\$442,000	\$395,000
101-112-00-42004	Legal Costs	22,211	75,000	100,000
	Total	\$550,320	\$517,000	\$495,000



ADMINISTRATION

The City Administrator is appointed by the City Council and is ultimately responsible for the enforcement of City laws and ordinances; ensuring that the orders of the City Council are executed; preparing the budget and monitoring City finances; and managing day-to-day operations of all City Departments. The Assistant City Administrator serves at the behest of the City Administrator to assist in managing the activities and operations of the City, act in the absence of the City Administrator, and serve as the Director of the centralized administrative city functions of City Clerk, Finance, Human Resources, and Information Technology.

YTD 2025-2026 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- 199 PRA's requested
- 539 fixed location and 1,071 in & about business licenses issued
- 403 high heel permits issued
- Awarded Certificate of Achievement for Excellence in Financial Reporting for the City's Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.
- 2,497 invoices processed
- 10 vacant positions filled, including Police Chief and Library Director



2025-2026 INITIATIVES AND ACCOMPLISHMENTS

- Implemented an electronic payment portal for the collection of administrative fees, including business licenses, TOT tax collections and CRID administration
- New IT internship program established
- Street Addresses implementation program started
- Approved ballot measures for new revenues

2026-2027 PRIORITIES

- Digitize all historic City records, including Resolutions, Ordinances, and Meeting Minutes, to improve accessibility and preserve institutional history.
- Strategically implement Laserfiche software to create a centralized, web based platform for efficient records management and public access.
- Evaluate and identify cost-effective off-site storage solutions to reduce physical storage needs and optimize space within City facilities.
- Creation of web dashboard interface for more transparent fiscal reporting
- Upgrade computer fleet to Windows 11 and prepare to pay for extended security update costs for any remaining Windows 10 computers. (\$61/yr per PC)
- Analyze departmental software priorities so that a strategic plan is developed which minimizes incompatible software.
- Implement Citywide Customer Service Program

BUDGET SUMMARY AND SERVICE IMPACTS

Office of the City Administrator				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-111-00-41001	Salaries	\$1,747,030	\$1,960,191	\$1,872,786
101-111-00-41003	Salaries -Part time	0	23,135	23,135
101-111-00-41005	Overtime	29	0	0
101-111-00-41101	Retirement	106,487	123,548	109,868
101-111-00-41103	Deferred Compensation	52,111	46,541	41,161
101-111-00-41104	Health Insurance	324,463	422,125	456,957
101-111-00-41105	Social Security	0	1,434	1,434
101-111-00-41106	Medicare	25,151	28,931	27,491
101-111-00-41107	LTD/STD/Life	1,357	4,226	5,386
101-111-00-41108	Worker's Comp	75,569	104,586	84,706
101-111-00-41109	Benefits-MOU Obligations	9,048	10,690	9,707
	Salaries & Benefits Subtotal	\$2,341,245	\$2,725,407	\$2,632,631
101-111-00-42001	Contract Services	\$216,785	\$566,500	\$294,054
101-111-00-42002	Recruiting Services	29,765	57,500	50,500
101-111-00-42003	Auditing Services	77,325	96,500	75,000
101-111-00-42006	Records Management	7,528	25,000	26,000
101-111-00-42009	Advertising and Legal Notice	15,209	21,000	10,700
101-111-00-42015	Other Services	27,052	24,800	24,950
101-111-00-42101	Office Supplies	7,860	7,875	3,000
101-111-00-42102	Publications & Subscriptions	318,773	275,400	261,397
101-111-00-42105	Materials and Supplies	2,048	500	3,000
101-111-00-42106	Small Tools and Equipment	492	0	500
101-111-00-42115	Other Supplies	0	5,000	250
101-111-00-42202	Equipment Maintenance	7,486	8,750	10,000
101-111-00-42301	Training & Education	7,888	18,400	15,400
101-111-00-42302	Conferences & Meetings	13,636	17,625	25,400
101-111-00-42304	Dues & Memberships	9,426	3,580	6,780
101-111-00-42306	Employee Programs	2,784	6,000	6,000
101-111-00-42307	Employee Appreciation Costs	19,595	20,000	20,500
101-111-00-42403	Printing	8,722	5,900	9,000
101-111-00-42404	Shipping/Postage/Freight	16,708	500	500
101-111-00-42405	Telephone and Communications	161,058	125,000	125,000
101-111-00-42406	Bank & Merchant Fees	6,321	4,500	34,000
101-111-00-42407	Computer Non Capital	10,615	40,000	33,750
101-111-00-42410	Pre-employment Costs	2,418	4,000	3,000
	Services & Supplies Subtotal	\$969,492	\$1,334,330	\$1,038,681
	Total	\$3,310,737	\$4,059,737	\$3,671,312

STAFFING

Department and Title	FY 25/26 Adopted	FY 26/27 Adopted	Change
Administration			
City Administrator	1.00	1.00	0.00
Assistant City Administrator	1.00	1.00	0.00
Administrative Analyst	1.00	1.00	0.00
Administrative Technician	0.00	1.00	1.00
Administrative Coordinator	1.00	0.00	-1.00
City Clerk	1.00	1.00	0.00
Finance Manager	1.00	1.00	0.00
Accountant	1.00	1.00	0.00
Finance Analyst	1.00	1.00	0.00
Finance Specialist	1.00	1.00	0.00
Human Resources Manager	1.00	1.00	0.00
Information Services / Network Manager	1.00	1.00	0.00
IT Analyst	0.00	1.00	1.00
IT Help Desk/Technician	1.00	0.00	-1.00
IT Interns	0.00	0.50	0.50
Administration Total	12.00	12.50	0.50

ADMINISTRATION

The Administration divisional budget includes funding for the City's Administrator's performance evaluation within contract services, office supplies, conferences and meetings and employee appreciation costs.

Administration				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-111-10-42001	Contract Services	\$23,420	\$152,585	\$34,000
101-111-10-42015	Other Services	27,052	2,350	2,500
101-111-10-42101	Office Supplies	7,205	6,375	1,500
101-111-10-42102	Publications & Subscriptions	335	540	550
101-111-10-42302	Conferences & Meetings	11,202	5,325	13,100
101-111-10-42304	Dues & Memberships	3,691	1,350	4,550
101-111-10-42307	Employee Appreciation Costs	470	0	500
101-111-10-42403	Printing	0	100	200
101-111-10-42404	Shipping/Postage/Freight	16,708	500	500
Services & Supplies Subtotal		\$90,084	\$169,125	\$57,400

CITY CLERK

The City Clerk provides timely and accessible service to all inquiries and requests for public information and records, administration of elections, public records requests processing, records management, and the legislative process. The Clerk records the City's legislative history through approved minutes and maintains City Ordinances and the Municipal Code; facilitates applications for appointments to boards and commissions; and coordinates Statements of Economic Interest as well as campaign and other financial disclosure-related filings.

City Clerk				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-111-11-42001	Contract Services	\$56,039	\$48,300	\$62,754
101-111-11-42006	Records Management	7,528	25,000	26,000
101-111-11-42009	Advertising and Legal Notice	13,422	15,000	10,000
101-111-11-42101	Office Supplies	321	1,000	1,000
101-111-11-42302	Conferences & Meetings	1,599	3,000	3,000
101-111-11-42304	Dues & Memberships	540	500	500
101-111-11-42403	Printing	3,686	2,500	5,000
Services & Supplies Subtotal		\$83,136	\$95,300	\$108,254

FINANCE

The Finance Department provides financial analysis and reporting through budget development and expenditure monitoring. It also handles routine operations—including accounts payable, payroll, tax collection, and licensing—while managing investments and debt and administrating the hostelry and restaurant improvement districts.

Finance				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-111-12-42001	Contract Services	\$77,781	\$137,200	\$44,800
101-111-12-42003	Auditing Services	77,325	96,500	75,000
101-111-12-42101	Office Supplies	31	0	0
101-111-12-42102	Publications & Subscriptions	1,357	29,350	30,500
101-111-12-42301	Training & Education	2,525	2,400	2,400
101-111-12-42304	Dues & Memberships	150	350	350
101-111-12-42403	Printing	4,673	2,900	3,800
101-111-12-42406	Bank & Merchant Fees	6,321	4,500	34,000
Services & Supplies Subtotal		\$170,162	\$273,200	\$190,850

HUMAN RESOURCES

Human Resources (HR) recruits, develops, and retains a diverse, well-qualified workforce that reflects the high standards of the community, and leads the City Departments in positive employee relations, talent management, succession planning, and employee engagement. Services include employee orientation, recruitment, performance assessment, compensation and job classification assessments, safety and wellness programs, and organization development. HR Staff is responsible for negotiating Memorandums of Understanding with the City's three labor bargaining units, subject to Council direction and approval.

HR				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-111-13-42001	Contract Services	\$9,080	\$68,415	\$69,000
101-111-13-42002	Recruiting Services	29,765	57,500	50,500
101-111-13-42009	Advertising & Legal Notice	1,787	6,000	700
101-111-13-42101	Office Supplies	146	500	500
101-111-13-42102	Publications & Subscriptions	131	25,300	25,300
101-111-13-42301	Training & Education	1,373	6,000	3,000
101-111-13-42302	Conferences & Meetings	834	3,800	3,800
101-111-13-42304	Dues & Memberships	5,045	680	680
101-111-13-42306	Employee Programs	2,784	6,000	6,000
101-111-13-42307	Employee Appreciation Costs	19,125	20,000	20,000
101-111-13-42403	Printing	362	400	0
101-111-13-42410	Pre-employment Costs	2,418	4,000	3,000
Services & Supplies Subtotal		\$72,850	\$198,595	\$182,480

INFORMATION TECHNOLOGY

Information Technology (IT) provides innovative and secure technology solutions that support City departments in delivering quality services to the community. The purpose of IT is to provide a broad range of high-quality technology-related solutions to employees, departments, Councilmembers, and the community. In addition, IT supports and continuously improves essential technology infrastructure for enabling day-to-day operations of the City.

IT				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-111-14-42001	Contract Services	\$50,466	\$160,000	\$83,500
101-111-14-42015	Other Services	0	22,450	22,450
101-111-14-42101	Office Supplies	156	0	0
101-111-14-42102	Publications & Subscriptions	316,949	220,210	205,047
101-111-14-42105	Materials and Supplies	2,048	500	3,000
101-111-14-42106	Small Tools and Equipment	492	0	500
101-111-14-42202	Equipment Maintenance	7,486	8,750	10,000
101-111-14-42301	Training & Education	3,820	10,000	10,000
101-111-14-42302	Conferences & Meetings	0	5,500	5,500
101-111-14-42304	Dues & Memberships	0	700	700
101-111-14-42405	Telephone and Communications	161,058	125,000	125,000
101-111-14-42407	Computer Non capital	8,327	40,000	33,750
Services & Supplies Subtotal		\$550,801	\$593,110	\$499,447



CITYWIDE (NON-DEPARTMENTAL)

Citywide, or Non-Departmental costs, are expenses that are spread across the entire organization. These items include the unfunded pension liability, the City's insurance premiums for general liability and property insurance, and the City's share of costs toward retiree healthcare. Other operational expenses include utilities, property tax assessments and the administrative fee charged by Monterey County for property tax collection.

YTD 2025-2026 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- \$1 million contribution to the City's \$115 Pension Mitigation Trust

BUDGET SUMMARY AND SERVICE IMPACTS

- In addition to the employer contribution toward retirement for City employees, the City also is responsible for pension obligations for the unfunded actuarial liability ("UAL"). This amount increases by \$264,403 or 9.7%, in FY 26-27 compared to the FY 25-26 Adopted Budget.
- The City's liability insurance premiums are budgeted at \$977,140, a decrease by \$126,800, or 11%.
- Changes to the City's out-of-pocket deductible per occurrence increased and the budget reflects the increase in the City's exposure.

Non-Departmental				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-130-00-42501	Liability Insurance Premium	\$964,366	\$1,103,940	\$977,140
101-130-00-42503	PERS UAL Payment	2,298,486	2,708,158	2,972,561
101-130-00-42504	Insurance Claims Paid	3,481	100,000	450,000
101-130-00-42505	Utilities	493,804	464,000	477,000
101-130-00-42506	Property Tax Assessments	94,134	100,000	100,000
101-130-00-42508	Unemployment Costs	17,067	15,000	18,000
101-130-00-42509	Citywide Mailing Costs	0	24,845	25,000
101-130-00-42510	Retiree Health Share	84,578	87,000	85,000
101-130-00-42511	County Property Tax Admin Fees	57,868	75,000	75,000
101-130-00-42512	Forest Theater Utilities	0	10,000	10,000
Total		\$4,013,784	\$4,687,943	\$5,189,701

DEBT SERVICE (FUND 401)

Debt Service includes payments for the 2020 Refunding Lease Revenue Bonds. These payments total \$518,900 as shown below.

2020 REFUNDING LEASE REVENUE BONDS

On September 10, 2010, City Council approved issuance and sale of certificates to finance improvements and the Sunset Center (the Sunset Theater Project), including the refinancing of the City's lease payment obligation related to the preliminary financing of the Sunset Center (the 2010 Refunding Lease Revenue Bond). The Certificate of Participation (COP) of approximately \$7.6 million included a maturity date of November 1, 2031. On September 3, 2020, the Public Improvement Authority and City Council determined that a refunding of the 2010 Bond was in the City's best interest to take advantage of historically low interest rates and to achieve cash flow savings in light of the economic impact of the pandemic on the City's revenues. The 2020 Refunding Lease Revenue Bond of approximately \$3.9 million matures on November 1, 2032. The City made its first principal payment in FY 23-24 after two years of interest only payments.

FUNDING SOURCE

General Fund revenue is the source of funding for debt service obligations. The General Fund (Fund 101) will transfer \$518,900 to Debt Service (Fund 401) in FY 26-27 with approximately 75% of that going to the principal.

Debt Service: Total				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
401-411-00-44001	Principal	\$375,000	\$380,000	\$405,000
401-411-00-44002	Interest	133,526	126,600	111,400
401-411-00-44003	Administrative Fees	2,105	2,500	2,500
Total		\$510,631	\$509,100	\$518,900

FY 24-25 Debt Service by Bond				
Bond	Principal	Interest	Fee	Total
Sunset Center	\$405,000	\$111,400	\$2,500	\$518,900
Total	\$405,000	\$111,400	\$2,500	\$518,900

ECONOMIC DEVELOPMENT

Two of the City's unique facilities include the performing arts venue known as the Sunset Community and Cultural Center and the Forest Theater, an outdoor amphitheater. These locations support musical performances, lectures and other cultural activities that enhance the quality of life for residents and promote the City and the Monterey Peninsula as an artistic and cultural destination.

In 2017, the City entered into a lease agreement with the Sunset Cultural Center, Inc. (SCC) for the management of these facilities and the terms of the lease require the City to make an annual grant to SCC to support operations. The annual grant for management of only Sunset Center is in this fiscal year's budget.

In 2021, the City entered into a lease agreement with Pacific Repertory Theater (Pac Rep) for the management of the Forest Theater. This new lease does not require an operational grant payment. Rather, the City pays for a portion of utilities and repairs, which are budgeted in the Citywide (Non-Departmental) and Public Works budgets.

The City funds See Monterey through a jurisdictional investment partnership at 3% of budgeted Transient Occupancy Tax collections. See Monterey, as the DMO for all of Monterey County, works to manage and educate visitors coming to the broader County who may also choose to visit Carmel-by-the-Sea. Visit Carmel, the City's destination marketing organization (DMO), maintains the City's official travel website (www.carmelcalifornia.com) and develops targeted and seasonal marketing campaigns to encourage visitors to stay overnight, dine, and shop within the Village. Visit Carmel uses assessments collected by overnight and restaurant visitors to fund operations.

Another partner agency is the Carmel Chamber of Commerce, which operates the Visitor Center in town, publishes a comprehensive visitor guide, and assists businesses. The Chamber also supports small businesses and provides services to assist its members, including listing businesses on the Chamber website, providing educational programs, conducting outreach with businesses via weekly business walks with City elected officials and staff and marketing opportunities to "shop locally".

BUDGET SUMMARY AND SERVICE IMPACTS

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

LIBRARY

The Library is an efficient medium for the free and equitable distribution and exchange of books, information, and ideas; and a recognized social center providing the community with a place to learn, interact and gather. The Library aspires to be a welcoming place, in-person and virtually, where reading, learning and imagination thrive; a recognized leader and respected voice in our community; and a model library in our industry.

A five-member Board of Trustees appointed by the City Council governs the Library. The Harrison Memorial Library Board of Trustees, the Carmel Public Library Foundation, Harrison Memorial Library Friends of the Library, and the City work together in partnership to sustain the vital and historic tradition of providing free public library service of excellent quality for the residents and visitors of the City of Carmel and the Monterey Peninsula.

YTD 2025-2026 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- 21,773 reference and information questions were answered
- 1,827 library cards were issued
- 98,658 library items were circulated
- 8,643 people attended library programs
- 133,376 visits were made to the library
- 8,884 logins were made to library wi-fi
- 122,000 digital items (e-books, audios, magazines, films, music) were accessed
- 450 items added to the online historical collection
- 6 new oral history interviews were captured



2025-2026 INITIATIVES AND ACCOMPLISHMENTS

- Increased the number of adult, kids, and teen programs. Attendance at all programs continues to grow and patrons are enjoying the variety of programs.
- Hired an Interim Library Director and completed the recruitment and hiring for a permanent Library Director.
- Actively working on the FY 2025-27 Library Strategic Plan objectives. In March 2026 the Library Board of Trustees established a Library Strategic Plan Ad Hoc Committee to work closely with staff. Staff provided an update.

2026-2027 PRIORITIES

- Continue work to accomplish FY 2025-2027 Library Strategic Plan objectives.
- Relocate and open a temporary library for operation by fall 2026 while the Harrison Memorial Library restoration project is under construction.

- Participate in design development and construction processes for the Harrison Memorial Library restoration project.
- Establish a circulating collection for all ages at the Park Branch Library.
- Open the Park Branch Library for Saturday operations.

BUDGET SUMMARY AND SERVICE IMPACTS

Library				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-120-00-41001	Salaries	\$813,182	\$918,714	\$841,638
101-120-00-41003	Salaries -Part time	126,365	263,505	228,720
101-120-00-41101	Retirement	54,785	57,229	48,271
101-120-00-41103	Deferred Compensation	10,275	11,436	7,500
101-120-00-41104	Health Insurance	138,521	159,635	193,032
101-120-00-41105	Social Security	6,707	16,344	14,181
101-120-00-41106	Medicare	13,485	17,155	15,520
101-120-00-41107	LTD/STD/Life	886	1,399	1,934
101-120-00-41108	Worker's Comp	45,503	61,582	47,897
101-120-00-41109	Benefits-MOU Obligations	14,242	14,986	14,560
	Salaries & Benefits Subtotal	\$1,223,951	\$1,521,984	\$1,413,253
101-120-00-42001	Contract Services	\$5,666	\$10,500	\$15,000
	Services & Supplies Subtotal	\$5,666	\$10,500	\$15,000
	Total	\$1,229,617	\$1,532,484	\$1,428,253

STAFFING

Department and Title	FY 25/26 Adopted	FY 26/27 Adopted	Change
Library			
Library Director	1.00	1.00	0.00
Supervising Librarian	2.00	2.00	0.00
Librarian	1.00	1.00	0.00
Library Associate	3.00	3.00	0.00
Library Assistant	1.00	1.00	0.00
Executive Assistant	0.50	0.00	-0.50
Administration Technician	0.00	0.50	0.50
Librarian II (Local History)	0.00	0.00	0.00
Hourly Librarian	1.00	1.00	0.00
Hourly Library Assistant	2.00	2.00	0.00
Library Total	11.50	11.50	0.00

COMMUNITY ACTIVITIES



The Community Activities Department encourages and supports the interaction of neighbors, friends, families and visitors through the shared experience of special events, programs, and gatherings which bring the community together safely on the City's streets and in its parks and create opportunities to interact, celebrate, enrich people's lives, and promote inclusiveness. Its mission is to inspire connections and strengthen community bonds by creating safe, inclusive events that foster belonging through shared celebrations and gatherings.

The Community Activities Department facilitates the weekly Farmers' Market, permitting special events, beach events, and filming, in addition to organizing the City's annual special events (Memorial Day, 4th of July, Sandcastle Contest, Pumpkin Roll, Halloween Parade, Veteran's Day, Homecrafters' Marketplace, and Holiday Menorah and Tree-lighting).

Sandcastle Contest, Pumpkin Roll, Halloween Parade, Veteran's Day, Homecrafters' Marketplace, and Holiday Menorah and Tree-lighting).

YTD 2025-2026 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- 125 beach, film, parking stall, special event and Car Week permits
- 11 planned and facilitated City Special Events.

2025-2026 INITIATIVES AND ACCOMPLISHMENTS

- Reestablished the Community Activities Commission
- Updated Mission Statement

2026-2027 PRIORITIES

- Plan special events to celebrate the City's 110th Birthday in October 2026
- Continue to engage the Community Activities Commission in planning and executing City events
- Continue to explore potential collaborations with community partners



BUDGET SUMMARY AND SERVICE IMPACTS

Community Activities Department expenses include costs for advertising, banners and signage, event and office supplies for City events, equipment replacements, Community Activities Commission initiatives, and the Farmers' Market.

Community Activities				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-121-00-41001	Salaries	\$48,506	\$62,351	\$118,872
101-121-00-41003	Salaries -Part time	0	28,649	0
101-121-00-41101	Retirement	4,652	5,553	10,921
101-121-00-41103	Deferred Compensation	600	1,219	1,200
101-121-00-41104	Health Insurance	5,667	14,324	14,491
101-121-00-41105	Social Security	0	1,776	0
101-121-00-41106	Medicare	677	1,332	1,724
101-121-00-41107	LTD/STD/Life	51	209	418
101-121-00-41108	Worker's Comp	4,375	4,768	5,311
	Salaries & Benefits Subtotal	\$64,528	\$120,182	\$152,937
101-121-00-42001	Contract Services	\$81,616	\$111,040	\$113,290
101-121-00-42005	Community Promotions	11,717	9,340	19,090
101-121-00-42009	Advertising and Legal Notice	3,410	6,950	5,000
101-121-00-42101	Office Supplies	169	200	200
101-121-00-42403	Printing	241	1,440	1,530
	Services & Supplies Subtotal	\$97,153	\$128,970	\$139,110
	Total	\$161,681	\$249,152	\$292,047

STAFFING

Department and Title	FY 25/26 Adopted	FY 26/27 Adopted	Change
Community Activities			
Community Services Assistant	0.50	0.00	-0.50
Administrative Analyst	0.00	1.00	1.00
Executive Assistant	0.50	0.00	-0.50
Community Activities Total	1.00	1.00	0.00

COMMUNITY PLANNING AND BUILDING

The Community Planning and Building Department (CPB) includes the Administration, Planning, Building, and Code Compliance divisions and is responsible for preserving community character while fostering a vibrant community and a high quality of life for its residents, businesses and visitors.

YTD 2025-2026 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- 344 Planning Permits Applications
- 53 Business Licenses Applications
- 534 Building Permits Applications
- 203 Code Compliance Cases
- 10 Transient Rental Case
- 233 Encroachment Permit Applications

2025-2026 INITIATIVES AND ACCOMPLISHMENTS

- Adopted the updated Fire Hazard Severity Zone Map via ordinance.
- Adopted the Historic Context Statement update and received certification from the California Coastal Commission.
- Adopted consultant contract with Opticos Design and commenced work on the City's Objective Design and Development Standards.
- Adopted the Water Allocation Resolution placing 14-acre feet of water received from the Monterey Peninsula Water Management District into six water allocation categories.
- Created a Permit Streamline Task Force to elicit suggestions for permit process improvements.
- Conducted internal staff training with the goal of providing cross-training opportunities resulting in holistic project review.
- Adopted consultant contract with Granicus for improved Short-Term Rental compliance.
- Received Planning Commission recommendation on a draft Roof Material Policy.
- Continued work with the Affordable Housing Alternatives ("AHA") resident group and finalized the 6th Cycle General Plan Housing Element amendment draft.
- Submitted the 6th Cycle General Plan Housing Element amendment to the California Department of Housing and Community Development for review and certification.
- Provided assistance to Public Works on the Carmel Coastal Hazards Local Coastal Program update.
- Received Planning Commission direction on the draft Accessory Dwelling Unit Ordinance Update.
- Adopted the Building Code Update Ordinance.
- Commenced quarterly check-in meetings with California Coastal Commission staff.
- Created a Long-Range Planning work plan.

- Updated Staff Report and Draft Resolution templates.

2026-2027 PRIORITIES

- Adoption of updated Design Guidelines and Zoning Code through the Design Traditions 1.5 Project.
- Adoption of ordinances for the 6th Cycle General Plan Housing Element implementation.
- Complete the scanning/digitizing of rolled building plans currently in storage at Vista Lobos.
- Adopt the General plan Safety Element updates before the end of fiscal year 2027.
- Adoption of the updated Accessory Dwelling Unit Ordinance.
- Engage staff to participate in more training opportunities to continue the professionalization and growth of the Community Planning and Building Department.
- Adopt necessary ordinances and policies to ensure development and construction consistency with update state laws on wildfire.
- Replace existing permitting software to increase efficiency and improve user (applicants and staff) experience.
- Continue to meet with the Permit Streamline Task Force to identify policy gaps and improve confusing/complex regulations and processes.
- Continue to collaborate with Public Works to improve the permit process for interrelated tasks.
- Update and improve Planning handouts and checklists.
- Update and improve Building handouts and checklists.
- Update and improve Code Compliance handouts.
- Continue internal training program and include cross training with Public Works, Monterey Fire Department and California Coastal Commission staff.



BUDGET SUMMARY AND SERVICE IMPACTS

Community Planning & Building				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-115-00-41001	Salaries	\$1,131,924	\$1,604,924	\$1,604,331
101-115-00-41005	Overtime	1,440	0	0
101-115-00-41101	Retirement	60,897	85,614	84,808
101-115-00-41103	Deferred Compensation	8,000	12,216	12,300
101-115-00-41104	Health Insurance	231,680	339,397	366,940
101-115-00-41106	Medicare	15,942	23,254	23,263
101-115-00-41107	LTD/STD/Life	1,135	2,067	3,390
101-115-00-41108	Worker's Comp	51,954	83,899	71,704
101-115-00-41109	Benefits-MOU Obligations	18,587	23,623	22,880
	Salaries & Benefits Subtotal	\$1,521,560	\$2,174,995	\$2,189,615
101-115-00-42001	Contract Services	\$221,867	\$179,135	\$224,185
101-115-00-42009	Advertising and Legal Notice	500	0	12,000
101-115-00-42101	Office Supplies	2,633	7,100	2,000
101-115-00-42102	Publications & Subscriptions	1,673	18,138	15,850
101-115-00-42104	Safety Equipment and Supplies	2,638	1,700	2,600
101-115-00-42106	Small Tools and Equipment	0	0	500
101-115-00-42107	Gas and Oil	250	100	0
101-115-00-42115	Other Supplies	2,962	4,300	1,400
101-115-00-42301	Training & Education	9,225	11,305	8,195
101-115-00-42302	Conferences & Meetings	5,735	10,700	6,620
101-115-00-42304	Dues & Memberships	5,084	6,760	6,930
101-115-00-42403	Printing	1,334	1,150	4,800
	Services & Supplies Subtotal	\$253,902	\$240,388	\$285,080
	Total	\$1,775,462	\$2,415,383	\$2,474,695

STAFFING

Department and Title	FY 25/26 Adopted	FY 26/27 Adopted	Change
Community Planning & Building			
Planning & Building Services Director	1.00	1.00	0.00
Principal Planner	2.00	2.00	0.00
Senior Planner	1.00	1.00	0.00
Associate Planner	2.00	2.00	0.00
Assistant Planner	0.50	0.50	0.00
Administrative Coordinator	1.00	1.00	0.00
Building Official	1.00	1.00	0.00
Building Inspector	1.00	1.00	0.00
Permit Technician	1.00	1.00	0.00
Code Compliance Coordinator	1.50	1.50	0.00
Community Planning & Building Total	12.00	12.00	0.00

ADMINISTRATION

The Administration Division provides administrative support, budgeting, scheduling and performance oversight of the Community Planning and Building operating divisions.

Community Planning & Building: Administration				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-115-23-42001	Contract Services	\$0	\$0	\$10,250
101-115-23-42102	Publications & Subscriptions	0	0	250
101-115-23-42304	Dues & Memberships	0	0	1,200
Services & Supplies Subtotal		\$0	\$0	\$11,700

PLANNING

The Planning Division processes current development applications, maintains the General Plan, and ensures that capital programs, zoning and other activities of the City are consistent with the goals and policies of the Plan.

Community Planning & Building: Planning				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-115-20-42001	Contract Services	\$191,663	\$79,200	\$108,800
101-115-20-42009	Advertising and Legal Notice	500	0	12,000
101-115-20-42101	Office Supplies	2,633	7,100	2,000
101-115-20-42102	Publications & Subscriptions	1,613	1,138	600
101-115-20-42104	Safety Equipment and Supplies	2,638	1,700	2,600
101-115-20-42115	Other Supplies	1,210	575	0
101-115-20-42301	Training & Education	5,435	6,825	4,365
101-115-20-42302	Conferences & Meetings	1,695	4,000	950
101-115-20-42304	Dues & Memberships	3,800	4,680	3,500
101-115-20-42403	Printing	1,334	1,150	4,800
Services & Supplies Subtotal		\$212,523	\$106,368	\$139,615

BUILDING SAFETY

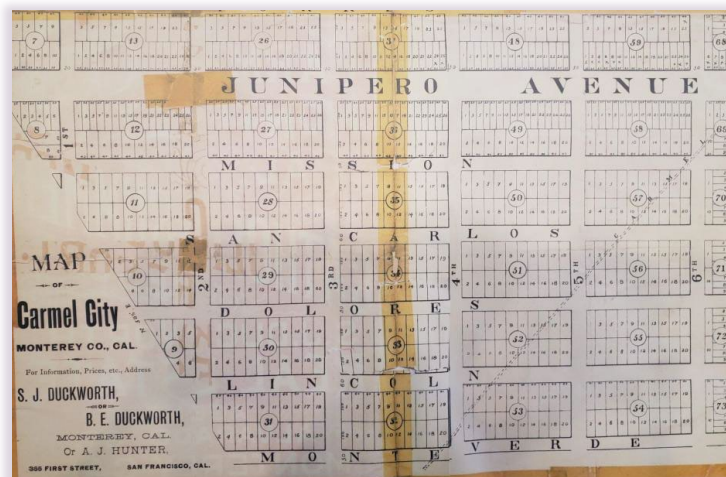
The Building Safety Division is responsible for plans examination and inspections of City and private development projects to ensure compliance with building codes.

Community Planning & Building: Building				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-115-21-42001	Contract Services	\$16,055	\$84,935	\$95,635
101-115-21-42102	Publications & Subscriptions	60	17,000	15,000
101-115-21-42106	Small Tools and Equipment	0	0	500
101-115-21-42107	Gas and Oil	250	100	0
101-115-21-42115	Other Supplies	1,752	2,225	700
101-115-21-42301	Training & Education	1,700	4,480	1,830
101-115-21-42302	Conferences & Meetings	1,730	4,300	3,670
101-115-21-42304	Dues & Memberships	1,284	2,080	2,030
Services & Supplies Subtotal		\$22,831	\$115,120	\$119,365

CODE COMPLIANCE

The Code Compliance Division ensures compliance with the City Municipal Code. This function includes public education and outreach on existing laws and resolving code violations.

Community Planning & Building: Code Compliance				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-115-22-42001	Contract Services	\$14,148	\$15,000	\$9,500
101-115-22-42115	Other Supplies	0	1,500	700
101-115-22-42301	Training & Education	2,090	0	2,000
101-115-22-42302	Conferences & Meetings	2,310	2,400	2,000
101-115-22-42304	Dues & Memberships	0	0	200
Services & Supplies Subtotal		\$18,548	\$18,900	\$14,400



PUBLIC WORKS

The mission of the Public Works Department is to plan, design, construct, operate, and maintain public infrastructure, streets, sidewalks, storm drains, building facilities, the urban forest, parks, and beach that contribute to the health, safety, and well-being of the Village. Public Works consists of an administrative unit and five operating divisions: Street Maintenance, Facilities Maintenance, Environmental Compliance, Project Management, and Forestry, Parks and Beach.

YTD 2025-2026 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- 133 Trees planted
- 157 Tree permits issued
- 54 tons of hot mix asphalt for in-house street repairs
- 29 potholes filled
- 1,001 USA tickets
- 5,248 Linear Feet of asphalt overlay
- 1,430 sidewalk grinds
- 206 Encroachment Permits



2025-2026 INITIATIVES AND ACCOMPLISHMENTS

Street and Sidewalk Maintenance

- **City-Wide Sidewalk Repairs:** Initiated a major sidewalk shaving project and fixed 1,426 identified locations for safety.
- Contracted with Precision Concrete Cutting for a digital sidewalk assessment and mapping database.
- **Asphalt and Berm Enhancements:** Performed continuous hot-mix street repairs, fixed uneven pavement, and installed multiple hot-mix asphalt berms throughout the city to improve street drainage.
- **Storm and Erosion Management:** Cleaned storm drains to prepare for winter rains and managed multiple emergency erosion issues, including building rock drainage channels and repairing the 4th Avenue pathway and Serra Trail in the Mission Trail Nature Preserve (MTNP).
- Installed 16 new stop signs, repaired damaged street signs.
- Maintained public sandbag station.
- Procured Compact Track Loader and two EV pickup trucks.

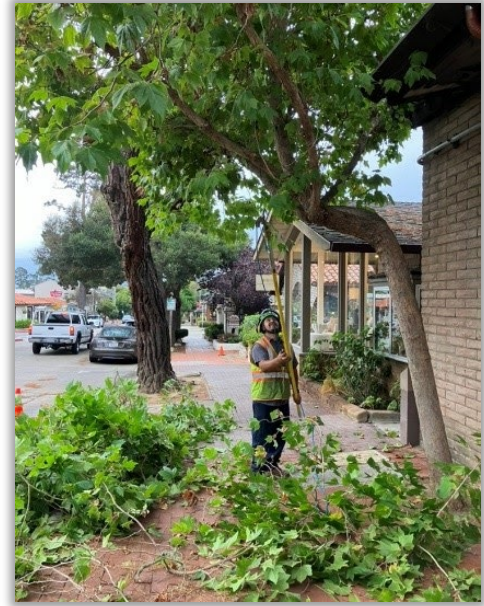
Habitat Restoration & Environmental Oversight

- **North Dunes Restoration Project:** Continued the removal of invasive ice plant and began clearing over 2.5 acres of it. Navigated the multi-year renewal process for the 5-year Coastal Development Permit.
- **Carmel Beach Sea Level Rise/Adaptation Project:** Completed a Socio-Economic Report, conducted community surveys and workshops, and presented the

resulting Adaptation Pathway Report to both the Planning Commission and Forest & Beach Commission.

Stormwater & Waste Management

- **Stormwater Compliance:** Completed dry-weather and wet-weather stormwater outfall sampling in coordination with Applied Marine Science and the Monterey Sanctuary Foundation.
- Conducted ongoing, periodic construction site inspections, restaurant grease-trap inspections, and successfully navigated an intensive audit by the State Water Board.
- **Waste Management:** Executed a Franchise Agreement MOU with ReGen and member agencies. Coordinated the cleaning and water-vacuuming of 30 downtown trash cans and prepared records for CalRecycle physical audits.
- **Copper Gutter Policy:** Installed BioChar socks at the 4th Ave storm drain to test filtration and progressed the policy to the Planning Commission and City Council.



Facilities Improvements & Repairs

- **Fire Station Upgrades:** Completed construction to accommodate a new Fire Truck, while replacing the facility's epoxy flooring, relocating the turnout room, and indoor painting.
- **Forest Theater:** Completed repairs to the Forest Theater stage.
- **Sunset Center:** Completed Phase II of exterior painting, replaced an elevator power unit.
- Completed Yoga Center reroofing project.
- **First Murphy House:** Repaired extensive dry rot.
- Installed A/C units at Vista Lobos, Public Works, and City Hall.
- Installed new rollup door and upgraded security at the PW administrative office.
- Installed new ADA handrails on the Ocean Ave side of Devendorf Park.
- Completed Park Branch Library window repairs.

Urbanized Forest, Parks & Landscaping

- Completed the deferred maintenance “catchup plan” of removing dead trees and stumps, one year ahead of schedule.
- **Carmel Forest Master Plan (CFMP):** Completed the first draft, collected feedback from the steering committee and the public, created a dedicated webpage to track the project's progress, and advanced the plan into the CEQA environmental review process.

- **Fire Defense & Tree Maintenance:** Removed hundreds of dead, dying, or hazardous trees, pruned for street clearance, and planted new trees. Created vehicle turnarounds in the MTNP.
- **Tree Fine Ad-Hoc Committee:** Formed an ad-hoc committee to overhaul the Tree Fee and Fine Schedule, specifically targeting unauthorized tree removals and damage during construction.
- **Parks & Landscaping:** Re-landscaped the Rio Road Medians, actively watered newly planted trees across the city, and modernized irrigation systems by replacing broken valves and control boxes at Devendorf Park and Vista Lobos.

Project Management (CIP)

- **Shoreline Infrastructure:** Brought the 10th and 12th Avenue Beach Stairs to 100% design completion and submitted them for bidding.
- Facilitated geotechnical investigations and concept designs for the 4th Ave Outfall and Sand Ramp.
- Initiated emergency engineering designs and tarping for the 11th Ave shoreline bluff erosion.
- **Conglomerate Paving Project:** Managed a massive paving project that included city-wide street paving, sidewalk repairs, and AC berm installations.
- **Process Improvements & Utilities Coordination:** Published a CIP Gantt chart and process documents online for transparency.
- Coordinated extensive utility infrastructure replacements across the city with CalAm and CAWD.



2026-2027 PRIORITIES

- Construction of shoreline infrastructure repairs, including beach stairs at 10th Avenue and 12th Avenue
- Complete designs and begin construction of the 8th Avenue Sand Ramp
- Construct the Fourth Avenue outfall
- Construct the Junipero bypass drainage project
- Implement Copper Policy
- Repair retaining walls at Sunset Center
- Fire service backflows upgrades for City Hall and both libraries
- City Hall exterior shingles replacement and handrail painting
- Flanders Mansion window frame/gutter painting
- Repair roof leaks into Public Works garage
- ADA upgrades for 2nd elevator unit at Sunset Center
- Paint Vista Lobos building
- Upgrade electrical panel and install EV chargers at Vista Lobos

- Complete fire fuel abatement along emergency exit routes and secondary exit routes
- Implement beautification projects, including the re-landscaping of the First Murphy park
- Install new split rail fencing at the north end of the North Dunes Habitat Restoration Area
- Continue North Dunes Restoration Improvements and Reporting, including removal of ice plant, acacia trees, and the protection of endangered plants
- Complete the new Amendment to the Coastal Development Permit for the North Dunes Habitat Restoration Area
- Design MTNP stream projects 4 & 5

BUDGET SUMMARY AND SERVICE IMPACTS

Public Works			FY25-26	FY26-27
		FY24-25	Estimated	Adopted
Account Number	Account Description	Actual	Actual	Budget
101-119-00-41001	Salaries	\$2,231,171	\$2,885,869	\$2,998,117
101-119-00-41005	Overtime	11,751	11,978	-
101-119-00-41101	Retirement	145,151	179,895	172,916
101-119-00-41103	Deferred Compensation	19,349	17,086	26,700
101-119-00-41104	Health Insurance	494,335	700,133	770,149
101-119-00-41106	Medicare	32,098	42,459	43,473
101-119-00-41107	LTD/STD/Life	2,381	4,116	7,405
101-119-00-41108	Worker's Comp	103,908	152,427	133,950
101-119-00-41109	Benefits-MOU Obligations	33,896	40,705	38,133
101-119-00-41999	Contra Salaries and Benefits	(193,391)	(350,636)	(661,580)
	Salaries & Benefits Subtotal	\$3,074,040	\$4,034,668	\$3,529,264
101-119-00-42001	Contract Services	\$1,964,806	\$1,452,570	\$2,229,090
101-119-00-42009	Advertising and Legal Notice	5,260	4,075	4,400
101-119-00-42101	Office Supplies	1,263	6,000	5,000
101-119-00-42102	Publications & Subscriptions	6,615	19,000	12,360
101-119-00-42104	Safety Equipment and Supplies	13,898	11,000	10,000
101-119-00-42105	Materials and Supplies	230,425	269,475	221,375
101-119-00-42106	Small Tools and Equipment	2,611	17,500	10,800
101-119-00-42107	Gas and Oil	32,023	38,000	41,000
101-119-00-42202	Equipment Maintenance	13,515	30,555	32,000
101-119-00-42203	Vehicle Maintenance	27,081	39,500	40,500
101-119-00-42301	Training & Education	9,602	14,000	21,800
101-119-00-42302	Conferences & Meetings	-	-	2,500
101-119-00-42304	Dues & Memberships	1,426	4,060	4,195
101-119-00-42403	Printing	192	0	2,500
101-119-00-42408	Permits and Licenses	11,814	14,500	15,225
101-119-00-42409	Rentals	6,879	10,000	20,600
101-119-00-42999	Contra Operating Expenses	-	-	(12,100)
	Services & Supplies Subtotal	\$2,327,409	\$1,930,235	\$2,661,245
	Total	\$5,401,449	\$5,964,903	\$6,190,509

STAFFING

Department and Title	FY 25/26 Adopted	FY 26/27 Adopted	Change
Public Works			
Director of Public Works	1.00	1.00	0.00
Administrative Coordinator	1.00	1.00	0.00
Public Works Superintendent	1.00	1.00	0.00
Street Supervisor	1.00	1.00	0.00
Streets Maintenance Worker III	2.00	1.00	-1.00
Streets Maintenance Worker I/II	5.00	6.00	1.00
Facilities Maintenance Supervisor	1.00	1.00	0.00
Facilities Maintenance Specialist	1.00	1.00	0.00
Environmental Compliance Manager	1.00	1.00	0.00
Environmental Administrative Analyst	1.00	1.00	0.00
Capital Program Manager	0.00	1.00	1.00
Project Manager	2.00	2.00	0.00
City Forester	1.00	1.00	0.00
Assistant City Forester	1.00	1.00	0.00
Tree Climber & Care Specialist	1.00	1.00	0.00
Administrative Analyst	1.00	1.00	0.00
F&B Maintenance Worker I/II	3.00	3.00	0.00
Tree Permit Technician	1.00	1.00	0.00
Public Works Total	25.00	26.00	1.00

ADMINISTRATION

The Administration Division prepares Council agenda reports, monthly status reports, and annual 5-year Capital Improvement Plan, make presentations, serves as Executive Team liaison to the Forest and Beach Commission and on the Transportation Agency for Monterey County Technical Advisory Committee (TAMC TAC) and Traffic Safety Committees, liaison to volunteer groups throughout the City, performs engineering services, and provides administrative support, budgeting, scheduling, and performance oversight of the operating divisions.



PW Administration				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-119-40-42001	Contract Services	\$22,278	\$19,700	\$16,500
101-119-40-42009	Advertising and Legal Notice	4,722	4,075	4,400
101-119-40-42101	Office Supplies	1,263	6,000	5,000
101-119-40-42102	Publications & Subscriptions	6,615	19,000	860
101-119-40-42104	Safety Equipment and Supplies	13,898	11,000	0
101-119-40-42203	Vehicle Maintenance*	54	0	0
101-119-40-42301	Training & Education	9,002	14,000	19,800
101-119-40-42304	Dues & Memberships	1,426	4,060	4,195
101-119-40-42403	Printing	192	0	0
Services & Supplies Subtotal		\$59,449	\$77,835	\$50,755



STREET MAINTENANCE

The Street Maintenance Division supervises Public Works field personnel, prioritizes and allocates equipment, tools, and material resources, repairs streets, potholes, sidewalks, curbs, fencing, storm drainage system, berms, traffic signs, striping, and pavement markings, performs street sweeping, provides fleet maintenance services, reviews utility and encroachment permit applications, supports City events, and provides emergency response.

PW Street				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-119-41-42001	Contract Services	\$50,277	\$42,745	\$31,200
101-119-41-42102	Publications & Subscriptions	0	0	7,000
101-119-41-42104	Safety Equipment and Supplies	0	0	10,000
101-119-41-42105	Materials and Supplies	88,253	71,500	80,100
101-119-41-42106	Small Tools and Equipment	2,611	17,500	10,800
101-119-41-42107	Gas and Oil	32,023	38,000	41,000
101-119-41-42202	Equipment Maintenance	13,515	30,555	32,000
101-119-41-42203	Vehicle Maintenance	27,027	39,500	40,500
101-119-41-42409	Rentals	6,879	10,000	20,600
Services & Supplies Subtotal		\$220,585	\$249,800	\$273,200

FACILITIES MAINTENANCE

The Facilities Maintenance Division maintains and repairs 20 City-owned buildings and facilities totaling 137,000 square feet, including 8 historic buildings nearly 100 years old, supports facility renovation capital improvements, oversees the janitorial contract, obtains quotes and manages building trade contractors, implements ADA projects, and performs annual fire safety apparatus, generators, and backflow inspections.

PW Facilities				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-119-42-42001	Contract Services	\$598,094	\$624,585	\$578,880
101-119-42-42105	Materials and Supplies	68,301	99,500	72,450
	Services & Supplies Subtotal	\$666,395	\$724,085	\$651,330

ENVIRONMENTAL COMPLIANCE

The Environmental Compliance Division enforces State storm water quality and waste reduction/recycling regulations, oversees the City's waste hauler contract, implements Climate Action and Adaptation Plan projects, serves on the ReGen Monterey and Monterey Regional Stormwater Management Program TAC committees, manages sensitive projects in the North Dunes and Mission Trail Nature Preserve (MTNP), evaluates energy reduction initiatives, and coordinates with partners on resiliency, environmental, and sustainability-focused projects.

PW Environmental Compliance				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-119-43-42001	Contract Services	\$149,724	\$188,200	\$237,510
101-119-43-42408	Permits and Licenses	11,814	14,500	15,225
	Services & Supplies Subtotal	\$161,538	\$202,700	\$252,735

PROJECT MANAGEMENT

The Project Management Division implements planning, design, engineering, public bidding, and construction of capital improvement projects, including transportation, drainage, and facility renovation projects, performs condition assessments, manages consultants and contractors, coordinates with utility providers and other City departments, prepares special conditions of approval for major encroachment permits, checks technical reports and plans, obtains permits, and prepares specifications, contract documents, and cost estimates.

PW Project Management				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-119-44-42102	Publications & Subscriptions	0	0	\$4,500
101-119-44-42105	Materials and Supplies	0	0	600
101-119-44-42301	Training & Education	250	0	2,000
101-119-44-42302	Conferences & Meetings	0	0	2,500
101-119-44-42403	Printing	0	0	2,500
101-119-44-42999	Contra Operating Expenses	0	0	(12,100)
Services & Supplies Subtotal		\$250	\$0	\$0

FORESTRY, PARKS AND BEACH

The Forestry, Parks and Beach Division performs tree management for 12,000+ City trees, including planting, pruning, and removal services, prepares reports and presentations for Forest & Beach Commission meetings, maintains eight City parks, Carmel Beach, open spaces, and landscaped islands, collaborates with volunteer organizations, processes tree removal/pruning permits, reviews private development applications, manages multiple on-call tree care and landscape maintenance service contractors, and provides emergency response during storms.

PW Forest & Beach				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-119-45-42001	Contract Services	\$1,144,433	\$577,340	\$1,365,000
101-119-45-42105	Materials and Supplies	73,871	98,475	68,225
Services & Supplies Subtotal		\$1,218,304	\$675,815	\$1,433,225



PUBLIC SAFETY

YTD 2025-2026 WORKLOAD INDICATORS / PERFORMANCE MEASURES

- 631 Fire calls for service
- 339 Ambulance calls for service in City limits
- 614 Ambulance calls for service outside City limits
- 9,646 Police calls for service
- 431 Traffic violations issued
- 3,164 Parking tickets issued

2025-2026 INITIATIVES AND ACCOMPLISHMENTS

- Ambulance Merger with Monterey Fire
- Implemented a Police Social Media Presence
- Successful recruitments to fill Police Officer positions
- Development and execution of a citywide evacuation drill

2026-2027 PRIORITIES

- Continue recruitments to fill additional Police Officer positions and be fully staffed.
- Continue work towards the completion of the Police Department Remodel Project.
- Update the City Emergency Operations Plan.
- Expand the Seniors Helping Seniors program to include an App for seniors needing special care during emergencies.

POLICE DEPARTMENT

The Police Department is responsible for law enforcement and crime prevention within the City. The mission of the Department is to protect and serve, with the primary responsibility of ensuring the rights of citizens and visitors to live in peace and safety. It also oversees the management and operation of the Emergency Operations Center; the Volunteers in Policing Program (VIPs) that assists with daily clerical activities, errands, public outreach and special events and the City Community Emergency Response Team (CERT) of volunteers ready to assist the community during an emergency situation.

BUDGET SUMMARY AND SERVICE IMPACTS

The FY 26-27 Budget reflects a total decrease of \$216,000 from the FY 25-26 projected actual expenses. The decrease is primarily the result of the change in Salaries and Benefits. Contract services include expenses critical to operations including dispatch, jail booking and animal services provided by Monterey County; tasers, body and surveillance cameras and associated maintenance costs.

Police				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-116-00-41001	Salaries	\$613,587	\$905,162	\$690,344
101-116-00-41002	Salaries -Safety	1,892,743	2,409,354	2,575,908
101-116-00-41005	Overtime	0	37,500	0
101-116-00-41006	Overtime -Safety	500,025	113,529	200,000
101-116-00-41009	Holiday in Lieu	119,745	116,197	131,494
101-116-00-41101	Retirement	42,973	59,573	45,177
101-116-00-41102	Retirement -Safety	316,070	293,521	389,266
101-116-00-41103	Deferred Compensation	210,539	199,623	45,568
101-116-00-41104	Health Insurance	388,588	657,795	536,779
101-116-00-41105	Social Security	0	0	5,578
101-116-00-41106	Medicare	47,329	52,930	48,787
101-116-00-41107	LTD/STD/Life	2,282	3,209	4,607
101-116-00-41108	Worker's Comp	141,590	191,243	150,323
101-116-00-41111	Uniform Allowance	21,030	19,014	21,840
Salaries & Benefits Subtotal		\$4,296,501	\$5,058,650	\$4,845,671
101-116-00-42001	Contract Services	\$245,801	\$250,000	\$329,393
101-116-00-42005	Community Promotions	1,067	5,300	2,000
101-116-00-42101	Office Supplies	5,600	8,800	5,000
101-116-00-42102	Publications & Subscriptions	308	420	350
101-116-00-42104	Safety Equipment and Supplies	35,821	51,500	79,800
101-116-00-42107	Gas and Oil	27,306	35,000	25,000
101-116-00-42201	Building Maintenance	779	2,000	0
101-116-00-42202	Equipment Maintenance	35,900	85,700	28,000
101-116-00-42203	Vehicle Maintenance	48,273	40,000	40,000
101-116-00-42301	Training & Education	44,579	50,000	30,000
101-116-00-42304	Dues & Memberships	1,369	1,400	6,300
101-116-00-42403	Printing	238	6,300	1,700
101-116-00-42404	Shipping/Postage/Freight	13	600	200
101-116-00-42405	Telephone and Communications	2,042	10,000	0
101-116-00-42415	Other Expenditures	25,407	12,000	8,000
Services & Supplies Subtotal		\$474,503	\$559,020	\$555,743
Total		\$4,771,004	\$5,617,670	\$5,401,414



STAFFING

Department and Title	FY 25/26 Adopted	FY 26/27 Adopted	Change
Police			
Public Safety Director	1.00	1.00	0.00
Police Commander	1.00	1.00	0.00
Sergeant	3.00	3.00	0.00
Police Officer	10.00	10.00	0.00
Police Services Supervisor	1.00	1.00	0.00
Police Services Officer	6.00	5.50	-0.50
Community Services Officer/Animal Control	2.00	2.50	0.50
Police Total	24.00	24.00	0.00

FIRE DEPARTMENT

The Fire Department is primarily responsible for saving lives and protecting property through the prevention and control of fires. The Fire Department has operated under a contract with the City of Monterey since 2012. The Assistant City Administrator manages the contract with the City of Monterey and is responsible for oversight of needed equipment and supplies.

BUDGET SUMMARY AND SERVICE IMPACTS

The FY 26-27 budget reflects a total increase of \$168,560 over FY 25-26 Estimated Actual. Contract Services include fire coverage, Chief management and Fire Prevention Service all provided by the City of Monterey (\$3,618,584). It also includes County of Monterey dispatch services, alarm service, as well as laundry service.

Fire				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-117-00-42001	Contract Services	\$3,520,760	\$3,558,924	\$3,727,484
101-117-00-42005	Community Promotions	1,150	1,000	1,000
101-117-00-42103	Medical Supplies	0	3,000	3,000
101-117-00-42104	Safety Equipment and Supplies	5,749	0	0
101-117-00-42107	Gas and Oil	8,339	22,000	22,000
101-117-00-42202	Equipment Maintenance	1,257	4,500	4,500
101-117-00-42203	Vehicle Maintenance	103,192	40,000	40,000
Total		\$3,640,447	\$3,629,424	\$3,797,984

AMBULANCE

The Ambulance Department provides advanced life support ambulance service to the residents of Carmel-by-the-Sea. Ambulance has operated under a contract with the City of Monterey since 2025. The Assistant City Administrator manages the contract with the City of Monterey and is responsible for oversight of needed equipment and supplies. Ambulance staffing includes paramedic-firefighters and emergency medical technician-firefighters to provide front line medical emergency response and all-hazard response as a key component of the City's public safety services.

Ambulance				
Account Number	Account Description	FY24-25 Actual	FY25-26 Estimated Actual	FY26-27 Adopted Budget
101-118-00-41002	Salaries -Safety	\$734,676	\$214,875	\$0
101-118-00-41006	Overtime -Safety	268,848	78,017	0
101-118-00-41009	Holiday in Lieu	65,124	8,069	0
101-118-00-41102	Retirement -Safety	87,615	21,478	0
101-118-00-41103	Deferred Compensation	4,900	1,138	0
101-118-00-41104	Health Insurance	81,160	20,366	0
101-118-00-41106	Medicare	15,238	4,298	0
101-118-00-41107	LTD/STD/Life	547	130	0
101-118-00-41108	Worker's Comp	46,288	0	0
101-118-00-41111	Uniform Allowance	2,875	969	0
Salaries & Benefits Subtotal		\$1,307,271	\$349,339	\$0
101-118-00-42001	Contract Services	\$158,533	\$2,456,110	\$2,224,489
101-118-00-42103	Medical Supplies	50,302	48,150	45,000
101-118-00-42104	Safety Equipment and Supplies	480	17,500	5,000
101-118-00-42107	Gas and Oil	8,789	21,000	15,000
101-118-00-42201	Building Maintenance	2,177	5,000	5,000
101-118-00-42202	Equipment Maintenance	663	4,000	0
101-118-00-42203	Vehicle Maintenance	31,951	70,000	35,000
101-118-00-42301	Training & Education	5,620	15,000	0
Services & Supplies Subtotal		\$258,514	\$2,636,760	\$2,329,489
Total		\$1,565,785	\$2,986,099	\$2,329,489



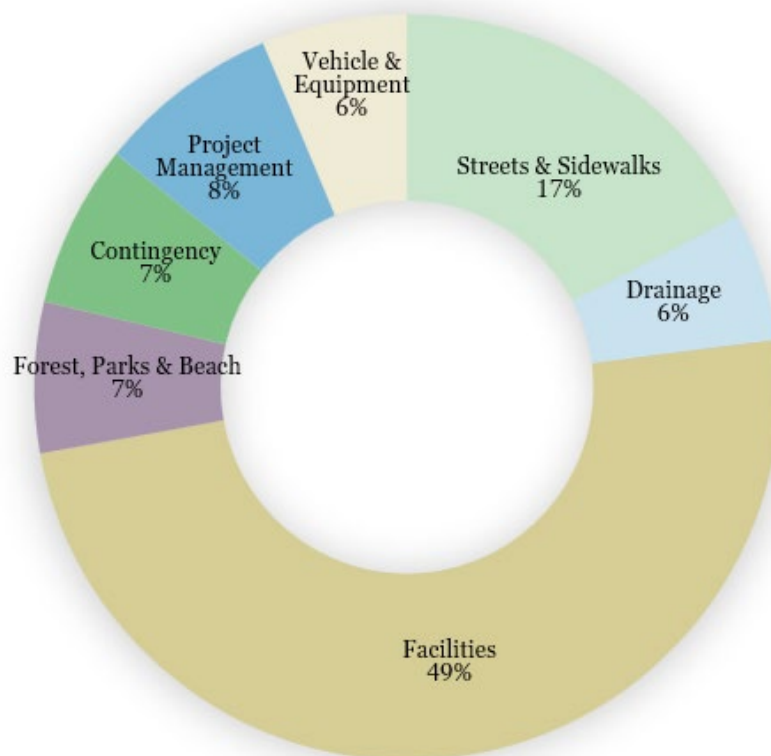
*CAPITAL IMPROVEMENT
PLAN*

CAPITAL IMPROVEMENT PLAN

The FY 26-27 Budget includes \$8.5 million for capital projects, including vehicles and equipment. This level of capital spending represents 20% of the total citywide budget of \$41.9 million and requires the use of \$2.3 million of the City’s unassigned fund balance. Sales tax revenue generated by Measure C, the City’s local sales tax, plays a pivotal role in providing a funding source for the City’s capital needs. The presence of state and county gas and transit taxes also provide a consistent base, albeit partial, for much needed street projects. That said, the five-year capital plan points out that, as vital as these funding sources are, they cannot cover the full scope of identified improvements in the long-term requiring that we attend to the highest needs and deferring others until funding becomes available.

The “FY 26-27 CIP Funding by Category” donut chart illustrates the allocation of Capital Improvement Program funds across seven sectors, with Facilities receiving the largest share at 49%—nearly half of the total budget. Streets & Sidewalks and Project Management follow as the next largest priorities, accounting for 17% and 8% of funding, respectively. The remaining quarter of the budget is distributed among Forest, Parks & Beach Drainage (7%), Contingency (7%), and Drainage (6%), and Vehicle and Equipment (6%).

FY 26-27 CIP Funding by Category



VEHICLE AND EQUIPMENT FUND

Funding for vehicles and equipment prioritizes public safety response capabilities, including enhanced communications and the purchase of new vehicles. A focus on environmentally friendly vehicles is evident in this year's spending plan.

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

Publics Works Fleet

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- sized truck, outfitted with a dump bed, lift gate, and tack oil sprayer. An EV option will be evaluated.

Safety Fleet

Police will be replacing three vehicles this fiscal year, all based on age. (1) Parking Enforcement Vehicle, (2) PD Admin Vehicle EV, and (3) 2009 Radar Trailer. EV options for all vehicles will be evaluated. A Beach Emergency vehicle will also be purchased to support emergency transports off the beach.

Police Radios Lease, Year 6 of 6

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 Public Safety Automation Solutions

Replace and/or upgrade current automated system for records management, jail management and computer aided dispatch.

CAPITAL PROJECTS FUND

The Capital Projects budget for expenditure includes 20 new projects for a total of \$7.9 million of new funds requested in FY26-27. There are another 9 projects being carried over from FY25-26 with a reserve of fund balance of \$2.1 million.

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

STREETS AND SIDEWALKS INFRASTRUCTURE

The City has a two-tiered approach to taking care of its roads. The first tier addresses the repair of roads, and the second tier addresses the maintenance of roads so that they do not fall into disrepair. By working on both, the City intends to bring all the streets up to a high level of quality across the City.

The City uses a comprehensive study of street condition to make a plan. Based on condition, a street is then scheduled for repair or maintenance. The City's pavement management program, StreetSaver, assigns a Pavement Condition Index (PCI) score to every street. The City Council and Public Works have developed a 10-Year Street Plan based on the measures of every street. For the first tier, street repairs, the plan is to repair every street with a PCI less than 50. For the second tier, street maintenance, the

plan is to maintain the roads not being repaired so that the average PCI across the City is 80.

10-Year Street Repair Improvement Program (\$200,000)

This project funds engineering design for priority street rehabilitation and improvement projects identified through the City's pavement management program, StreetSaver. The design phase will include field verification, surveying, and preparation of construction documents and cost estimates for the highest-priority roadway segments. This design will then lead to road reconstruction projects next year.

10-Year Street Preventative Maintenance Program (\$850,000)

This project includes rehabilitation work on selected streets identified through the StreetSaver pavement evaluation program. Improvements will consist primarily of microseal/microsurfacing or similar 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 and is essential to preserve pavement conditions over the long term.

Together, the two tiers of the Street Program - repair and maintenance - bring all streets to a PCI of 50 or more with an average PCI of 80 within ten years. To keep streets at an average PCI of 80, the City will need to continue regular preventative maintenance on an ongoing basis. Implementing this 10-Year Plan 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.

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

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

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.



DRAINAGE INFRASTRUCTURE

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, up sizing 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.

Scenic Drainage Improvement & Pathway Restoration - Design (\$300,000)

This project addresses ongoing erosion, drainage deficiencies, and pathway deterioration along the Scenic Pathway corridor between Eighth and Eleventh Avenues—one of Carmel-by-the-Sea's most heavily used and visually significant coastal routes. Seasonal stormwater runoff, combined with coastal bluff exposure and inadequate drainage infrastructure, has resulted in localized flooding, surface degradation, and slope instability, creating safety hazards for pedestrians and increasing long-term maintenance demands.

The project will implement a comprehensive drainage strategy, including the installation of new subsurface drains, upgraded piping systems, and improved surface conveyance features along Scenic Drive to better capture and direct stormwater away

from the pathway and adjacent slopes. These improvements are designed to reduce erosion, minimize sediment transport, and protect the structural integrity of the coastal bluff.

In conjunction with drainage upgrades, the pathway will be reconstructed to restore a safe, durable, and accessible walking surface consistent with the character of the Scenic corridor. Work will also include targeted slope stabilization measures—such as reinforcement, regrading, and potential bioengineering treatments—to reduce the risk of further degradation. Protective barriers and edge treatments will be installed where necessary to enhance user safety while maintaining coastal views.

PUBLIC FACILITIES

Projects addressing maintenance, safety improvements, and long-term facility planning.

Picadilly Restroom Design (\$150,000)

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

Vista Lobos Electrical Panel Upgrade and EV Infrastructure (\$560,000)

This project implements previously authorized Council action to upgrade the electrical infrastructure at the Vista Lobos facility and is currently in progress, with bid solicitation underway. The City has executed an agreement for this work, and the project is advancing toward construction.

Improvements include replacement of aging electrical panels, modernization of electrical systems, and expansion of capacity to support current operations and future electric vehicle (EV) charging infrastructure for the City’s fleet. These upgrades are necessary to ensure safe, reliable, and code-compliant electrical service while supporting the City’s sustainability and fleet electrification goals.

Completion of the project by the end of the calendar year is required to meet contractual and funding obligations. Failure to meet this deadline may result in financial penalties or loss of eligible funding. The project is being actively managed to maintain schedule and mitigate delivery risks.

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 that receives dispatch signals from Monterey County and alerts personnel to emergency incidents. The need for this upgrade was identified during the current fiscal year CIP discussions but was not included due to timing constraints and is now proposed for the upcoming fiscal year.

The existing system is outdated, no longer supported by the manufacturer, and is beginning to experience failures similar to those encountered at neighboring stations prior to replacement. Replacement parts are unavailable, increasing the risk of system failure and delayed emergency response. Additionally, Monterey County has enhanced its dispatch capabilities, and the current system is not fully compatible with these updates.

The project includes installation of a modern station alerting system with a central controller, voice alerting, LED speaker and strobe notifications, room alerting components, and mobile application integration to support real-time notifications. These improvements will enhance reliability, improve response times, and ensure compatibility with current emergency communications systems.

Police / Public Works Facility – Architectural Design (\$3,500,000)

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 (\$400,000)

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.

Shoreline Infrastructure Repairs (\$400,000)

A recent Coastal Engineering Study included a comprehensive Shoreline Infrastructure Condition Assessment that identified priority repairs needed to protect critical coastal assets. This project initiates the engineering, design, and permitting of the highest priority shoreline infrastructure improvements.

The assessment identified six rock revetments along the shoreline, four of which are in high-priority condition requiring repair—one requiring full reconstruction and others requiring partial rehabilitation. These structures are essential for protecting public infrastructure, maintaining coastal access, and reducing the risk of erosion and storm-related damage.

This project will advance design and regulatory coordination for these priority repairs, allowing the City to proactively address deteriorating conditions while streamlining the permitting process with agencies such as the California Coastal Commission. Advancing a focused set of priority improvements is expected to improve permitting efficiency and position the City to respond more effectively to coastal hazards.

Additionally, this effort will refine construction cost estimates, identify project phasing, and establish a clear implementation strategy for future shoreline infrastructure investments. This work lays the foundation for a comprehensive, long-term approach to maintaining and protecting the City's shoreline assets.

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.

Beach Emergency Vehicle Storage (\$30,000)

Storage to house new Beach Emergency Vehicle that will help with emergency transports off the beach.

PLANNING

Objective Development Design Standards (ODDS) (\$150,000)

ODDS is created to provide objective (ministerial) design and development regulations for affordable housing projects in compliance with State Laws.

PROJECT MANAGEMENT

Project Management (\$673,680)

Staff time and resources allocated to manage FY26-27 CIP projects.

CIP PLANNING

CIP Contingency Fund (\$600,000)

A \$600,000 Contingency Fund will be budgeted to cover any shortfalls to award construction contracts or to close out projects.

CAPITAL IMPROVEMENT PLAN – YEARS 2 - 5

City develops and maintains an on-going Capital Improvement Plan for the next five years, of which the preceding budget represents the first year. The remaining four years (years 2 – 5 of the plan) serve as an advance planning tool to identify anticipated future projects.

In addition, the City is measuring and planning for deferred maintenance needs that extend significantly beyond five years. The 5-year CIP is a “snapshot” in time of in which the City can anticipate needs for future infrastructure revitalization funding in more detail. As a dynamic planning document, the CIP for years 2 through 5 is subject to change as updated information becomes available. The multi-year plan also accommodates scheduling larger projects into multiple years to allow more projects to be underway concurrently, and to allocate construction funding only when those funds are needed.

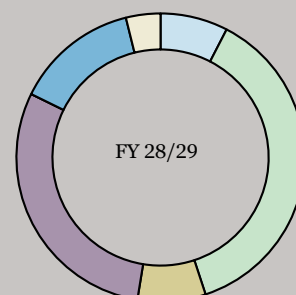
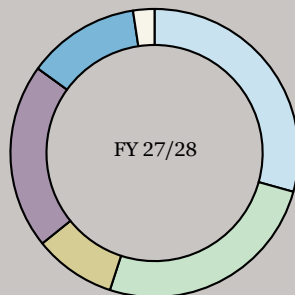
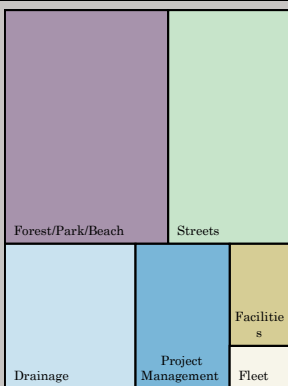
It should be noted that the needs for infrastructure renewal and facility repairs far exceed the anticipated revenue over the subsequent four years as well as in the current year.

The following are key projects and preliminary budget estimates, by asset category, for years 2 to 5 of the CIP.



KEY PROJECTS AND FUNDING NEEDS FOR YEARS TWO THROUGH FIVE OF THE CAPITAL IMPROVEMENT PLAN (CIP)

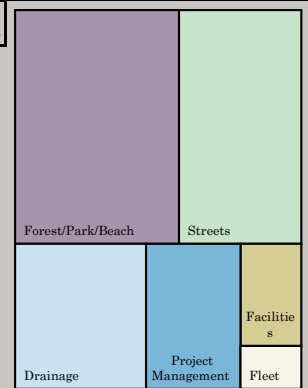
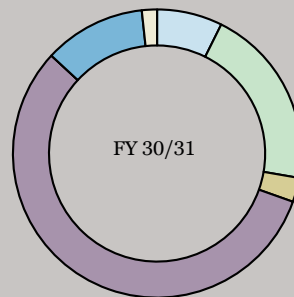
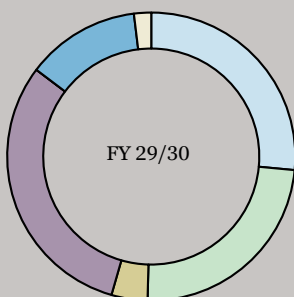
Years 2 - 5 CIP	Year 2		Year 3	
	FY 2027/2028		FY 2028/2029	
	Category/Project	Estimated	Category/Project	Estimated
Drainage 7,330,000	Scenic Drainage Improvement & Pathway Restoration Construction Phase 1*	1,500,000	Scenic Drainage Improvement & Pathway Restoration Planting Monitoring Phase 2 *	300,000
	Drainage Improvement Project -	1,500,000	Mission Bypass Pipe - Design *	415,000
		3,000,000		715,000
Streets 11,029,616	Street Improvement Project A - Construction	800,000	Street Improvement Project C - Design *	193,600
	Street Improvement Project B - Design *	176,000	Street Improvement Project B - Construction *	880,000
	Street Preventative Maintenance Project - Design and Construction *	700,000	Street Preventative Maintenance Project - Design and Construction *	500,000
	Sidewalk Improvement Project - Construction Phase 1 *	500,000	Sidewalk Improvement Project - Construction Phase 2 *	600,000
	Sunset Center Retaining Walls, Sidewalk, Fence - Design *	450,000	Sunset Center Retaining Walls, Sidewalk, Fence - Construction *	1,200,000
			Children's Library Drainage and Parking Lot Resurface - Design *	150,000
		2,626,000		3,523,600
Facilities 2,400,000	ADA Upgrades	20,000	ADA Upgrades	20,000
			Facility Condition Assessment	200,000
	Flanders Window and Gutter Repair *	100,000		
			City Hall Shingles and Windows *	500,000
	Fire Station Window Upgrades *	20,000		
	Police Station / Public Works Architecture - Design *			
	Picadilly Restroom Construction *	600,000		
Back-up Generator Transfer Switch for City Hall and Vista Lobos	200,000			
	940,000		720,000	
Forest/Park/Beach 14,775,000	Sand Ramp 8th Avenue Repair Project - Design and Permitting*	0	Sand Ramp 8th Avenue Repair Project - Construction *	2,000,000
	North Dunes Habitat Restoration Area - Invasive Species Removal	200,000	North Dunes Habitat Restoration Area - Planting	100,000
	Shoreline Infrastructure Repairs *	200,000		
	Carmel Beach Climate Adaption & Coastal Resiliency Program - Studies, Design, CEQA	650,000	Carmel Beach Climate Adaption & Coastal Resiliency Program - Implementation	300,000
	4th Ave Outfall - Design *	900,000	4th Ave Outfall - Permitting	0
	Mission Trail Nature Preserve - Stream Restoration/Trail Resiliency Design *	175,000	Mission Trail Nature Preserve - Stream Restoration/Trail Resiliency Permitting *	400,000
	2,125,000		2,800,000	
Project Management 5,267,403	CIP Contingency	600,000	CIP Contingency	600,000
	Project Managers (3 FTE)	690,522	Project Managers (3 FTE)	707,785
	1,290,522		1,307,785	
Fleet 1,010,000	PW Water Truck (1994 Ford SD)	125,000	PW EV Truck (2005 Ford LCF)	125,000
	PD Patrol Vehicle EV (2019)	75,000	PD Dectective Vehicle EV (2017)	75,000
	PD Parking Vehicle EV (2014)	45,000	PD Patrol Vehicle EV (2020)	75,000
			PW Backup Portable Generator	90,000
	245,000		365,000	
Years 2-5 CIP \$41,812,019	Total Year 2	\$10,226,522	Total Year 3	\$9,431,385
	Carryover Budget from Prior Years	(1,525,000)	Carryover Budget from Prior Years	(70,000)
	FY 2027/2028 Budget Need	\$8,701,522	FY 2028/2029 Budget Need	\$9,361,385



* Deferred Maintenance

KEY PROJECTS AND FUNDING NEEDS FOR YEARS TWO THROUGH FIVE OF THE CAPITAL IMPROVEMENT PLAN (CIP)

Year 4		Year 5		Years 2 - 5 CIP
FY 2029/2030		FY 2030/2031		
Category/Project	Estimated	Category/Project	Estimated	
Mission Bypass Pipe - Construction *	2,750,000	Drainage Improvement Project - Design *	865,000	Drainage
2,750,000		865,000		7,330,000
Street Improvement Project C - Construction	968,000	Street Improvement Project E - Design *	234,256	Streets
Street Improvement Project D - Design *	212,960	*	1,064,800	
Street Preventative Maintenance Project - Design and Construction *	400,000	Street Preventative Maintenance Project - Design and Construction *	400,000	
Sidewalk Improvement Project - Design *	300,000	Sidewalk Improvement Project - Construction Phase 1 *	700,000	
Children's Library Drainage and Parking Lot Resurface - Construction *	600,000			
2,480,960		2,399,056		11,029,616
ADA Upgrades	20,000	ADA Upgrades	20,000	Facilities
Facility Repairs *	300,000	Facility Repairs *	300,000	
Public Works Roll-up Doors (2) *	100,000			
420,000		320,000		2,400,000
4th Ave Pathway Monte Verde to San Antonio - Design	400,000	Carmel Beach Climate Adaption & Coastal Resiliency Program - Monitoring	150,000	Forest/Park/Beach
Carmel Beach Climate Adaption & Coastal Resiliency Program - Implementation	200,000	4th Ave Outfall - Construction *	2,500,000	
4th Ave Outfall - Permitting and	2,500,000	Mission Trail Nature Preserve - Stream Restoration/Trail Resiliency *	4,000,000	
Mission Trail Nature Preserve - Stream Restoration/Trail Resiliency *	100,000			
3,200,000		6,650,000		
CIP Contingency	600,000	CIP Contingency	600,000	Project Management
Project Managers (3 FTE)	725,480	Project Managers (3 FTE)	743,617	
1,325,480		1,343,617		5,267,403
PW Maintenance Truck (2008 Ford F350)	125,000	PW Maintenance Truck (2012 F250)	125,000	Fleet
PD Patrol Vehicle EV (2016)	75,000	PD Patrol Vehicle EV (2020)	75,000	
200,000		200,000		1,010,000
Total Year 4	\$10,376,440	Total Year 5	\$11,777,673	Years 2-5 CIP
FY 2029/2030 Budget Need	\$10,376,440	FY 2030/2031 Budget Need	\$11,777,673	\$41,812,019



* Deferred Maintenance

OTHER FUNDS

OTHER FUNDS OVERVIEW

The City uses what is known as a “fund” accounting structure, which house and track resources (i.e.: money) that are limited in their use by law or governing agency. The major governmental funds are the General Fund, Measure C and Capital Projects.

DISCRETIONARY FUNDS

The first set of funds listed below are “discretionary”, meaning there are no legal restrictions on their use and can be used at the discretion of Council for services and projects.

General Fund (Fund 101)

Most of the City’s revenues and the expenditure budgets for City services and daily governmental operations are housed within the General Fund (Fund 101) and this is where the majority of the City’s financial activity occurs. The major revenue sources associated with the General Fund include property tax, the City’s share of the statewide sales and use tax, charges for services, franchise fees, business tax, and intergovernmental revenue. These revenues are considered to be general in nature. Throughout this budget document, the General Fund is also referred to as the “Operating Budget” and City financial policy recommends maintaining a reserve at no less than 50% of annual projected operating expenditures.

Hostelry Fund (Fund 102)

This fund is used to house the Transient Occupancy Tax (TOT) which is collected and is intended to fund the portion of the municipal budget covering community and cultural and recreation activities including, but not limited to Sunset Center and the Forest Theater, parks, public facilities and municipal structures, and parking lots; acquisition and improvement of parks, recreation land and other municipal purposes as determined from time to time by the City Council; provided, that all such uses shall be in accordance with the General Plan of the City and General Fund for usual and current expenses.

Measure C Sales Tax (Fund 206)

Carmel voters approved a temporary (10 year) 1% increase in the transactions and use tax in 2012 known as Measure D. On March 3, 2020, voters approved Measure C, which increases the tax to 1.5% for 20 years. Measure C may be used for debt service, capital projects and general City services. Fund 206 is used to house revenue from these tax sources.

RESTRICTED FUNDS

The next set of funds are “restricted”, meaning there are requirements prescribed by the local, state or federal governmental agencies regarding how these funds may be used.

Gas Tax (Fund 201)

This fund is used to house revenues collected in accordance with California Streets and Highway Code.

Transportation Safety (Fund 202)

Measure X, a 30-year 3/8 of one-percent transactions and use tax, was passed by the voters in November 2016 to fund transportation safety and mobility projects in Monterey County. This fund houses dollars for expenditures for eligible transportation safety projects.

COPS Grant (Fund 203)

This fund houses dollars for expenditures for the Department of Justice Community Oriented Policing Services (COPS) grant for public safety. This fund transfers into the General Fund for the Police Department budget.

Parking in Lieu (Fund 204)

This fund is used to house dollars for activities associated with parking in-lieu fees as prescribed by Carmel Municipal Code Section 17.38.040.

Asset Seizure (Fund 205)

This fund houses dollars for expenditures related to asset seizures.

CAPITAL PROJECTS FUND

Capital Projects (Fund 301)

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

DEBT SERVICE FUND

Debt Service (Fund 401)

This fund houses dollars related to the repayment of the Certificate of Participation, Pension Obligation Bond and capital lease obligations

INTERNAL SERVICE FUNDS

Workers Compensation (Fund 501)

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

Other Post-Employment Benefits (OPEB) Liability Reserve (Fund 502)

This fund houses dollars for other post-employment benefits.

Vehicle and Equipment Replacement Fund (Fund 503)

This fund is to set aside to house financial resources for future purchases of replacement equipment essential to the operations of the City. A reserve will be maintained with a target of 10% the total fleet replacement value.

AGENCY FUNDS

Refundable Deposits (Fund 601)

This fund houses monies received that are unearned at the time of acquisition and required to be returned by the City unless they are earned.



PROJECTED FUND BALANCES

Projected Fund Balances June 30, 2026

Fund Description	Audited Fund Balance June 2025	Revenue & (Expenses)	Transfers In & (Out)	Estimated Fund Balance June 2026
Unspendible Prepaid Items	\$14,936	\$0	\$0	\$14,936
Restricted funds				
101 General Fund 115 Trust	4,438,844	-	1,000,000	5,438,844
201 Gas Tax	-	170,993	(170,993)	-
202 Transportation Safety	-	244,137	(244,137)	-
203 COPS	46,425	100,000	(100,000)	46,425
204 Parking in Lieu	788,677	-	-	788,677
205 Asset Seizure	5,838	-	-	5,838
206 Local Measure Sales Tax	-	6,900,734	(6,900,734)	-
401 Debt Service	34,807	(509,100)	509,100	34,807
501 Worker's Comp	-	(127,000)	127,000	-
502 OPEB Reserve	-	-	-	-
503 Veh & Eq Replacement	-	(1,210,000)	1,210,000	-
LIB Library	1,520,824	-	-	1,520,824
Committed funds				
102 Hostelry Reserve	-	9,526,737	(9,526,737)	-
Assigned funds				
101 General Fund Reserve	15,997,900		46,996	16,044,896
301 Capital Projects	4,702,557	(5,109,916)	6,607,359	6,200,000
Unassigned funds				
101 General Fund	17,055,685	(12,667,993)	7,442,146	11,829,838
	\$44,606,493	(\$2,681,408)	\$0	\$41,925,085

Projected Fund Balances June 30, 2027

Fund Description	Estimated Fund Balance June 2026	Revenue & (Expenses)	Transfers In & (Out)	Estimated Fund Balance June 2027
Unspendible Prepaid Items	\$14,936	\$0	\$0	\$14,936
Restricted funds				
101 General Fund 115 Trust	5,438,844			5,438,844
201 Gas Tax	-	183,106	(183,106)	-
202 Transportation Safety	-	247,373	(247,373)	-
203 COPS	46,425	100,000	(100,000)	46,425
204 Parking in Lieu	788,677	-	-	788,677
205 Asset Seizure	5,838	-	-	5,838
206 Local Measure Sales Tax	-	7,023,597	(7,023,597)	-
401 Debt Service	34,807	(518,900)	518,900	34,807
501 Worker's Comp	-	(127,000)	127,000	-
502 OPEB Reserve	-	-	-	-
503 Veh & Eq Replacement	-	(535,000)	535,000	-
LIB Library	1,520,824	-	-	1,520,824
Committed funds				
102 Hostelry Reserve	-	9,764,905	(9,764,905)	-
Assigned funds				
Housing Fund			1,000,000	1,000,000
101 General Fund Reserve	16,044,896		592,038	16,636,933
301 Capital Projects	6,200,000	(7,953,680)	7,953,680	6,200,000
Unassigned funds				
101 General Fund	11,829,838	(10,859,451)	6,592,363	7,562,750
	\$41,925,085	(\$2,675,050)	\$0	\$39,250,035

FINANCIAL POLICIES

BUDGET POLICIES AND GUIDELINES

The budget process for the City of Carmel-by-the-Sea involves the citizens, City Council, and staff. Each person plays a critical role in the development of the budget for the upcoming year. The annual budget and operating plan balance the public service demands of the community with the fiscal resources of the City. It is intended to achieve the goals and objectives established by the City Council.

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 revenue sources meet or exceed expected revenue use. Available funding sources shall be at least equal to recommended appropriations. As a general rule, the year-end Undesignated General Fund Balance should only be used for one-time costs, not to fund ongoing operations such as fulltime employees.

As set forth 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 February 15th 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 July 1st.

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 regards 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.

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balanced set of accounts. The minimum number of funds is maintained consistent with legal and managerial requirements. Annually appropriated budgets are legally adopted on a budgetary basis for the governmental fund types (General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund) 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.

CAPITAL BUDGET POLICY

The City develops an annual five-year plan for capital improvements; it includes project design, development, implementation, and operating and maintenance costs. Each project in the 5-year Capital Improvement Plan (CIP) shows the estimated capital and On-going maintenance costs, known and potential funding sources and a design/development schedule. A capital improvement project is typically a permanent structural change to a property or asset to prolong its life, increase its value, or enhance its capabilities. As used in the CIP, projects include land acquisition, buildings and facilities construction, asset upgrades or large-scale maintenance work and the planning needed to facilitate plans and implementation for infrastructure (for example, the Housing Element), including the cost of project management. These projects do not have a cost threshold. A capital outlay (fixed asset) purchase is any single item or piece of equipment that costs more than \$50,000 and has an expected useful life exceeding one year. The development of the CIP is coordinated with the development of the operating budget. The CIP is a planning document; the City Council appropriates funding for capital projects in the annual operating budget.

Annual operating budgets should provide adequate funds for maintenance of the City's buildings and maintenance and replacement of the City's capital equipment. The City will make all capital improvements in accordance with an adopted and funded capital improvement program. Prior to ratification of the capital budget for the forthcoming year by the City Council, the Planning Commission shall review the capital improvement plan and shall advise the City Council as to its recommendations regarding the proposed capital projects conformity with the City's General Plan in accordance with the Government Code.

Capital expenditures shall be effectively planned and controlled.

Guidelines:

1. The level of capital improvement expenditures, excluding road maintenance program expenditures and lease payments, is established at a minimum of ten percent (10%) of total revenues.
2. Funding for the road maintenance program should improve the pavement condition index.
3. The City shall maintain a Five-Year Capital Improvement Program (CIP), which shall be updated at least annually as part of the budget review process.
4. The City shall annually establish a phasing calendar for capital improvement expenditures.
5. At least ten percent (10%) of the unrestricted funds designated for capital project expenditures shall be set aside for unanticipated expenditures.
6. The City shall conduct periodic reviews of property and facilities to determine the appropriate use and disposition of said property and facilities.
7. The City shall consider the ongoing impact of operations and maintenance expenses before undertaking any capital improvement expenditure.

8. The City shall maintain a capital reserve policy as described in the Capital Project Policy.
9. Public participation in the Capital Improvement Program is a priority concern for the City.
10. All projects included in the Capital Improvement Plan shall be consistent with the City's General Plan.

OPERATING BUDGET POLICY

Operating revenues shall exceed operating expenditures.

Guidelines:

1. Total Expenditures, excluding CIP, shall not exceed 90% of budgeted Revenue.
2. A balanced budget is a budget in which total funding sources meet or exceed uses.
3. Ongoing expenses shall not be funded with one-time revenues.
4. The City shall establish salary adjustments in conjunction with the budget process.
5. The City will seek to comply with suggested criteria of the Government Finance Officer's Association in producing a budget document that meets the Distinguished Budget Presentation criteria.

FINANCIAL POLICIES AND GUIDELINES

The City of Carmel-by-the-Sea has strong financial policies, based on City Council direction, which guide staff toward carrying out sound fiscal planning and continued management of fiscal integrity. The financial policies are divided into five categories: Capital Project Policy, Operating Management, Fund Balance Policy, Debt Policies, and Investment Policies. The City has financial policies that are adopted by the City Council with review every two years during the budget development process. The financial policies help ensure that the City maintains a healthy financial foundation into the future.

The goal of these policies is to promote:

- An extended financial planning horizon to increase awareness of future potential challenges and opportunities;
- Setting aside reserves for contingencies, replacement of capital equipment, and other similar needs;
- Maintaining the effective buying power of fees and charges and increasing cost recovery where directed to do so;
- Accountability for meeting standards for financial management and efficiency in providing services;
- Planning for the capital needs of the City;

- Maintaining manageable levels of debt while furthering quality bond ratings; and,
- Communication to residents and customers on how the community goals are being addressed.

CAPITAL PROJECT POLICY

Capital expenditures shall be effectively planned and controlled. Capital projects that have not been completed by the fiscal year-end will be carried over into the subsequent fiscal year. Fund balance equal to the remaining balance of the uncompleted projects will be reserved.

OPERATING MANAGEMENT POLICY

Operating revenues shall exceed operating expenditures.

Guidelines:

1. The City shall establish internal service funds for the repair, operation, and replacement of rolling stock and data processing equipment.
2. The City shall review the relationship between fees/charges and the cost of providing services at least every three years.
3. The City's fees and charges for services shall be adjusted annually, based upon the San Francisco-Oakland Consumer Price Index.

FUND BALANCE POLICY

The Fund Balance Policy is designed to develop standards for setting reserve levels for various, significant City funds. Adequate fund balance and reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength. The City shall maintain reserves at a prudent level and shall use reserves appropriately with a focus on contributing to the reserves in good times and drawing on the reserves in times of difficult budget periods to maintain a consistent level of service and quality operations. Use of reserves is meant to supplement the annual budget.

Guidelines:

1. General Fund reserves shall be maintained at no less than fifty percent (50%) of annual projected operating expenditures.
2. The City shall maintain prudent reserves for operating liabilities and debt service.
3. A Vehicle Replacement reserve will be maintained sufficient to replace vehicles and heavy equipment at the end of their useful lives, with the target being 10% of the total City fleet replacement value.
4. Technology equipment replacement reserves will be maintained sufficient to repair covered equipment and for replacement at the end of its useful life.

5. The City will maintain a long-term budget stability reserve consisting of any Unassigned General Fund Balance. When available, the year-end General Fund operating surplus will be dedicated to the long-term budget stability reserve.
6. Net proceeds from the sale of City owned property will be dedicated to the general capital reserve. Funds in the general capital reserve will be allocated through the budget process for capital projects.
7. Reserves shall be used only for established purposes.
8. Depleted reserves shall be restored as soon as possible.
9. The City shall maintain reserves required by law, ordinance and/or bond covenants.

DEBT POLICY

The City considers the use of debt financing for one-time capital improvements that benefit the residents of Carmel-by-the-Sea when the term of the financing is no longer than the project life, and when specific resources are found to be sufficient to provide for the debt. Use of long-term debt is limited to capital projects or special projects or obligations that cannot be financed from current revenues. The City has traditionally kept annual debt service payments to less than 5% of the budget.

Use of Long-Term Debt Policy

The City recognizes that it may need to enter into long-term financial obligations to meet the demands of providing a high-quality level of government services to our community. The following long-term debt policy sets the considerations for issuing debt and provides guidance in the timing and structuring of long-term debt commitments by the City.

General Practices:

1. The City will strive to maintain good relations with credit rating agencies, investors of the City's long-term financial obligations and those in the financial community that participate in the City's financing and demonstrate City officials are following a prescribed financial plan. The City also will strive to maintain and, if possible, improve its current AA+ bond rating in order to minimize borrowing costs and preserve access to credit. The City will follow a policy of full disclosure by communicating with bond rating agencies to inform them of the City's financial condition.
2. Bond issue proposals are to be accompanied by an analysis defining how the new issue, combined with current debt, impacts the City's debt capacity and 82 FINANCIAL POLICIES conformance with City debt policies. Such analysis shall include identification of the funding source, an assessment of the ability to repay the obligation, the impact on the current budget, commitments to future budgets,

maintenance and operational impact of the facility or asset and the impact on the City's credit rating, if any.

3. City Council must review such analysis, including existing debt level, ability to pay debt service, impact on City services, and make a finding that use of debt is appropriate.
4. Debt service costs (COP, Lease Purchase Agreements and other contractual debt that are backed by General Fund Operating Revenues) are not to exceed 25% of the City's General Fund operating revenues.
4. The City recognizes that it is of the utmost importance that elected and appointed City officials, and all others associated with the issuance of City debt, not only avoid the reality of a conflict of interest, but the appearance thereof as well. City officials must conduct themselves in a fashion consistent with the best interests of the City and taxpayers.
5. Bonds will be sold on a competitive basis unless it is in the best interest of the City to conduct a negotiated sale. Competitive sales will be the preferred method. Negotiated sales may occur when selling bonds for a defeasance of existing debt, for current or advanced refunding of debt, or for other appropriate reasons.

The City will consider the issuance of long-term obligations under the following conditions:

1. The City will use debt financing for one-time capital improvement projects and specific non-recurring equipment purchases or refunding of existing liabilities, and only under the following circumstances:
 - a. When the project is included in the City's adopted five-year capital improvement program (CIP) and is in conformance with the City's adopted General Plan.
 - b. When the project is not included in the City's adopted five-year capital improvement program (CIP), but the project is an emerging critical need whose timing was not anticipated in the five-year capital improvement program, or it is a project mandated by State or Federal requirements.
 - c. When the project's useful life, or the projected service life of the equipment, will be equal to or exceed the term of the financing.
 - d. When there are designated General Fund revenues sufficient to service the debt, whether from project revenues, other specified and/or reserved resources, or infrastructure cost-sharing revenues.
 - e. Debt financing (other than tax and revenue anticipation notes) is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.
2. The City will follow all State and Federal regulations and requirements related to bonds and debt financing instruments regarding bond provisions, issuance, taxation and disclosure.
3. Costs incurred by the City, such as bond counsel and financial advisor fees, printing, underwriter discount, and project design and construction costs, will be charged to the bond issue to the extent allowable by law.
4. The City will monitor compliance with bond covenants and adhere to federal arbitrage and disclosure regulations.

5. The City shall continually review outstanding obligations for opportunities to achieve debt service savings through refunding and shall pursue refinancing when economically feasible and advantageous.

Debt Limit

The City will keep outstanding debt within the limits prescribed by State of California statutes and at levels consistent with credit objectives. California Government Code provides that “a city may incur indebtedness for any municipal improvement requiring an expenditure greater than the amount allowed for it by the annual tax levy” (43602). A “city shall not incur an indebtedness for public improvements which exceeds in the aggregate 15 percent of the assessed value of all real and personal property of the city. Within the meaning of this section "indebtedness" means bonded indebtedness of the city payable from the proceeds of taxes levied upon taxable property in the city” (43605). The limit is relative to the principal amount of bonds sold and delivered (43606). The City of Carmel-by-the-Sea, Policy No C94-01 establishes “the City’s debt shall not exceed predetermined levels.” The guideline in that policy is that “the City’s debt service level shall not exceed eight and one- fourth percent (8.25%) of total expenditures.

INVESTMENT POLICY

The City will maintain adequate cash availability and yield on invested idle funds while insuring that invested monies are protected. Municipal monies not required for immediate expenditure will be invested. The Carmel Municipal Code requires the City Administrator to prepare investment policies and guidelines for adoption by the City Council. The adopted investment policy follows.

Policy

In accordance with the Municipal Code of the City of Carmel-by-the-Sea and under authority granted by the City Council, the City Treasurer is responsible for investing the unexpended cash in the City Treasury. The investment of the City of Carmel-by-the-Sea funds is directed to the goals of safety, liquidity and yield, in that order. The authority governing investments for municipal government is set forth in the California Government Code, Sections 53601 through 53659. The primary objective of the investment policy of the City of Carmel-by-the-Sea is SAFETY OF PRINCIPAL. Investments shall be placed in those securities as outlined by type and maturity sector in this document. Effective cash flow management and resulting cash investment practices are recognized as essential to good fiscal management and control. The City’s portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law. Portfolio management requires continual analysis, and as a result the balance between the various investments and maturities may change in order to give the City of Carmel-by-the-Sea the optimum combination of necessary liquidity and optimal yield based on cash flow projections.

Scope

The investment policy applies to all financial assets of the City of Carmel-by-the-Sea as accounted for in the Annual Financial Report. Policy statements outlined in this document focus on the City of Carmel-by-the-Sea's pooled funds, but will also apply to all funds under the City Treasurer's control unless specifically exempted by statute or ordinance.

Prudence

The standard to be used by investment officials shall be that of a "prudent person" and shall be applied in the context of managing all aspects of the overall portfolio. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, direction and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. It is the City's full intent, at the time of purchase, to hold all investments until maturity to insure the return of all invested principal dollars.

Safety

Safety of principal is the foremost objective of the City. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker- dealer default, or from erosion of the market value.

Liquidity

Historical cash flow trends are compared to current cash flow requirements on an ongoing basis in an effort to ensure that the City's investment portfolio will remain sufficiently liquid to enable the City to meet all reasonably anticipated operating requirements.

Yield

The investment portfolio should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified within the financial statements.

Performance Evaluation

Investment performance is continually monitored and evaluated by the City Treasurer. Investment performance statistics and activity reports are generated on a monthly basis for presentation to the City Administrator and City Council.

Delegation of Authority

For short-term investments, the Administrative Services Director has authority to make transfers to and from the City's Local Agency Investment Funds (LAIF) account in order to maximize interest earned and meet cash flow requirements. The transfers are made to and from the City's general checking account to the LAIF account, with a minimum balance maintained in the general checking account to meet daily cash requirements.

The City Treasurer is responsible for investment of all unexpended City funds as per California Government Code section 41000 et seq. The City Treasurer makes long-term investments after review and approval by the Administrative Services Director and the City Administrator.

Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with the proper execution of the investment program, or impairs their ability to make impartial investment decisions. Additionally, the City Treasurer and the members of the investment committee are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC).

Safekeeping of Securities

To protect against fraud, embezzlement, or losses caused by a collapse of an individual securities dealer, all securities owned by the City shall be held in safekeeping by a third party bank trust department, acting as an agent of the City under the terms of a custody agreement or PSA agreement (repurchase agreement collateral). The third party bank trust department must have safe keeping as a professional business line with expertise in this particular service area. All trades executed by a dealer will settle Delivery vs. Payment (DVP) through the City's safekeeping agent. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings. All exceptions to this safekeeping policy must be approved by the City Treasurer in written form and included in quarterly reporting to the City Council.

Internal Control

Separation of functions between the City Treasurer's Office and the Administrative Services Department would be an ideal situation. Time and necessity, however, dictate a different approach. Due to the lack of personnel dedicated to the investment function alone, a proper balance must be maintained between Treasury activities and Administrative Services Department functions. The City Treasurer will make the appropriate arrangements to buy and sell securities that are deemed permissible by the Laws of the State of California as time permits. The Administrative Services Director and/or City Administrator will have the power as granted under the section titled Delegation of Authority in the absence of the City Treasurer. The City Administrator will

have the authority to enter into agreements on securities so long as written policies set by the City Treasurer and State Legislature are followed.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Administrative Services Director on a monthly basis. An independent analysis by an external auditor shall be conducted annually to review internal control, account activity, and compliance with government policies and procedures.

Reporting

The City Treasurer shall review and render monthly reports to the City Administrator and the City Council, which shall include the face amount of the cash investment, the classification of the investment, the name of the institution or entity, the rate of interest, the maturity date, and the current value and accrued interest to date due for all securities.

Qualified Broker/Dealers

The City shall transact business only with banks and broker/dealers that are properly licensed and in good standing. The Administrative Services Director and the City Treasurer shall investigate dealers who wish to do business with the City to determine if they are adequately capitalized and if they market securities appropriate to the City's needs.

The City Treasurer shall annually send a copy of the current investment policy to all broker/dealers approved to do business with the City. Confirmation of receipt of the City's policy by the broker/dealer shall be considered evidence that the broker/dealer understands the City's investment policies and intends to sell the City only appropriate investments authorized by this investment policy.

Collateral Requirements

Collateral is required for investments in certificates of deposit. In order to reduce market risk, the collateral level will be at least 110% of market value of principal and accrued interest.

In order to conform with the provisions of the Federal Bankruptcy Code that provide for liquidation of securities held as collateral, the only securities acceptable as collateral shall be certificates of deposit, commercial paper, eligible banker's acceptances, medium term notes or securities that are the direct obligations of, or are fully guaranteed as to principal and interest by, the United States or any agency of the United States.

Authorized Investments

Investment of City funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized as further limited herein:

1. United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable but current market conditions and interest rate projections may call for shorter terms.
2. Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, may be used up to the maximum permitted by the California State Law. LAIF is a demand account, so no maturity limitation is required.

Investments detailed in items 3. are further restricted to percentage of the cost value of the portfolio in any one-issuer name to a maximum percentage of 15%. The total value invested in any one issuer shall not exceed 5% of the issuer's net worth. Again, a five-year maximum maturity is applicable unless further restricted by current policy. Market conditions should be evaluated as an important consideration and may indicate a shorter maturity.

3. Negotiable certificates of deposit issued by nationally or state chartered bank or state or federal savings institutions. Negotiable certificates of deposit shall be rated in a category of "A" or its equivalent or better by two Nationally Recognized Statistical Rating Organizations. Purchases of negotiable certificates of deposit may not exceed 30% of the total portfolio. A maturity limitation of up to five years is applicable after considered evaluation of the financial markets.

Ineligible investments are those that are not described herein, including, but not limited to, common stocks and long term (over five years maturity) notes, bonds, and time deposits, unless specifically allowed both by state law and City Council approval. It is noted that special circumstances may arise where these methods of investment may become necessary. When this becomes necessary, the City Council will be asked to take the appropriate action to ratify the means of investment necessary, provided that it is allowable by California Code.

Legislative Changes

Any State of California legislative actions that further restrict allowable maturities, investment type, or percentage allocations will supersede any of the material presented herein. In this case, the applicable law will become part and parcel of this investment policy.

Interest Earnings

All moneys earned and collected from investments authorized in this policy shall be allocated monthly to the General Fund and various special funds of the City that legally

require interest proration or when City Council action dictates such proration. This distribution will be based on the cash balance in the fund as a percentage of the entire pooled portfolio.

Policy Review

The City of Carmel-by-the-Sea's investment policy shall be approved by resolution of the City Council. This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and yield, and its relevance to current law and financial and economic trends. Any amendments to the policy, other than State and Federal laws that automatically supersede the relevant sections shall be forwarded to the City Council for approval by resolution.

Detail of Expenditure Adjustments Through Budget Development

Department	Description	(a) Original Budget Ask	(b) Pre- Workshop Cuts	(a) + (b) = (c) Draft Budget	(d) Post- Workshop Increases	(c) + (d) Final Budget
Forestry	Contract Services- tree maintenance	\$ 600,000	\$ (300,000)	\$ 300,000	\$ 300,000	\$ 600,000
Forestry	Contract Services- fuel mitigation projects	300,000	(150,000)	150,000	150,000	300,000
Forestry	Contract Services- landscaping maintenance	250,000	(50,000)	200,000	50,000	250,000
Attorney	Seek more focused legal council utilization	442,000	(47,000)	395,000	-	395,000
Plan/Build	Digitization, consultants	85,000	(45,000)	55,000	45,000	100,000
Finance	Fewer TOT and sales tax audits	30,000	(17,500)	12,500	-	12,500
Police	Look for grants for safety equipment & supplies	18,750	(12,750)	6,000	-	6,000
Council	Reduce charitable grants	36,000	(11,000)	25,000	-	25,000
Comm Activities	Holiday decorations	12,900	(5,400)	7,500	5,400	12,900
Human Res.	Records digitization	10,000	(5,000)	5,000	5,000	10,000
Human Res.	Less records digitization	10,000	(5,000)	5,000	-	5,000
Human Res.	Employee appreciation expenditures	18,500	(3,500)	15,000	3,500	18,500
Comm Activities	Fewer and smaller advertisements	7,425	(2,425)	5,000	-	5,000
Information Tech	Seek reduced software subscription costs	227,830	(22,783)	205,047	-	205,047
Environmental	Seek contract services reductions	56,250	(21,750)	34,500	-	34,500
Street Maint.	Seek contract services reductions	20,000	(10,000)	10,000	-	10,000
City Facilities	Seek contract services reductions	643,200	(64,320)	578,880	-	578,880
City Clerk	Less records digitization	5,000	(5,000)	-	-	-
Street Maint.	Reduced materials and supplies	89,000	(8,900)	80,100	-	80,100
Street Maint.	Reduced tool and equipment purchases	12,000	(1,200)	10,800	-	10,800
Public Works	Reduced office supplies	6,600	(1,600)	5,000	-	5,000
City Facilities	Reduced office supplies	80,500	(8,050)	72,450	-	72,450
Administration	Conferences and trainings	7,700	(3,900)	3,800	3,900	7,700
Human Res.	Employee trainings & education	1,000	(500)	500	500	1,000
Information Tech	Conferences and trainings	10,000	(2,500)	7,500	2,500	10,000
Public Works	Conferences and trainings	13,500	(3,000)	10,500	3,000	13,500
Human Res.	Human Resources conferences and trainings	1,800	(1,800)	-	1,800	1,800
Information Tech	IT conferences and trainings	5,500	(1,500)	4,000	1,500	5,500
Council	Conferences and trainings	5,200	(5,200)	-	5,200	5,200
Vehicle&Equip.	Beach rescue vehicle	-	-	-	30,000	30,000
CIP	Storage area for beach rescue vehicle	-	-	-	30,000	30,000
Council	Community Promotions	128,500	(16,000)	112,500	5,000	117,500
Council	Meetings	31,550	(18,600)	12,950	8,000	20,950
Vehicle&Equip.	Animal control vehicle	75,000	-	75,000	(75,000)	-
Econ Dev	Visit Carmel	120,000	(30,000)	90,000	(90,000)	-

FY 26-27 Budget Questions

1. What were the causes behind the 3% rise in the City’s unemployment rate as presented in the FY25 ACFR? (T. Twomey 3/24/26)

The City reports unemployment rates as published by the State of California Employment Development Department (EDD). The City of Carmel-by-the-Sea unemployment rate is 4.3%, below both Monterey County and California rates. It has been recently reported that Monterey County’s unemployment rate climbed to 10.6% in January 2026, almost double the California statewide rate of 5.5%. The exact cause of the rise in the City’s unemployment rate is unknown and most likely a combination of multiple factors such as slowed hiring, high cost of living, and regulatory and wage pressures. A rise in the unemployment rate can sometimes be a statistical anomaly where residents who were previously out of the labor force (retired or living off assets) start looking for work again and are counted as unemployed until they find a role.

2. Is there a granular list of those items that make up the reserved budget dollars for future years? (N. Twomey 3/24/26)

As of June 30, 2025, per the most recent audited financial statements, the fund balance reserves were comprised as follows:

<u>Nonspendable:</u>			
Prepaid items	\$14,936	Nonspendable	<i>Amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.</i>
<u>Restricted:</u>		Restricted	<i>Amounts subject to externally enforceable legal restrictions.</i>
Transportation	46,425		Grant received for the purpose of road & transportation improvements.
Debt service	34,807		Funds set aside for debt payments.
Library	1,520,824		Funds belonging to the Library Special Revenue fund.
Asset seizure	5,838		Funds held according to the rules for seized assets.
Public parking	788,677		Funds held according to the rules for parking mitigation.
Pensions	4,438,844		115 Trust holding funds for payment of the Unfunded Pension Liability.
<u>Assigned:</u>		Assigned	<i>Amounts intended to be used for specific purposes, but do not meet the criteria of restricted or committed.</i>
Operational reserves	15,997,900		Operations reserve held according to City policy.
Capital projects	4,702,557		Unspent portion of approved Capital Improvement Projects.
Unassigned	17,055,685	Unassigned	<i>The residual classification for the general fund; may be positive or negative. In other funds, it represents deficit balances.</i>
Total fund bal.	\$44,606,493		

3. Please provide a breakdown of the major balance sheet accounts as of the end of FY 26-27 (projected) – unassigned fund balance, opex reserve, etc. (Buder 5/5/2026)

With the above audited financial statements as a starting spot, we can begin to project the impact that the budget will have on the fund balance. Based on the significant investments being made in Capital Outlay, an operating deficit of \$2.1 million is forecast for FY 25-26. A further deficit of \$2.2 million is budgeted for the FY 26-27 fiscal year. In addition to these uses of fund balance, the last of five years of \$1 million set-asides to the 115 Trust took place in FY 25-26. The proposed FY 26-27 budget includes a new \$1 million set-aside for a Housing Trust fund. As a result, the net CIP reserve and Available fund balance is forecast to decrease from \$21.8 million as of June 30, 2025 to \$15.4 million as of June 30, 2027.

Projected Fund Balances	
CIP Reserve and Available fund balance as of June 30, 2025 (per financial statements)	\$21,758,242
Projected operating deficit FY 25-26 (per Five Year Forecast)	(2,071,955)
Set aside to fund Unfunded Pension Liabilities ("UAL")	(1,000,000)
Projected Available Fund Balances June 30, 2026	18,686,287
Projected operating deficit FY 26-27 (per budget)	(2,675,050)
Set aside to fund Housing Trust Fund	(1,000,000)
Projected Available Fund Balances June 30, 2027	\$15,011,237

4. Why does the additional \$1M pension mitigation payments end in FY26-27 in the City’s 5-year forecast? (N. Twomey 3/24/26)

For forecasting purposes, FY26-27 included a proposed \$1M contribution to a Housing Trust Fund rather than continuing contributions to the Section 115 Pension Mitigation Trust for Council to consider and provide direction. There is no Resolution that requires the City to make an annual pension mitigation contribution after FY25-26, it was voluntary each year.

5. Not considering Fire and Ambulance, what are we contracting or consulting out? In some cases, would it be cheaper to bring it back in house? (H. Ross 3/24/26)

The City uses approximately 120 contract service vendors throughout its departments. Please see **Exhibit A** at the end of this document for a list with services provided. Most of the City’s contractors are niche services that require highly specific skills which are only utilized by the City for limited periods of time. During the budgeting process, Administration reviews with each Department their need for services and explores whether it can be performed in house or needs support from contractors or consultants.

6. Should the City be considering being self-insured for health insurance? Can analysis be done to see if that would save the City money over insuring out? There may be some risk in being self-insured, but it is worth looking at. (H. Ross 3/24/26)

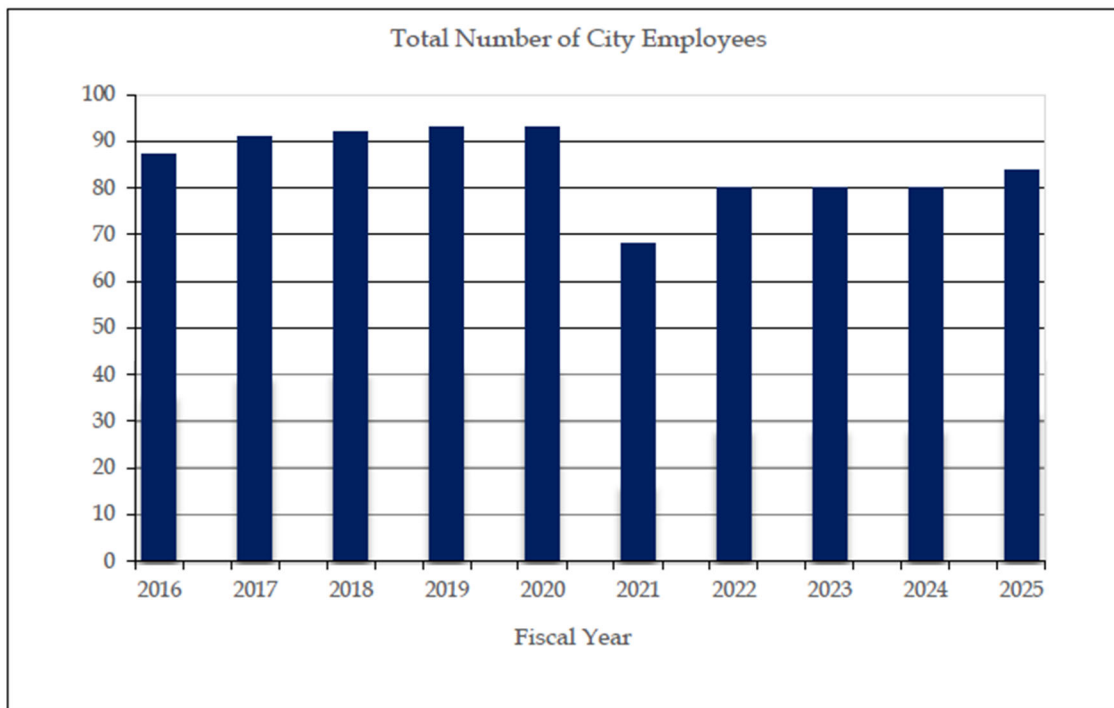
The City’s current health plan expenditure is approximately \$2.3 million, at an average cost of roughly \$26k per employee. With fewer than 100 employees, the City’s risk exposure is significant. We have explored participation in risk pools and JPA healthcare structures, but given our location in one of the more medically expensive regions in the state, we have not qualified for program membership that would mitigate claim risks. The City has explored options over the years and remains committed to continuing to evaluate available options as part of our long term financial planning efforts, and will do so again this year.

- 7. **It would be interesting to see a headcount from 5 or 10 years ago to now to understand have we really added employees or have employee levels stayed the same and we are just adding salaries. (H. Ross 3/24/26)**

City of Carmel-by-the-Sea
Number of City Employees by Department
Last Ten Fiscal Years

TABLE 18

	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



- 8. What if the City Hall property was sold to help contribute to the funds needed to create a City Hall/Police/Public Works building, creating a centralized governmental facility? (? 3/24/26)**

During the Strategic Priorities Planning Session in January, the City Council briefly discussed selling some of its properties, but quickly determined that it was not a priority to begin exploring what this would look like.

- 9. Can we see a commitment by the administration to improve services instead of asking the Council to trade-off services to lower our expenses? How did we survive the same level of services back in 2021 that didn't require a huge amount of increase in expenses? Can we get by with the staffing levels we had in 2021 and what would that impact be? (J. Beck 3/24/26)**

Fiscal Year 2021 was an anomaly due to the immediate response to the pandemic, which included reduced travel, limited in-person interaction, and temporary changes in service delivery expectations. During that period, the City reduced staffing levels and limited expenditures in response to revenue reductions, while demand for certain municipal services also temporarily decreased. As noted in question #7 above, the City has historically operated with approximately 80–90 employees to maintain normal service levels. The expenditure reductions reflected in the proposed budget are not intended to reduce service quality, but rather to reduce or defer certain internal system upgrades, limit the use of third-party contracted services where feasible, and maximize available in-house staff capacity. The City would not be able to operate effectively with 68 employees without significantly increasing reliance on contracted services and external consultants. In practice, this would shift expenditures from in-house staffing to outside service providers in order to meet ongoing operational demands, including tree maintenance, roadway repair and infrastructure maintenance, administration of a high volume of business and residential construction activity, increasing environmental compliance requirements, and other core municipal services that continue to drive workload demands across departments. It is also worth noting that five of the employees that make up the total count are the City Councilmembers. The City will be looking to recategorize these positions so that the total (working) employee count is not overstated.

- 10. How many more years of payments do we have on the Sunset Center 2020 Refunding Lease Revenue Bonds? (Dramov 3/24/26)**

The final debt service payment will be made in the Fall of FY 2033. Therefore, there are seven more annual payments to be made.

- 11. When I think of something that's called deferred maintenance, it is going to be delayed with a certain factor of time. When the City is deferring maintenance, what is your time frame? And why are the same items identified in the budgeted CIP and on the deferred maintenance list? (M. Ruess, 4/6/2026)**

The deferred maintenance list are things that have been deferred in the past that the City has not done and need to catch up on, not things that the City will be deferring more into the future. This

is why you see the same things listed in the CIP because that is the City taking action to do the things that are on the deferred maintenance list. .

12. What happened to the Sunset Center North Lot electrical vehicle project? (A. Dramov 4/6/2026)

A budget of \$100,000 had previously been allocated in the FY 2024–25 Adopted Budget for the Sunset EV North Lot electrical panel upgrade. This amount has been combined into the Vista Lobos EV Charging Station and building electrical panel project and will be carried forward after Vista Lobos is completed.

Design for the Sunset EV North Lot upgrade is approximately 75% complete, but moving the project forward will require finishing the design and obtaining an engineer’s cost estimate. Once the final estimate is available, additional funding will be needed so the project will come back to the City Council for their consideration.

13. Are there any kind of grants that the City could apply for that could help with some of our Beach/Environmental CIP project costs? (A. Dramov & M. Ruess 4/6/2026)

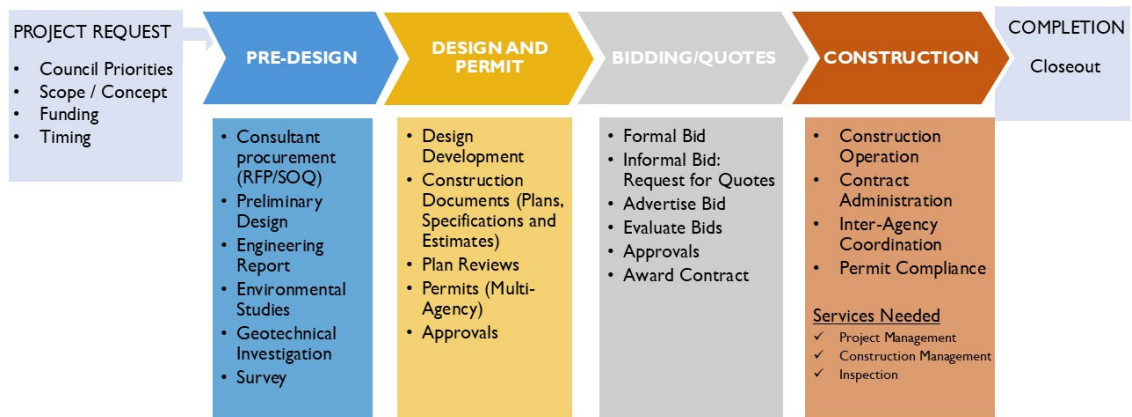
The City has been looking out for grants and have applied for a few, but the City is not qualifying for many of them. We continue to keep our eyes out, while keeping in mind the overhead required to manage these grants as we look for opportunities.

14. Instead of splitting out a project over multiple years, could we do it as a complete project and maybe negotiate the price of the project down? Why defer it? (M. Ruess 4/6/2026)

While it may appear more efficient to complete a project all at once, most public sector capital improvement projects require several phases before construction can begin. These phases typically include project initiation and scoping, pre-design and feasibility analysis, environmental review and permitting, design development, bidding or procurement, and ultimately construction. Each phase also contains multiple supporting tasks such as surveys, engineering, cost estimating, agency coordination, public outreach, environmental compliance, and contract review.

As a result, larger or more complex projects often span multiple fiscal years regardless of whether the construction itself occurs in a single phase. In some cases, projects are intentionally phased to align with available staffing, consultant support, permitting timelines, seasonal construction limitations, or funding availability. While the City always seeks competitive pricing and opportunities to reduce overall project costs through efficient procurement and negotiation, the primary reason for deferring portions of projects is the practical reality that there are limits to how many large-scale projects can be effectively designed, managed, permitted, and constructed at the same time.

Capital Project Delivery



15. **Maybe the City should look at options of selling Flanders Mansion and keeping the land around it before repairing it? (M. Ruess 4/6/2026)**

During the Strategic Priorities Planning Session in January, the City Council identified the potential for selling some of its properties but determined that it was not a priority for the current year.

16. **I was hearing during the meeting that our "Sales Tax Cap" is 9.25. I'm not questioning the 9.25 number itself - as above yet. But is this really a "cap"....or can it be adjusted (as long as it is on a ballot and passed - just like our Measure C)? (N. Twomey 4/9/2026)**

The state collects 7.25% for itself and its programs, and then the State says that cities, counties and districts are allowed to add-on up to another 2%. Thus, the "cap" is 9.25% and cities/counties/districts must share the 2%. That being said, the State does give exemptions from this cap, resulting in some jurisdictions having a sales tax rate as high as 10.5%. In Monterey County, TAMC was given just such an exemption, thus the TAMC measure does not count toward the 2%.

17. **I thought that the .38% - is/was included in our current 9.25 tax rate as above in current/previous years - when it should be separate and not included in this total. (This tax came from a TAMC under measure X - which may or may not be very relevant). But is this tax still being collected separately? or at all? explain please. (N. Twomey 4/9/2026)**

The TAMC 0.375% is still a valid, active tax being collected and remitted to the TAMC program.

18. Is this now reclassified above as "available sales tax of .38%" - really new? or is it that we are simply "claiming it officially" in this forthcoming process? (N. Twomey 4/9/2026)

The municipalities in Monterey County have recently come to understand that the TAMC tax is not a part of the 2%, thus the availability of the 0.375% appears to be "new", even though the taxes are old.

19. If we are simply claiming it for the City (instead of other taxing entities) - why is it needed to be on a ballot? (Because as I see it - we wouldn't be increasing our total sales tax.) (N. Twomey 4/9/2026)

It is a new tax for the City; sort of a "C+" as it is the same process and type of tax as Measure C is. It would increase the total tax rate within the City by 0.375% because the TAMC tax is still in place. Our new sales tax rate would increase to 9.625%

20. If we don't, or any viable taxing entity doesn't, claim this .38% officially via any path - would our Sales tax decrease from .38%? (N. Twomey 4/9/2026)

As stated above, the tax rate does not go down as all the current measures are still outstanding, including the TAMC 0.375%.

21. I'd like to see a detailing of the items listed highlighted in the Operating Expenditure Cuts slide. (Baron, N. Twomey 5/5/2026)

The focus of operating cuts made to achieve the 85/15 goal centers around:

- Slowing down upgrading and modernization projects like digitizing files
- Trimming back the tree program to only slightly more than a maintenance-level of effort
- Reducing landscaping expenditures
- Scaling back climate action initiatives
- Decreasing holiday event expenditures
- Asking Departments to review all contracts with direction to reduce those contract amounts by 10%
- No new Cost of Living Adjustment ("COLA") to salaries for Represented and At-Will employees

See Exhibit B for more detail of the cut made to the proposed FY 26-27 budget.

22. Are Council Members considered employees? City Council receives a stipend and not salaries. (Dramov 5/5/2026)

Although Council Members are not City employees, they are part of our employee/payroll system. They are issued a W-2 and eligible for health, dental, vision, and retirement benefits if they choose to participate. This is why the City has included them as part of our employee number count in all of its budget and fiscal reporting as representing five (5) employees.

23. The Vista Lobos Electrical Panel CIP project is listed at \$560K in the Recommended Budget Book though we saw yesterday an amount of \$295K. Can you clarify the discrepancy? (Buder 5/5/2026)

The City Council approved a not-to-exceed amount of \$350,000 for the Vista Lobos EV Charging Station Project. As part of this action, the Council awarded a \$295,829 contract to GA Technical for the Vista Lobos Electrical Panel Upgrade and EV Charging Stations Project, which is a carryover project from FY 2024–25.

In addition to the contract amount, the project budget also includes:

- \$35,000 for the purchase of EV charging equipment
- \$65,000 for consultant services, including design work, bid and award support, and construction support

This brings the total project cost to approximately \$460,000.

Separately, \$100,000 had previously been allocated in the FY 2024–25 Adopted Budget for the Sunset EV North Lot electrical panel upgrade. This amount has been included along with the above in the project total.

24. Can you provide the total interest and investment income the City is earning on our \$40M fund balance? Can you outline what those funds are invested in and their respective returns profile and some of the constraints on how the money can be invested? (Buder 5/5/2026)

Footnote 2 of the audited financial statements for the fiscal year ended June 30, 2025 outlines the City's investment policies and constraints in detail. In general, the City is restricted to investments with a five year maturity of less, with US Treasuries and Bonds at the long end and bankers acceptances, commercial paper and interest bearing accounts at the short end. During the year, the City kept a small portfolio of laddered investments and moved the rest of its available funds into interest bearing accounts while it evaluates its medium and long-term cash flow needs. At this time, all of the City's funds are earning returns generally in the range of 3.4% to 4.3%.

25. Was the presentation of an 85/15 budget postponed or was it decided not to pursue the 85/15 budget simultaneously with the 90/10 budget? In prior meetings the expectations I understood the ask was to see a 90/10 and a 85/15 version or at least summary - such that a decision could be made by Council that could understand the impact of the deeper reduction in operational expense. The transparency in this would help understand what "give" in this deeper view. (N. Twomey 5/5/2026)

The City carefully reviewed current expenditures and future plans from the bottom up, and has come back with a budget which gives a starting point at 84%. As the 84% base budget is already less than the 85% "alternative", the decision was made that starting with the one budget would be best. The question before the Council now is to evaluate cuts that have been made to date and whether they should remain in place.

26. Can you explain the 85/15 budget approach? (C. Theis 5/5/2026)

It is the policy of the City that no more than 90% of budgeted revenues be spent on operating expenses and at least 10% of budgeted revenues be spent on Capital Outlay. Faced with the need to address \$100 million of deferred maintenance needs, the City Council asked the City to look for additional savings that might move the City closer to a budget where only 85% of budgeted

revenues was spent on operating expenditures. The draft budget being presented shows 84% of revenues budgeted for operating expenses.

27. Do we have the staff capacity to handle the combined carryover and recommended CIP projects (\$10M total) for FY26-27? I would like to have a better sense of staff capacity especially within the capital project arena. (C. Theis 5/5/2026)

Assuming the City is fully staffed, including the proposed Capital Program Manager position, we believe there is sufficient organizational capacity to manage the combined carryover and recommended FY26–27 Capital Improvement Program projects. However, it is important to recognize that “capacity” within a capital program environment does not necessarily mean that all projects will be designed and constructed within a single fiscal year.

Many public infrastructure projects are multi-year efforts due to their size, complexity, permitting requirements, environmental review, consultant coordination, bidding timelines, utility coordination, seasonal construction limitations, and public outreach needs. As a result, the CIP budget reflects projects that may be in different phases simultaneously, including planning, pre-design, environmental review, design, permitting, procurement, or construction. In practice, staff manages a portfolio of projects progressing concurrently through different stages rather than delivering every project to construction completion within the same year.

The CIP budget also reflects the prioritization outlined in the Five Year Plan. Said another way, not all of the projects carried over in the \$10 million total are slated to be completed in FY 26-27.

28. Should we use the Section 115 Trust funds to pay down the CalPERS unfunded pension liability? (Delves 5/5/2026)

The 115 Trust currently provides several benefits:

- The composition of its investments is designed to move in the opposite direction of the retirement system’s investments in order to potentially offset unexpected losses in the primary retirement investment pool.
- The amounts in the trust are available in times of fiscal crisis at the City so that the City can meet its required annual payments.
- In times of underperformance in the primary retirement pool, the required pension contributions can escalate dramatically. The funds in the 115 Trust can be used to cover those significant and unexpected increases.

The decision on if/when to use the Section 115 Trust dollars must be made by the City Council. The City will invite the firm responsible for managing the Trust to share more information on its construction and operations with the Community and the City Council.

29. What is the City’s obligation to the State for the Housing Trust? Are we having to commit a payment to this every year? (Delves/Dramov 5/5/2026)

Program 2.1.D of the adopted Housing Element (and the current draft amendment in process) requires the establishment of an affordable housing trust fund in an effort to establish a City-funded source dedicated to supporting the creation, maintenance, and rehabilitation of affordable units. In other words, the City has committed to establishing the fund. The source of the funding

was not committed to within the Housing Element, just the total amount of \$1 million. The City has no obligation to commit more than \$1 million, and no obligation to pay into the trust on an annual basis. The mechanism for who is eligible and how these funds would be accessed for building affordable housing will be determined through implementation of the program, which will include an ordinance or resolution adopted by the City Council.

30. We're expecting to spend \$2.64 M on the ambulance. How much are we projecting in ambulance revenue? What are the prospects for further increasing ambulance revenue? Can the new found Ambulance revenues be restricted to CIP use? (Buder 5/5/2026)

Based on historic runs and current pricing, the ambulance is expected to earn approximately \$700 thousand on a combination of runs inside and outside of the City. In the current year AMR, the County's carrier, has agreed to pay an additional \$2 thousand for each run outside the City. This adds another \$700 thousand to the budget based on the number of runs historically made, resulting in an annual revenue budget of \$1.4 million. At the same time, those runs outside the City may be diverted back to AMR as they have taken steps to increase their workforce.

A full picture of the ambulance's financial performance as it evolves over time will help the City Council to make sound fiscal decisions. At this time the operations have been recently transferred to the City of Monterey and the new out-of-area service agreement with AMR is just starting. While it is hoped that together the ambulance will be making more runs and will be reimbursed for costs to a greater degree, these changes have yet to be realized and the ambulance will continue to be operating at a deficit.

31. Is the \$150,000 budgeted for fire fuel mitigation work sufficient to cover all of the projects in the draft Fire Defense Plan, including the work contemplated for Mission Trail Nature Preserve, Pescadero Canyon, and the City's designated evacuation routes? (Buder 5/5/2026)

The FDP had an estimate of \$300,000 for fuels work. The proposed \$150,000 budget for fire fuel mitigation work is not sufficient to complete all of the projects and recommendations in FY26/27 that are identified in the draft Fire Defense Plan, including work associated with Mission Trail Nature Preserve, Pescadero Canyon, and the City's designated evacuation routes. However, the funding would allow the City to begin implementing portions of the Plan and address the higher-priority fuel reduction efforts.

It is also important to recognize that the City separately budgets approximately \$300,000 annually for contracted tree maintenance work, including pruning and tree removals, which also supports several of the vegetation management and wildfire risk reduction objectives identified in the Fire Defense Plan. When viewed together, these programs collectively contribute toward implementation of the Plan's goals.

The current funding proposal was developed as a starting point and reflects broader organizational direction to limit increases in operating expenditures where possible. As implementation progresses and priorities are further refined, staff can return to the City Council with additional funding requests or phased implementation strategies if it is determined that more resources are necessary to adequately address the full scope of the Fire Defense Plan.

- 32. How much is in the budget for each of the following categories: tree planting, tree removal, tree pruning, and stump grinding? Please describe the underlying assumptions used to generate those budget numbers (e.g., we have X number of stumps in town, we plan to grind Y of them this fiscal year, and we assume a cost of \$Z for each stump). (Buder 5/5/2026).**

The proposed urban forestry budget should be viewed as a targeted, risk-based maintenance program rather than a fully comprehensive citywide maintenance cycle. The current request reflects organizational guidance to reduce operating expenditures while still addressing the City's highest-priority tree and vegetation management needs. If conditions, emergencies, or Council priorities require additional work during the fiscal year, staff can return to the Council with supplemental funding requests or revised program recommendations.

The proposed budget currently includes approximately \$300,000 for contract tree work. Based on recent work history and local contractor pricing, staff estimates that the majority of the contract tree budget will continue to be directed toward structural pruning activities (more thorough than just removing a dead limb), followed by removals, stump grinding, and replanting efforts. See also the tree question below, as it is reflected in these budgeted plans. Current planning assumptions estimate that approximately 60% (roughly \$180,000 or 80 to 90 trees) of annual contract expenditures may be directed toward pruning work, approximately 25% (\$75,000 or 15 to 20 trees) toward removals, approximately 10% (\$30,000 or 50 to 60 stumps) toward stump grinding, and the remaining portion of 5% (\$15,000 or 50 to 60 trees) toward replanting and establishment activities. In addition, we have \$23,500 for purchasing trees and plants, which staff can plant. However, these percentages are not fixed and may shift significantly during the year depending on operational demands and emergency conditions.

- 33. What are the final numbers on the 3 year tree catch-up plan? How much did we spend in total and what were the outcomes (number of dead trees removed, number of stumps ground, number of poor condition trees pruned, etc.)? How many dead, poor, and very poor condition trees remain to be addressed? (Buder 5/5/2026)**

Based on the City's 2024 inventory, all Dead trees have been removed and Very Poor Trees (VP) sites remain below 60. While pruning for "poor" condition trees was not part of the original budget, we have continued to prioritize the removal of trees that have declined since the last survey. Stump data currently fluctuates as new removals have occurred post-inventory. Because funding was consolidated across dead tree removal in the catch up plan and general maintenance, providing a more granular cost breakdown for can be attributed specifically to the "catch-up plan" is challenging.

- 34. Is the \$75,000 "animal control vehicle" to be used primarily/solely for animal control? What's wrong with the 2009 animal control vehicle? (Buder 5/5/2026)**

The proposed \$75,000 animal control vehicle replacement is intended primarily for animal control operations and related field response activities. The vehicle supports daily operational needs such as responding to animal-related calls for service, transporting equipment and animals when necessary, patrol and enforcement activities, and coordination with public safety and community service functions. Depending on operational needs, the vehicle may also occasionally support other related functions, but its primary intended use is for animal control services.

The existing animal control vehicle is a 2009 model and has reached the point where age, reliability, maintenance costs, and operational limitations are becoming increasing concerns. As vehicles age, the City experiences more frequent repairs, higher maintenance expenditures, increased downtime, reduced parts availability, and decreased reliability for daily field operations. In addition, older vehicles may no longer meet current operational, safety, or efficiency standards expected for field response vehicles.

The replacement request is intended to proactively maintain dependable service levels, reduce long-term maintenance risks, and avoid the operational impacts associated with retaining an aging vehicle beyond its practical service life. The estimated budget also reflects current vehicle market conditions, outfitting requirements, and the specialized equipment often necessary for animal control and field response operations. That being said, the city will and does carefully consider the need against the cost before executing the capital plan.

- 35. The CIP budget includes \$275k for design work for sidewalks, with actual construction occurring in the next fiscal year. Can you give us a rough estimate of how many linear feet of sidewalk is estimated to be replaced in this project over the two fiscal years? (Buder 5/5/2026)**

An estimated 3,000 linear feet of sidewalk is included in the project cost calculation. However, the actual pricing will depend on the bids received when the project is formally bid and awarded, so the current figure remains an estimate and may change. In addition, street conditions vary by location, which can further affect pricing once prospective contractors evaluate the actual field conditions.

- 36. \$2.4M Sand Ramp – Eighth Avenue Repair CIP: Why are we choosing not to follow the Integral Consulting December 2025 Carmel Adaptation Pathways report for this project? Integral's immediate recommendation is for regrading the ramp at the current location, protecting it against potential future erosion with sand redistribution, and monitoring triggers BEFORE moving to the 2045-2060 strategy. This immediate strategy can be handled out of operating expenses. The \$2.4M draft budget book CIP looks to be Integral's 2045- 2060 1-ft SLR redesign and move strategy. (S. Lonergan 5/6/2026)**

Integral Consulting's role is focused on climate change resiliency guidance, but they are not an engineering firm. While we continue coordinating with them, the actual design of the sand ramp must be completed by a licensed engineering firm, as required for shoreline infrastructure projects.

Regarding the sand redistribution, that activity is considered maintenance and operations work related to climate change adaptation and will likely be incorporated into the ongoing maintenance plan for the sand ramp rather than treated as a standalone design task.

Integral's work is to review technical designs to ensure they align with the climate change adaptation program currently under development.

- 37. There has been a significant effort to remove dead/dying trees and remove totem poles (as possible) and stumps - on a 3 year plan. What does this item do to this prior plan? And/or I understand that PG&E has a very aggressive removal/trimming plan as well. How do both of these come together or not? (N. Twomey 5/6/2026)**

The City has finished the work identified in the 3-Year Plan. That being said, there is always more work to do.

The City's plans rarely intersect with those of PG&E, except for dead tree removals. However, their pruning isn't designed for tree health; it typically results in "totem poles" that leave us with more wood to collect and manage.

38. Digitizing files - directly impacts the productivity of all property owners and our planning staff. Is there an impact here...or are the files that remain not in high demand? (N. Twomey 5/6/2026)

There is a small impact, but that was considered when balancing the organizational guidance to reduce operating costs. There will still be some progress on scanning and digitizing, but it will just take two fiscal years to complete the project rather than one. The majority of files remaining to be scanned are documents such as resolutions, contracts, ordinance, etc. There are also old construction plans on the list to be scanned as well. Both of these categories of documents are important, but are not in high demand.

39. In the initial draft of the Budget Book...this includes the 84/16 operations/capital spending as the assumption.

- **Is it fair to assume that if and when the incremental revenue comes in from these new initiatives - that the general guidance is to guide these dollars to more of our Capital Projects backlog?**
- **With any new/incremental funds guided to Capital Projects - can we manage them effectively - especially considering the 2 incremental Project Manager/Engineers and replacement Director of Public Works? (N. Twomey 5/6/2026)**

The Council may choose by adopting a budget policy to directly allocate new revenue sources to Capital Projects. This decision has not been made yet.

Assuming the Project Management team in Public Works is fully staffed, including the proposed Capital Program Manager position, we believe there is sufficient organizational capacity to manage a larger Capital Improvement Program.

40. One of the areas I'm interested in learning more about are the strategies and scope of contract reductions by 10%.

- **Is current contracting centralized by the enterprise or decentralized by department(A)?**
- **If it's decentralized are there standard contract templates being used (B)?**
- **For this initiative, approximately how many contracts are in play and what is the current annual spend on these (C)?**
- **What is the target range of annual savings (D)?**
- **Can you adjust service levels or scope to reduce cost without materially impacting outcomes (E)?**
 - i. **If not, what service level impacts, if any, are anticipated?**
- **What are your strategies (E)?**

i. For example, are there incumbent suppliers with favorable terms that could be renegotiated, should you consider competitive bidding, or might it be a combination of both?

- **Are there opportunities to eliminate redundant or duplicate contracts, consolidate vendors, or standardize terms (E)?**
- **What resources (team, tools, external advisors) are required, and what is the estimated effort and time to implement (E)? (T. Twomey 5/6/2026)**
 - A. Each department is responsible for managing their own contracts once they are in place, which would include renegotiation and searching for new vendors. The processing of contracts however, including invoicing, is centralized through City Administrative Services.
 - B. The City uses a standard contract template for services and standardized guidelines for CIP.
 - C. There are a great diversity of contracts in place. See Exhibit A.
 - D. While a target of a 10% reduction on contracts in total, the true savings to be achieved will come through evaluation of each individual contract's terms and services provided.
 - E. The goal of this initiative is to reduce contract costs and not materially impact outcomes or service levels. There will be a combination of strategies used for this effort. With the number of contracts in place, the primary strategy will be to seek opportunities to negotiate terms. Departments will also be looking at things like possible redundancies of service providers, ways to consolidate services to realize savings, and services that are not currently being utilized. The City believes there are opportunities to eliminate redundant or duplicate contracts, consolidate vendors, or standardize terms.

42. What amount is in the operating budget for watering trees? What is proposed to be done by City staff vs. contractors? Does the City Forester believe that this amount is sufficient to water all newly planted and otherwise vulnerable City trees on a best practices schedule? Recognizing some level of seasonality, what is that approximate schedule (i.e., how many times per week in the wet season vs. dry season)? (Buder 5/8/2026)

There is currently no specific funding allocated for tree watering, as these duties have been absorbed by our sole landscape maintenance worker. In addition to watering, staff manages staking, planting, and irrigation repairs.

43. What is in the budget on CIP projects for quality control? Historically, who has been responsible for overseeing quality control on CIP projects? In other words, who checks on the work to approve final payment? What arrangements are contemplated for FY 2026-2027? (Buder 5/8/2026)

Public Works staff provides project oversight to ensure compliance with all plans and specifications. This includes conducting regular field meetings and oversight during construction. The City does employ a consulting Construction Manager (CM) from time to time as need arises to handle daily on-site construction operation management and quality control in the field. The CM is also responsible for monthly quantity take-offs and quality verification prior to authorizing progress payments. Due to a current lack of dedicated inspection staff and limited internal capacity, we recommend continuing the use of a consulting CM or Inspector to maintain these

essential oversight duties. The City plans to increase these inspection activities in the FY26/27 CIP in order to support a higher level of quality assurance when projects are completed.

44. Do the City's CIP contracts for things like painting, paving, etc. include a retainage provision? (Buder 5/8/2026)

Public Works CIP contracts include a retainage provision.

45. \$3.5M Police Station / Public Works (PS/PW) Design CIP: Is it the case, or would it be best, that the \$3.5M in PS/PW design funding only be committed AFTER we have clear line of sight that we are structured to achieve our housing element's commitments as will be reviewed as part of the 2027 Mid-Cycle Review?

If we commit \$3.5M on a single-use design project, we may lose flexibility to consider this site's highest and best use. For example, the combined Vista Lobos and PS/PW facility location may be a prime candidate location for a public-private-partnership (PPP) project that delivers a new PS/PW facility, parking, and low income housing. There is evidence that properly structured PPPs implemented through a competitive Request for Proposal (RFP) process can reduce municipal financial risk for large city development projects compared to traditional "in-house" design-bid-build methods. Please retain this option until we have a clear line of sight that we are structured to meet our housing element commitments. (S. Lonergan 5/8/2026)

The design of the police station / public works building has been listed as a current project so that the City can get the help of professionals to identify ideas and consensus. This opinion will be considered in that process.

46. The annual cost difference for Carmel to fund CalPERS benefits versus what private sector employers contribute in Social Security payroll taxes is presently about \$4 Million per year. That alone represents over 10% of Carmel's annual revenue. That includes:

1. 6.9% interest Carmel pays on our \$29+ Million UAL (\$2+ Million)
2. the \$1 Million Section 115 Contribution, which seems to be terminating after FY26 in favor of a \$1 Million Carmel subsidy for affordable housing
3. the difference between CalPERS employer payroll tax contributions versus what private sector employers pay in social security payroll contributions
4. annual OPEB contributions

Over ten years that is \$40 Million, which could fund a new Police Station.

CalPERS Pension costs and benefits are said to be on average 4 times greater than the social security benefits that private sector employee retirees receive. That is grossly unfair to us private sector employees and retirees who in fact fund most of the those CalPERS Pensions and OPEB via our property taxes, sales taxes and TOT.

Three related Questions:

1. The \$1 Million contributions to the Section 115 Trust (total \$5 Million) and now for Affordable Housing are being paid by restricting prior years' accumulated net

reserves. Why are those Section 115 contributions not by being funded via the current years' operating costs?

2. Carmel appears to have \$40+ Million in cash and investments on our Balance Sheet. Why not pay off the \$29 Million UAL and save the 6.9% interest? It appears that the interest/investment income being earned on the \$40+ Million is significantly less than the 6.9% Carmel is paying on the UAL loan from CalPERS.
3. What is being done to address the cost of CalPERS Pensions and OPEB, and the disparity that exists between Government Employees and Private Sector Employees? Why can't the CalPERS Plan be terminated and replaced by Social Security? (D.Quinnert 5/9/26)

The Section 115 Trust and assignment to a Housing Fund are not expenses, but the City and Council could choose to spend less on Operating Expenditures and Capital Outlays in order to have more fund balance available to fund these set-asides.

While cash could be used to pay down pension debt, it would then not be available to pay for deferred maintenance. In addition, the 6.9% "interest rate" on the pension liability is actually the current base rate of return or crediting rate calculated by the pension, but the investments in the pension pool are earning a return that is greater than 6.9%.

Significant pension reforms were put into place, resulting in current benefits which are not accruing unfunded liabilities. Additional reforms could be considered but the City would still be liable for all benefits earned to date.

47. I have asked the following questions in writing via email for the past ten years to the broader City Council for which I have not had the courtesy of a response.
 - a. Why does it take 9+ months every year to release the prior years' Audit Report? The largest publicly held corporations in the world release their numbers to shareholders well within 60 days after the close of their fiscal year. It is very challenging to properly manage a business when audited financial statements are not available for so many months.
 - b. Why are quarterly budget updates not provided to residents? Without this information, Residents cannot exercise oversight over the financial management of our City.(D.Quinnert 5/9/26)

The audit begins before the fiscal year has ended, but certain grants, taxes and other accruals require time after the end of the fiscal year to be quantified and recorded. That being said, nine+ months is not the time frame in which the report should be released. The City will be working closely with its external audit team to encourage a more rapid release of the audit.

Most cities utilize a mid-year budget review process. This year the City moved to a tri-annual review, giving the public its first look at operations sooner and giving a second look in time to adjust as needed. In addition, the City is working on ways to provide ongoing reporting that will enhance Fiscal Transparency.

48. Another area where I have been asking questions, albeit without response, over the past 11 years is in regard to transparency. I am not at all suggesting any underlying

concerns or other motivation, just simply more and better data that would aid in financial oversight.

That said, my questions are as follows:

- a. **There is no detail associated with Other Income, which is a significant amount estimated to be nearly \$5 Million. Apparently that broadly includes: Various Fees and Licenses, Ambulance Income, and Interest and Investment Income. I am particularly interested in the amount of interest and investment income relating to the \$40+ Million in cash and investments noted on the Balance Sheet. Also, can that detail routinely be provided going forward?**
- b. **How much does the City invest in the Sunset Center annually? I know it minimally includes \$750K in cash, but probably includes some Public Works staffing and some out-of-pocket maintenance expenses.**
- c. **CalPERS Pension and OPEB Costs are the big issue for me. Those costs include the loan interest, Section 115 Trust, employer payroll tax contributions, and OPEB contributions. Some of them are separately noted in the Financial Notes of the ACFR, but can those costs be summarized together someplace in the ACFR so that the uninformed reader can see the extent of those costs included in the City Budget?**
- d. **Carmel Cares is providing and contributing services to the City which are very important to our community and beyond invaluable. In fact, those services relieve the City of the cost of providing those services in the annual operating budget. How much does the City save annually because Carmel Cares is providing those services free of cost?**

I would appreciate if these questions are included in the Budget Workshop Meeting on May 12.(D.Quinnert 5/10/26)

- a. Page 15 of the budget book outlines the major categories of Other Income. Once the budget is finalized, the end of the book will have the accounts in detail, as can be seen in the FY 25-26 budget book (page 96 last year). As mentioned in the various Q&A answers above, the City is generally being much more aggressive in its Other Income assumptions.
- b. In addition to the annual contribution of \$750 thousand per year, the City has a number of CIP projects in and around the Sunset Center. The City does not track facilities management time by location, but its staff do work with the Sunset Center's facilities staff.
- c. Although the form and content of the ACFR are uniformly structured across all cities, we will work with the auditors who issue the ACFR to see what can be done.
- d. The City makes an annual disclosure of the donations received from Carmel Cares including their time. The last declaration (provided by Carmel Cares in June of 2025) noted \$252,097 of value provided and 8,576 hours of volunteer service.

50. Budget Policy: Although it is commendable that the City staff has been able to look at ways to lower Operational Expenditures to 84% of the Revenues, it is not clear what each source of those reductions is. Please explain the specific items. If the intent is to go forward with a policy of 85 / 15 vs the current 90/10 policy, my recommendation is to establish the budget with 15% of Revenue for Capital Outlay Expenditures. The proposed budget shows 22% of Revenue at \$ 8,503,680 which does not seem like a

realistic allocation. Why not set up a target of 15% of Revenue at \$5,857,911 for Capital Outlay Expenditures?(M. Rengifo-Ruess 5/9/26)

See the discussion of current year budget cuts, the discussion of the \$9 - 10 million annual CIP Plan and the discussion of decreasing available fund balance in the previous Q&A above. The City Council must determine their priorities and fund them with the resources that are available or could be available.

- 51. Expenditures: A significant work at reaching an 84% of the Revenue, but it is unclear how that level was achieved. Please provide details of what was reduced, by how much and with what impact to the operations.**

Additionally, seems some expenses have been identified yet no detail has been provided. Please provide some information regarding:

- a. \$1.2 Million for support for the operations of the Sunset Center and other economic development activities**
- b. Pension expenses total \$3 million, or 7%, of the budget and only include the annual required unfunded pension liability premium (M. Rengifo-Ruess 5/9/26)**

See detail of suggested cuts discussed in Q&A above. The detail of \$1.2 million of Economic Development is included in the budget book at page 33. The largest expenditure is that of the sunset center contribution, followed closely by SeeMonterey. The \$3 million pension expense in the budget is this year's required minimum contribution to continue paying down the unfunded liability related to past pension grants.

- 52. Revenues: It is clear what our three big sources of revenue are: TOT, Sales & Use Tax, and Property Tax. I think it is an imperative for the City to find ways to increase both TOT and Sales & Use Tax for the following fiscal year. My question is: what tools are we using to estimate the growth? They seem very conservative. Also, in the category of Other representing a 13% of the Budgeted Revenues we describe that it includes Interests and Investment Earnings. Please provide the details what those are. How is the city investing? What Interest is the city generating? etc.(M. Rengifo-Ruess 5/9/26)**

The City is looking at housing price indicators and trends and talking with industry experts. While the assumptions appear to be conservative, they are more aggressive than other cities in the state are using. At the same time, these revenue sources are very volatile and some level of caution is sound fiscal practice. See above discussions regarding Other Income (including Ambulance) and Investment Income.

- 53. Capital Improvement Plan: Not clear how an increase to \$8,503,680 in the Capital Improvement Plan is going to be implemented. Questions:**
- a. Does the City have the required staff to implement all the items listed?**
 - b. Can the City use all the allocated budget within the Fiscal year 2026/2027?(M. Rengifo-Ruess 5/9/26)**

The City is proposing to increase the project management staffing to a level that is three times that of the current year. As discussed in the previous Five Year Forecast and CIP workshop, the \$8.5 million budget is based on a plan that the City has for the specific projects that can be completed in the coming year.

- 54. Unassigned General Fund Balance: The current unassigned fund balance is approximately \$18 million at the end of FY 25-26. Contributions to the 115 Pension Trust are reflected as a restriction of unassigned fund balance. After five years of contributions to the 115 Unfunded Pension Liability Trust, the City is proposing that the \$1 million that had in the past been contributed to the trust instead be Committed by the City Council to a Housing Trust. Please explain:**
- a. What is the Housing Trust? How long is the City going to allocate the \$1M? Is this a recurring funding item or a one time?**
 - b. Why stop the contributions to the 115 Pension Trust? This is a liability that would be best managed if reduced or eliminated. (M. Rengifo-Ruess 5/9/26)**

The concept of the Housing Trust originates in the City's Housing Element. Please see Question 29 above.

The Unfunded Pension Liability still has a number of years of expected payments before it is paid down. The 115 Trust continues to be a vital tool in the management of that liability and its fluctuations, but in the spirit of trying to make as many resources available to CIP as possible, it was suggested that a further reserve of fund balance be put on hold.

55. Other sources of Revenue

I recommend we as a community, with the support of our businesses and residents, continue to look at other sources of revenue such as:

Increase in TOT

Increase in Sales & Use Tax

Establish Pay Parking

Consider a Vacancy tax on empty homes (or similar mechanism)

(M. Rengifo-Ruess 5/9/26)

With deferred maintenance of \$100 million and a forecast Capital Outlay Five Year Plan of \$9 - \$10 million per year, the City will need to look for resources along with spending cuts.

- 56. At the end of the Proposed Budget, the "fund" accounting structure is mentioned. What are the 2025-2026 year end balances for all of the funds mentioned on pages 69-71, and what would the anticipated 2026-2027 year end balances be under the proposed budget? (Baron 5/9/2026)**

See previous #2 and #3 Q&A response regarding fund balance and the reduction in fund balance as the City continues to spend more than it receives.

57. There is a new position called a “Capital Program Manager” with a salary range of \$153,845 to \$187,000 per year. What is the salary range of the project manager position? What is the salary range of the Public Works department head? (Baron 5/9/2026)

The current project manager salary range is \$130,456.28 - \$158,546.00

The new CIP Manager’s salary range is \$153,845 - \$ 187,000

The public works directors salary range is \$197,417.61 - \$239,962.63

The salary range for the new CIP Manager was determined by market median for municipal engineer type classifications, which traditionally oversee CIP programs. This is also in line with Council’s long standing compensation philosophy of market median.

58. Where are we in the forest [rehabilitation/replanting/maintenance] program, and how specifically will this forest management effort be affected by these cuts?(Baron 5/9/2026)

See previous Q&A response outlining the fact that the Three Year Catchup plan has been completed, leaving the City in a stronger position to continue maintenance efforts.

55. I am personally no longer OK with the significant under estimation of the sales tax and TOT revenues that we’ve seen year after year.

If you are intentionally counting on the upside actual revenue to feed the unassigned reserves - that is one thing. Or to cover for overages. If yes, say so.

However statements including assumptions that sales are flat because of online shopping - is like comparing apples to caviar. What is sold here doesn’t have the benefit the Carmel setting and experience (mostly food/bev) and unique products (art, furnishings, etc)... and is not what is available online.

And however the TOT has over delivered consistently year after year...and this budget estimate only uses 2.5 % increase. When They’ve been delivering over 5% predictably.

I’m frustrated with this routine under estimating of revenue. What am I missing? I’m all ears. (N. Twomey 5/12/26)

Regarding Sales Tax

The forecast is based on measures provided by a third party who specializes in analyzing sales tax. The recent discussions around revenue sources are supplying little bits of data that underlie the larger industry analysis. It is important to note that sales tax comes to the City from two sources: the Statewide pool (known as Bradley Burns) and the local measure (known as Measure C). These two sources bring revenue to the City based on differing sets of rules, with the Bradley Burns revenues increasingly reflecting only local sales and Measure C tracking remote sales as well as local. It is Measure C, the local measure, that brings back the benefit of large remote purchases (like cars) and internet sales to the City, thus capturing a larger pool of revenue.

Regarding TOT

The City doesn't have all the reporting periods in yet, so the forecast reflects eight months of actual receipts and four months of unknown. Based on initially very low projections, the continued global uncertainty and the very quiet December - February that was seen around the City, the forecast was increased by a moderate amount for the remainder of the year. There has been discussion around aggressive forecasts received from the local industry. These forecasts differ significantly from previous forecasts received and are not consistent with the December to February actual experience. Therefore the City is choosing a path down the middle for its current forecast, significantly more than the prior forecast for a decrease but less than current discussions regarding future growth trends.

56. The ask for this current fiscal year to achieve a 90/10 spend was absolutely the right thing to do, and the team and department heads have delivered. However, I don't believe we ever had the discussion on what the cuts were to achieve this mix, but could be mistaken and is in place now. And routinely, the capital dollars don't fully get spent so goes into unspent reserves.

Then in Tuesday evenings workshop, there was two confusing/contradictory discussions and at least one missing % calculation by Council.

1. One was to retain many/most of the cut items that was in a 85/15 spend proposal...that would adjust the mix. (These items including the Forest items, and possible the employee training/travel). I heard the guidance to hold Brandon and team accountable for these decisions.

2. The other was a topic for June Council to discuss and decide if policy should be a 85/15 spend mix. Is or isn't this mix achievable this soon and therefore be a requirement - especially if you decide to add back items discussed Tuesday evening.

3. If/as new revenues are added in 26/27 and revenue rolls in (anticipating at a partial year) the mix percents change by definition. Yes, I understand that the high level goal is to guide/apply new \$'s to deferred maintenance. But these \$'s are still revenue, and we can't count these revenue chickens before the hatch (e.g., pending voter approval). And if/should/as any new paid parking is approved and planned inside next year, you can always count on a significant upfront setup cost and time before any go live and revenue next year.

Not covered Tuesday was priorities, by agreement. But I understood that relooking at our older and mix match of siloed IT applications and data was critical to action for transparency and productivity/efficiency. These ERP+ evaluations and implementations are very staff time consuming and expensive to implement before you see payback. It would be great is AI tools can/could fast track this initiative...but likely is too soon to tell. You and staff better understand if this item should be a project to begin in 26/27.

There are expectations here (on many sides) that go far beyond a realistic opportunity to implement or materially move ahead from where I sit. And this roster doesn't include these other essential work on the Library, PD/PW, Housing Element that also consumes people power. Looks like too much overall from here. Priorities have been lost in the shuffle.

For your consideration... (N.Twomey 5/13/26)

While the three revenue sources on which the City relies are highly volatile, the expenditures are very predictable. Therefore, a focus on controlling those expenditures is the first step when it comes to freeing up funds for new projects. Efficiency is a big part of controlling expenditures, and that comes from investments like a new ERP system (the evaluation of which is in the budget) and AI training (which is happening internally at the City). It also comes from critically looking at every service being provided and how it is provided, and that takes time. Ultimately it is these efficiencies, as well as increased revenue, that allow the City to work toward its priorities.

As noted in the May 12th meeting, the current budget considers a continued focus on the #1 priorities identified in the January Strategic Retreat. The upcoming Priorities workshop will task the Council with prioritizing the remaining strategic list, but will also have the advantage of allowing for assessment of the City's work toward the primary priorities during the last six months.

57. Why would this go from 10k/yr to 0 on Phones for Police?

Police

Contract Services:

- Automated criminal justice system (\$72k)
- Monterey County IT Connection (\$50k)
- Body cameras & tasers (\$28k)
- Tracnet (\$30k)
- T2 Parking Management (\$21k)

Police		FY24-25	FY25-26	FY26-27
Account Number	Account Description	Actual	Estimated	Recommended Budget
Salaries & Benefits Subtotal		\$4,396,501	\$5,038,650	\$4,845,671
101-116-00-42001	Contract Services	\$245,801	\$250,000	\$329,393
101-116-00-42005	Community Promotions	1,067	5,300	2,000
101-116-00-42101	Office Supplies	5,600	8,800	5,000
101-116-00-42102	Publications & Subscriptions	308	420	350
101-116-00-42104	Safety Equipment and Supplies	35,821	51,500	79,800
101-116-00-42107	Gas and Oil	27,306	35,000	25,000
101-116-00-42201	Building Maintenance	779	2,000	0
101-116-00-42202	Equipment Maintenance	35,900	85,700	28,000
101-116-00-42203	Vehicle Maintenance	48,273	40,000	40,000
101-116-00-42301	Training & Education	44,579	50,000	30,000
101-116-00-42304	Dues & Memberships	1,369	1,400	6,300
101-116-00-42403	Printing	238	6,300	1,700
101-116-00-42404	Shipping/Postage/Freight	13	400	200
101-116-00-42405	Telephone and Communications	2,042	16,000	0
101-116-00-42415	Other Expenditures	25,407	12,000	8,000
Services & Supplies Subtotal		\$474,504	\$539,020	\$535,743
Total		\$4,771,004	\$5,577,670	\$5,381,414

Telephone and communications costs have been centralized within the IT budget.

EXHIBIT A - List of Primary Contract Service Providers

Vendor	Description
Regional Government Services	Payroll services
Civitas Advisors	Consulting services
Universal Staffing Inc	Temporary staffing services
Pace Productivity Inc	Municipal Cost of Services Study
Monterey Bay Engineers, Inc	Profession fees: ALTA/SDPS Survey Dolores/Carmel River
Municipal Resource Group, LLC	Executive coaching services
Netfile, Inc	Netfile
Regional Government Services	Payroll Services
GovInvest Inc	GASB, Financial Forecast, Pension/OPEB
Hinderliter, De Llamas & Associates	Sales Tax Contract Services
Prime Actuarial Consulting LLC/Bickmore	Actuarial study
Yuval Miller	Professional services: LIUNA hearing
Department of General Services	Moulton hearing
Flaherty's Seafood Grill	IT Training - lunch 45 people
IAMP Pro Audio/Anthony J. Nocita	Set-up, live production, associated support of city meetings and
Cogix Corporation	Online payment portal
Digital Deployment	Website Support Agreement
Sloan Sakai Yeung & Wong	Legal services
Burke,Williams & Sorensen, LLP	Legal services: City Attorney
Kennedy, Archer & Giffen	Legal costs
Mad Dogs & Englishmen	CP&B Bike Maintenance
EMC Planning Group, Inc	6th Cycle Housing Element
Veronica Tam and Associates	Sites Inventory and Programs
4Leaf, Inc	Permit Technician 08-04-25 - 08-08-25
Engineered Fire Systems	Engineered Fire Systems Review
Avenu Insights & Analytics, LLC	POP: 7/12/24-7/11/25
Total Industries Pacheco	Batteries for Electric Vehicle - Code Enforcement Share
Granicus, Inc.	FY26 Short Term Rental Monitoring
Uretsky Security	background investigations
Carmel Towing & Garage	Towing services PD
Community Hospital of the Monterey Peninsula	PD Testing services
Department of Justice/Accounting Office	Police Dept Fingerprinting services
AT&T	PD Phone Tracking
Wilana, LLC dba Swift Car Wash	Car Wash
T2 Systems, Inc	Parking and Citation services
Chaplin and Hill Investigative	Investigative services
Thomas Uretsky	Professional security consulting as directed by Police Dept
Cooke & Associates, Inc.	PD Background Check
ComSonics Repair Services	Autovu Maintenance contract
Lexipol LLC	Lexipol manual/DTB annual fee
Monterey County Animal Services	Animal control services
Monterey County Sheriff-Coroner	MCSO Jail bookings
County of Monterey, Dept of Emerg Management	Alert & Warning, Dispatch
Monterey County District Attorney/Accounting	Blood Alcohol Costs
Monterey County Health Department	CBS-PD Retainer Fee
Same Day Shred	PD-Document shredding services

T2 Systems Canada Inc.	Digital Iris Service PD
Transunion Risk & Alterna	TLO investigative searches
Tracnet Corporation	IBM Service Hardware/Software renewal
Verizon Wireless	Cell phone sales and usage
City Of Monterey	Fire Services
First Alarm	Alarm services
Mission Linen Service	Laundry service
County of Monterey, Dept of Emerg Management	Mty Count Emergency Communications Dispatch
Dr. James Stubblefield, MD, Inc	Medical Director services
Altius Medical	Medical/biohazard waste disposal
City Of Monterey	Ambulance Administration
LogRx	Controlled Substance Subscription 1-5 Units
Mission Linen Service	Mission Linen (updated contract)
Verizon Wireless	Verizon Wireless
Wittman Enterprises, LLC	Ambulance billing services
Cintas Corporation	Uniform Services
Robert Half	Temporary staff for Forestry permit tech
Cintas Corp 2 (First Aid)	First Aid station stocking
Anthony Enea	Sidewalk cleaning
Precision Emprise LLC	Sidewalk Assessment 10/14/25 #56205
David Sollid Marina Backflow Company	FM Backflow services
Ailing House Pest Control	Ailing House - City wide pest control
Airtec Inc	Airtec - Routine Service
Otis Elevator Company	elevator service at HML
California Fire Protection, Inc.	Fire extinguisher service
California Premier Restoration	California Premier Restoration, Inc. - Work at City facilities
Cate Electrical Co., Inc.	SSC parking lot, electrical light post repair. 11/26/25 #49935
West Coast Door & Gates	Service call and Edge Replacement 1/27/26 #6499
On Point Generators	City Generator service
Wm Baxter Electric	City electrical work
Brian Steckler	Council Chambers A/V Project
Golden State Portables	Golden State Portables - Portable potty service
Macaluso Electric, Inc.	FT emergency electrical services
Department of Industrial Relations	Conveyance fee
Carmel Door Company	Replacement of window unit 1 on south side of City Hall
M3 Environmental Consulting	Lead - Asbestos inspection different City locations
Overhead Door Co of Salinas	Overhead Door Co - City Garage door service
Poes Plumbing & Backflow	Poes Plumbing & Backflow - City facility plumbing service
Pureserve Building Service	FM Janitorial services Citywide
Sentry Alarm Systems	City facility alarm service
Toro Petroleum	Fuel for generator PD/PW
Wald, Ruhnke & Dost Architects, LLP	Professional services Fire Dept Engine Bay expansion
Carmel Area Wastewater District	Cleaning storm drains
Applied Marine Sciences	ASBS Watershed Monitoring
Denise Duffy & Associates	ND Habitat Resource Monitoring
Dudek	Environmental support: On call MTNP, Carmel Forest Mast Plan, CE
Jamestown Advanced Products Corp	Ribbon can replacement parts
HF&H Consultants, LLC	Virtual Council presentation-
2nd Nature Software Inc	Signature Software -street sweeper route
Ace Organics dba Th Bin King	Steam clean 30 trash enclosures
Monterey One Water	Monterey One Water

Monterey Regional Waste Management
 District
 Native Solutions
 PSTS, Inc.
 State Water Resources Control Board
 (SWRCB)
 California Marine Sanctuary Foundation
 Community Tree Service
 Nicole Nedeff
 Tope's Tree Service Inc.
 West Coast Arborists Inc .
 Town and Country Gardening
 Pacific Grove Self Storage
 Joe Shabram
 The Christmas Light Pros
 Kelly Productions
 Glastonbury Inc
 Good Roots Events, Inc.
 Hear & Now Monterey, LLC
 Bliss Point Productions
 National Parking & Valet

Monterey Regional Waste Management District
 North Dunes Volunteer Management (Native Solutions)
 Pumping oil-water separator
 Annual Storm Water Permit fee
 E.9.C Water Quality Monitoring
 Tree work as directed by City Forester
 Forest Management Plan
 Tree services citywide as directed by City Forester
 Tree maintenance services as directed by City Forester
 Tree work in the City
 Storage Unit - Document storage
 City art restoration
 Holiday lights
 Santa for holiday celebration 12.5.2025
 Sound for Community Activities
 Thursday farmers' market and Third Thursday events
 Sound & lighting for Community Activities
 Stage rental
 Shuttle-parking services Car Week

EXHIBIT B - Detail of Expenditure Adjustments Through Budget Development

Department	Description	(a)	(b)	(a) + (b) = (c)	(d)	(c) + (d)
		Original Budget Ask	Pre-Workshop Cuts	Draft Budget	Post-Workshop Changes	Final Budget
Forestry	Contract Services- tree maintenance	\$ 600,000	\$ (300,000)	\$ 300,000	\$ 300,000	\$ 600,000
Forestry	Contract Services- fuel mitigation projects	300,000	(150,000)	150,000	150,000	300,000
Forestry	Contract Services- landscaping maintenance	250,000	(50,000)	200,000	50,000	250,000
Attorney	Seek more focused legal council utilization	442,000	(47,000)	395,000	-	395,000
Plan/Build	Digitization, consultants	85,000	(45,000)	55,000	45,000	100,000
Finance	Fewer TOT and sales tax audits	30,000	(17,500)	12,500	-	12,500
Police	Look for grants for safety equipment & supplies	18,750	(12,750)	6,000	-	6,000
Council	Reduce charitable grants	36,000	(11,000)	25,000	-	25,000
Comm Activities	Holiday decorations	12,900	(5,400)	7,500	5,400	12,900
Human Res.	Records digitization	10,000	(5,000)	5,000	5,000	10,000
Human Res.	Less records digitization	10,000	(5,000)	5,000	-	5,000
Human Res.	Employee appreciation expenditures	18,500	(3,500)	15,000	3,500	18,500
Comm Activities	Fewer and smaller advertisements	7,425	(2,425)	5,000	-	5,000
Information Tech	Seek reduced software subscription costs	227,830	(22,783)	205,047	-	205,047
Environmental	Seek contract services reductions	56,250	(21,750)	34,500	-	34,500
Street Maint.	Seek contract services reductions	20,000	(10,000)	10,000	-	10,000
City Facilities	Seek contract services reductions	643,200	(64,320)	578,880	-	578,880
City Clerk	Less records digitization	5,000	(5,000)	-	-	-
Street Maint.	Reduced materials and supplies	89,000	(8,900)	80,100	-	80,100
Street Maint.	Reduced tool and equipment purchases	12,000	(1,200)	10,800	-	10,800
Public Works	Reduced office supplies	6,600	(1,600)	5,000	-	5,000
City Facilities	Reduced office supplies	80,500	(8,050)	72,450	-	72,450
Administration	Conferences and trainings	7,700	(3,900)	3,800	3,900	7,700
Human Res.	Employee trainings & education	1,000	(500)	500	500	1,000
Information Tech	Conferences and trainings	10,000	(2,500)	7,500	2,500	10,000
Public Works	Conferences and trainings	13,500	(3,000)	10,500	3,000	13,500
Human Res.	Human Resources conferences and trainings	1,800	(1,800)	-	1,800	1,800
Information Tech	IT conferences and trainings	5,500	(1,500)	4,000	1,500	5,500
Council	Conferences and trainings	5,200	(5,200)	-	5,200	5,200
Vehicle&Equip.	Beach rescue vehicle	-	-	-	30,000	30,000
CIP	Storage area for beach rescue vehicle	-	-	-	30,000	30,000
Council	Community Promotions	128,500	(16,000)	112,500	5,000	117,500
Council	Meetings	31,550	(18,600)	12,950	8,000	20,950
Vehicle&Equip.	Animal control vehicle	75,000	-	75,000	(75,000)	-
Econ Dev	Visit Carmel	120,000	(30,000)	90,000	(90,000)	-



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

June 2, 2026
PUBLIC HEARINGS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Jayme Fields, Finance Manager

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Resolution 2026-036 Adopting the Fiscal Year 2026-2027 Appropriations Limit

RECOMMENDATION:

Adopt Resolution 2026-036 Adopting the Fiscal Year 2026-2027 Appropriations Limit.

BACKGROUND / SUMMARY:

The State Constitution (Article XII IB) places a limit on the amount of monies that a governmental entity is able to spend based upon projected tax revenues. In accordance with State law, the government entity must adopt an annual appropriations limit. This limit is calculated using a prescribed methodology outlined by the State.

The limit is adjusted by the change in the cost of living and the change in population, using information from the California Department of Finance. The change in the cost of living can be calculated using either the change in per capita income or the percentage change in the local assessment roll for non-residential new construction. The change in population can be calculated using either the change in population within the City or within the County. It is in the City's best interest to choose between the population and rate of inflation factors based on which factor in each category will generate the largest increase to the appropriations limit.

The factors used for the fiscal year 2026-2027 calculation were the change in the County's population of -.17% and the California per capital personal income growth factor of 4.95%. For the fiscal year 2026-2027, the limit is calculated at \$47.2 million with budgeted tax receipts of \$31.9 million. The difference between the two is the

City's margin for allowable growth in tax receipts.

FISCAL IMPACT:

The appropriation limit for fiscal year 2026-2027 is based upon budgeted revenues for property tax, sales tax, transient occupancy tax, motor vehicle in lieu and business license tax. Together, these revenues are budgeted at \$31,947,178.

PRIOR CITY COUNCIL ACTION:

Council adopted the Fiscal Year 2024-2025 Appropriations Limit on June 3, 2025.

ATTACHMENTS:

1. Resolution 2026-036
2. Gann Limit Calculation (Reso Exhibits A & B)

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

RESOLUTION NO. 2026-036

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA
ADOPTING THE FISCAL YEAR 2026-2027 APPROPRIATIONS LIMIT**

WHEREAS, under Article XIII B of the State Constitution, public agencies are required to annually establish maximum appropriations limits referred to as the Gann limit (Limit); and

WHEREAS, since fiscal year 1991, the City is permitted to adjust its Limit in accordance with inflation and population adjustment factors; and

WHEREAS, the annual adjustment factors that were selected to calculate the Fiscal Year 2026-2027 Limit were the California per capita personal income adjustment factor of 1.0495 and the County of Monterey population growth factor of .9983; and

WHEREAS, in accordance with California Government Code Section 7910, a notice of the public hearing was published in the Carmel Pine Cone on May xxx, 202x; the documentation used in determining the Limit has been made available to the general public for fifteen days prior to the date of the adoption; and Council conducted a public hearing on the Limit on June 2, 2026; and

WHEREAS, the City may not appropriate any proceeds of taxes in excess of its Limit.

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

1. Adopts the final calculation of the Appropriation Limit for Fiscal Year 2026-2027 as \$47,231,529, which is attached hereto as Exhibit A.
2. Certifies the Fiscal Year 2026-2027 Adopted Appropriations Subject-To-Limit of \$31,947,178 does not exceed the Gann limit, which is attached hereto as Exhibits A and B respectively.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 2rd day of June 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Dave Byrne
Mayor

Nova Romero
City Clerk

Exhibit A

City of Carmel-by-the-Sea
Spending Limit Calculations
 Fiscal Year 2026-2027

Appropriations Subject to Limit

Fiscal Year 2026-2027 General Tax Revenues	\$	31,947,178
Less Non proceeds of Tax	\$	-
Total appropriations subject to limits	\$	31,947,178

Appropriations Limit

Fiscal Year 2025-2026 Appropriations limit	\$	45,081,157
Plus change factors		
A. Cost of Living adjustment -California Per Capital Income		1.0495
B. Population Adjustment - County of Monterey		0.9983
Total Change Factor		1.0477
Increase in appropriations limit	\$	2,150,371

Fiscal Year 2026-2027 Appropriations Limit

Fiscal Year 2026-2027 Appropriations Limit	\$	47,231,529
Remaining appropriations capacity	\$	15,284,351
Availability capacity as a percent of appropriations limit		32%

Exhibit B**City of Carmel-by-the-Sea
Spending Limit Calculation
Fiscal Year 2026-2027**

Revenue Source	Fiscal Year 2026-2027 Budget
Property Tax	\$ 9,653,187
Sales and Use Tax	\$ 11,175,602
Transient Occupancy Tax	\$ 9,764,905
Business License Tax	\$ 592,453
Motor Vehicle in Lieu	\$ 761,030
Total Budgeted Tax Revenues	\$ 31,947,178



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

June 2, 2026
ORDERS OF BUSINESS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Marisa Bermudez, Acting Assistant City Administrator

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Resolution 2026-037, implementing an address identification system consistent with the requirements of the California Building Standards Code and adopting the Street Addressing Map identifying assigned property addresses citywide

RECOMMENDATION:

Adopt Resolution 2026-037 confirming that the City has implemented an address identification system consistent with the requirements of the California Building Standards Code and adopting the Street Addressing Map identifying assigned property addresses citywide (**Attachment 1**).

BACKGROUND / SUMMARY:
DISCUSSION

October 7, 2025: The City Council adopted Resolution 2025-087 (**Attachment 3**) directing staff to begin developing a comprehensive Street Address Program and an Ordinance amending the Carmel-By-The-Sea Municipal Code Section 15.55.100.

Prior to October 7, 2025: There were multiple meetings of the City Council which included discussion of the subject of address identification.

December 2, 2025: There was an item on the City Council agenda for a first reading of Ordinance No. 2025-006 titled: An Ordinance Amending City of Carmel-by-the-Sea Municipal Code Section 15.55.100 for Street Identification Pursuant to the California Building Standards Code ("Ordinance"). The Staff Report for the December 2, 2025 City

Council meeting is **Attachment 4**.

January 13, 2026: The City Council adopted the Ordinance. Section 5 of the Ordinance provides as follows in regard to the effective date of the Ordinance:

“SECTION 5. Effective Date. This Ordinance shall take effect 30 days after its adoption by the City Council of the City of Carmel-by-the-Sea or upon the adoption of a Resolution by the City Council confirming that the City has implemented an address identification system which is consistent with the requirements of the California Building Standards Code whichever is later.”

The City has completed all actions necessary to develop a Street Address Program and implement an address identification system consistent with the requirements of the California Building Standards Code. The objective of the project was to create a consistent, logical, and safety-oriented house numbering system that:

- Improves emergency response and public safety
- Enhances navigation and wayfinding for residents, visitors, and service providers
- Integrates with the City’s Planning Department processes and GIS systems
- Provides a citywide address numbering framework based on clear principles
- Assigns consistent and logical property numbers along all named streets

Staff developed the address identification system by researching best practices and recommendations from the American Planning Association (APA), reviewing systems used in neighboring jurisdictions, applying California Building Code and California Fire Code requirements, and collaborating with a City Council- and community-led addresses workgroup to evaluate and refine potential addressing approaches.

Staff’s review of the existing descriptive addressing system identified inconsistencies in numbering use and application. The existing system did not require the posting or display of address numbers and was not formatted to comply with standard addressing guidelines or integrate with the USPS Address Management Database for broad accessibility and verification. As a result, the system created operational challenges for police, fire, emergency medical services (EMS), delivery services, and utility providers serving residents and businesses.

The Street Addresses Program established a clear and consistent citywide address numbering framework. The program assigned logical property numbers along all named streets, adopted an ordinance formalizing the new addressing system, and included an implementation and community engagement plan.

As part of implementation, staff prepared a Street Addressing Map identifying the assigned

address number for each parcel within the City. Due to the scale and detail of the map, it is not included as a printed attachment to this staff report. The map is available for public review on the City’s website at: [\[click here for address map\]](#). The Street Addressing Map serves as the official reference document for assigned property addresses under the City’s address identification system. The map, as maintained by the City, may be administratively updated to reflect corrections, parcel changes, or other minor modifications without requiring future Council action.

The new addressing system was tailored to the City’s street layout, including standard and non-standard blocks, diagonal streets, and irregular lots, and was reviewed by first responders, USPS representatives, County of Monterey staff, and key City departments.

City staff completed the following steps to develop an accurate and effective addressing system:

1. The Administration Department led a coordinated effort involving multiple departments and agencies to ensure operational functionality and regulatory compliance.

Departments and agencies consulted included:

Carmel-by-the-Sea Departments

- Police Department
- Fire Department
- Planning & Building
- Public Works

Outside Agencies

- County of Monterey
 - USPS Address Management Systems
 - Neighboring jurisdictions
 - Major utility service providers
2. Created an address inventory and GIS map identifying the Assessor’s Parcel Number (APN) and newly assigned address number for every parcel in the City.
 3. Conducted field surveys to document multi-unit buildings and create the City’s first database identifying multi-unit buildings and occupied spaces.
 4. Developed a process for reviewing, correcting, and modifying assigned address

numbers.

5. Conducted field visits in response to requests submitted by property owners seeking review of preliminary address assignments.

While the City has completed all actions necessary to develop and implement the Street Address Program, a final administrative coordination step is underway as part of transitioning the completed system into active use. The County of Monterey is proceeding with integration of the new addresses into County systems and coordinating notifications with agencies and service providers that rely on standardized addressing data, including utility providers and emergency response agencies. Official notices to property owners indicating the activation of the Street Address Program will be distributed in the coming weeks.

PROPOSED RESOLUTION

Because the City has completed all actions necessary to implement an address identification system consistent with the requirements of the California Building Standards Code, the Council is being presented with a proposed Resolution confirming implementation of the address identification system, with the Ordinance attached as Exhibit A (**Attachment 2**).

FISCAL IMPACT:

Postcard mailings to property owners and newspaper ads \$14,300. Other nominal expenses will be covered in FY 2025-2026 operating budget.

PRIOR CITY COUNCIL ACTION:

Prior to October 2025: Multiple City Council meetings for discussion regarding the subject of address identification

October 7, 2025: Adoption of Resolution 2025-087

December 2, 2025: Introduction of Ordinance No. 2025-006

January 13, 2026: Adoption of Ordinance No. 2025-006

ATTACHMENTS:

1. Resolution 2026-037 - adopting street address map
2. Exhibit A (Ordinance No. 2025-006)
3. Resolution 2025-087 - adopted in October 2025
4. December 2, 2025, City Council Staff Report

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

RESOLUTION NO. 2026-037

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA CONFIRMING THAT THE CITY HAS IMPLEMENTED AN ADDRESS IDENTIFICATION SYSTEM CONSISTENT WITH THE REQUIREMENTS OF THE CALIFORNIA BUILDING STANDARDS CODE

WHEREAS, on January 13, 2026, the City Council adopted Ordinance No. 2025-006 titled: An Ordinance Amending City of Carmel-by-the-Sea Municipal Code Section 15.55.100 for Street Identification Pursuant to the California Building Standards Code (“Ordinance”); and

WHEREAS, a true and correct copy of Ordinance 2025-006 is attached hereto as Exhibit A; and

WHEREAS, Section 5 of the Ordinance reads as follows:

SECTION 5. Effective Date. This Ordinance shall take effect 30 days after its adoption by the City Council of the City of Carmel-by-the-Sea or upon the adoption of a Resolution by the City Council confirming that the City has implemented an address identification system which is consistent with the requirements of the California Building Standards Code whichever is later; and

WHEREAS, the City has taken all actions (“Actions”) necessary to implement an address identification system consistent with the requirements of the California Building Standards Code including the following:

1. The Administration Department led a coordinated effort involving multiple departments and agencies to ensure operational functionality and regulatory compliance. Departments and agencies consulted include:

Carmel-By-The-Sea Departments:

- Police Department
- Fire Department
- Planning & Building
- Public Works

Outside Agencies:

- County of Monterey
- USPS - Address Management Systems
- Neighboring cities
- Major Utility Service Providers

2. Created an address inventory and GIS Map identifying the Assessor’s Parcel Number (APN) and newly assigned address number for every parcel in the City.

- 3. Conducted field surveys to document multi-unit buildings and create the City's first database identifying multi-unit buildings and occupied spaces.
- 4. Developed a process for reviewing, correcting, and modifying assigned address numbers.
- 5. Conducted field visits in response to requests submitted by property owners seeking review of preliminary address assignments.

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

SECTION 1. Recitals. The City Council of the City of Carmel-by-the-Sea does hereby find that the above referenced Recitals are true and correct and are hereby incorporated by this reference as though set forth in full.

SECTION 2. Implementation. The City has completed all actions necessary to implement an address identification system consistent with the requirements of the California Building Standards Code including those Actions set forth hereinabove.

SECTION 3. Effective Date of Ordinance 2025-006. Ordinance 2025-006 is hereby deemed effective as of the date of adoption of this Resolution.

SECTION 4. Effective Date of Resolution. This Resolution shall be effective immediately upon adoption by the City Council.

SECTION 5. Severability. The City declares that, should any provision, section; paragraph, sentence or word of this Ordinance be rendered or declared invalid by any final court action in a court of competent jurisdiction, or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences and words of this Ordinance shall remain in full force and effect.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA THIS 2ND DAY OF JUNE 2026, BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN

APPROVED:

ATTEST:

Dale Byrne, Mayor

Nova Romero, MMC, City Clerk

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

ORDINANCE NO. 2025-006

AN ORDINANCE AMENDING CITY OF CARMEL-BY-THE-SEA MUNICIPAL CODE SECTION 15.55.100 FOR ADDRESS IDENTIFICATION PURSUANT TO THE CALIFORNIA BUILDING STANDARDS CODES

WHEREAS, Section 15.55.100 of the City of Carmel-by-the-Sea Municipal Code (“CMC”) begins as follows:

“15.55.100 Amendments to the California Fire Code.

The 2022 California Fire Code is amended and changed as follows as described in subsections (1) through (37) of this section.”

WHEREAS, Section 15.55.100 subsection (16) of the CMC currently reads as follows:

“16. Section 505.1 is amended to read as follows:

505.1 Address identification. Buildings and parcels shall be identified by a description of Parcel location relative to the nearest cross-street intersection as determined by the Community Planning and Building Department. For multi-tenant buildings, unit identifiers shall be provided as follows:

1. Multi-family dwelling units (apartments, condominiums) – shall be designated using alphabetic characters (i.e. A, B, C...). When the building contains multiple floors, the floor number shall precede the alphabetic unit designator (i.e. 1-A, 2-B, etc.)
2. Non-residential, multi-tenant buildings – individual tenant spaces shall be assigned numeric identification (i.e. 1, 2, 3, etc.) When the building contains multiple floors, the floor number shall precede the numeric unit designator and shall be separated by the number “0” (i.e. first floor units: 10x; second floor units: 20x).
3. Mixed Use buildings – Residential units shall be designated as described in 1 above. Nonresidential units shall be designated as described in 2.”

WHEREAS, the California Building Code set forth in the California Code of Regulations Title 24, Part 2, Section 502.1 reads as follows:

502.1 Address identification. New and existing buildings shall be provided with approved address identification. The address identification shall be legible and placed in a position that is visible from the street or road fronting the property. Address identification characters shall contrast with their background. Address numbers shall be Arabic numbers or alphabetical letters. Numbers shall not be spelled out. Each character shall be not less than 4 inches (102 mm) high with a minimum stroke width of 1/2 inch (12.7 mm). Where required by the fire code official, address identification shall be provided in additional approved locations to facilitate emergency response. Where access is by means of a private road and the building cannot be viewed from the public way, a

monument, pole or other sign or means shall be used to identify the structure. Address identification shall be maintained.”

WHEREAS, the California Residential Code set forth in California Code of Regulations Title 24, Part 2.5, Section R319.1 reads as follows:

“SECTION R319 SITE ADDRESS

R319.1 Address identification. Buildings shall be provided with approved address identification. The address identification shall be legible and placed in a position that is visible from the street or road fronting the property. Address identification characters shall contrast with their background. Address numbers shall be Arabic numbers or alphabetical letters. Numbers shall not be spelled out. Each character shall be not less than 4 inches (102 mm) in height with a stroke width of not less than 0.5 inch (12.7 mm). Where required by the fire code official, address identification shall be provided in additional approved locations to facilitate emergency response. Where access is by means of a private road and the building address cannot be viewed from the public way, a monument, pole or other sign or means shall be used to identify the structure. Address identification shall be maintained.”

WHEREAS, the California Fire Code set forth in the California Code of Regulations Title 24, Part 9, Section 505.1 reads as follows:

“PREMISES IDENTIFICATION

505.1 Address identification. New and existing buildings shall be provided with approved address identification. The address identification shall be legible and placed in a position that is visible from the street or road fronting the property. Address identification characters shall contrast with their background. Address numbers shall be Arabic numbers or alphabetical letters. Numbers shall not be spelled out. Each character shall be not less than 4 inches (102 mm) high with a minimum stroke width of 1/2 inch (12.7 mm). Where required by the fire code official, address identification shall be provided in additional approved locations to facilitate emergency response. Where access is by means of a private road and the building cannot be viewed from the public way, a monument, pole or other sign or means shall be used to identify the structure. Address identification shall be maintained.”

WHEREAS, Health and Safety Code Section 18941.5 (b) reads as follows:

§ 18941.5. Amendments, additions, deletions to standards; effective date; publication date; more restrictive standards

“(b) Neither the State Building Standards Law contained in this part, nor the application of building standards contained in this section, shall limit the authority of a city, county, or city and county to establish more restrictive building standards, including, but not limited to, green building standards, reasonably necessary because of local climatic, geological, or topographical conditions. The governing body shall make the finding required by Section 17958.7 and the other requirements imposed by Section 17958.7 shall apply to that finding. Nothing in this section shall limit the authority of fire

protection districts pursuant to subdivision (a) of Section 13869.7. Further, nothing in this section shall require findings required by Section 17958.7 beyond those currently required for more restrictive building standards related to housing.” (Emphasis added)

WHEREAS, Health and Safety Code Section 18941.5 (b), authorizes a city to amend the California Building Code and the California Residential Code and the California Fire Code (“California Building Standards Code”) when the amendment establishes more restrictive building standards, including, but not limited to, green building standards, reasonably necessary because of local climatic, geological, or topographical conditions.

WHEREAS, address identification in Buildings and parcels by a description of Parcel location relative to the nearest cross-street intersection is not more restrictive than the address identification requirements of the California Building Standards Code.

WHEREAS, address identification in Buildings and parcels by a description of Parcel location relative to the nearest cross-street intersection is not reasonably necessary because of local climatic, geological, or topographical conditions.

WHEREAS, the California Building Standards Code, as laws of the State of California, preempt local laws which are in conflict with the requirements of the California Building Standard Code.

WHEREAS, CMC Section 15.55.100 subsection (16) on address identification by a description of Parcel location relative to the nearest cross-street intersection is in conflict with the address identification requirements of the California Building Standards Code.

WHEREAS, the City has received confirmation from USPS that implementing a street address system will not require mail delivery service and that the Post Office in the City will not close.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA DOES ORDAIN AS FOLLOWS:

SECTION 1. Recitals. The City Council of the City of Carmel-by-the-Sea does hereby find that the above referenced Recitals are true and correct and are hereby incorporated by this reference as though set forth in full.

SECTION 2. Existing Code. The first sentence of Section 15.55.100 subsection (16) of the City of Carmel-by-the-Sea Municipal Code currently reads as follows:

“Buildings and parcels shall be identified by a description of Parcel location relative to the nearest cross-street intersection as determined by the Community Planning and Building Department.”

SECTION 3. Amendment. Section 15.55.100 subsection (16) of the City of Carmel-by-the-Sea Municipal Code is hereby amended such that the first sentence thereof shall be deleted and replaced with the following sentence:

“Buildings and parcels shall be identified by the address identification requirements of the California Building Standards Code.”

SECTION 4. CEQA Findings. As demonstrated in the Staff Report and other documents in the record for this matter, this Ordinance is exempt from review under the California Environmental Quality Act ("CEQA") (California Public Resources Code Section 21000, et seq.), pursuant to the Class 1 (Minor Alterations to Existing Facilities) and Class 4 (Minor Alterations to Land) categorical exemptions in CEQA Guidelines Sections 15301 and 15304, respectively, and this Ordinance is also exempt from CEQA pursuant to the common sense exemption in CEQA Guidelines Section 15061 because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

SECTION 5. Effective Date. This Ordinance shall take effect 30 days after its adoption by the City Council of the City of Carmel-by-the-Sea or upon the adoption of a Resolution by the City Council confirming that the City has implemented an address identification system which is consistent with the requirements of the California Building Standards Code whichever is later.

INTRODUCED at a Regular City Council Meeting on December 2, 2025.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 13th day of January 2026, by the following vote:

AYES: Councilmembers Baron, Buder, Delves, Dramov, and Mayor Byrne

NOES: None

ABSENT: None

ABSTAIN: None

APPROVED:



Dale Byrne
Mayor

ATTEST:



Nova Romero, MMC
City Clerk



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

RESOLUTION NO. 2025-087

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA TO BEGIN IMPLEMENTATION OF ADDRESS IDENTIFICATION IN THE CITY THROUGH A COMPREHENSIVE STREET ADDRESS PROGRAM

WHEREAS, Title 24 of the California Building Standards Code contains the Building Code (Part 2), the Residential Code (Part 2.5), and the Fire Code (Part 9), which all include the following requirements for address identification for new and existing buildings, which are numbered here for reference (hereafter "Address Identification"):

- (1) The address identification shall be legible and placed in a position that is visible from the street or road fronting the property.
- (2) Address identification characters shall contrast with their background.
- (3) Address numbers shall be Arabic numbers or alphabetical letters.
- (4) Numbers shall not be spelled out. Each character shall be not less than 4 inches (102 mm) high with a minimum stroke width of 1/2 inch (12.7 mm).
- (5) Where required by the fire code official, address identification shall be provided in additional approved locations to facilitate emergency response.
- (6) Where access is by means of a private road and the building cannot be viewed from the public way, a monument, pole or other sign or means shall be used to identify the structure.
- (7) Address identification shall be maintained.

WHEREAS, the 2018 Version and Commentary on the International Building Code states in regard to the history of the Address Identification requirement that the ability of fire, police and other emergency response personnel to identify both new and existing buildings is greatly aided by the proper placement of Address Identification; and

WHEREAS, the Carmel-by-the-Sea Police Department supports the implementation of Address Identification in the City to improve public safety and response time on calls for service; and

WHEREAS, the City of Monterey Fire Department, which provides fire, and will soon also provide ambulance service to the City, supports the implementation of Address Identification in the City to improve public safety and response time on calls for service; and

WHEREAS, Health & Safety Code Section 17958.5 provides that a city may make changes or modifications to the California Building Standards Code (Part 2.5) and other

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

- Section 1. The foregoing Recitals are hereby incorporated by reference in full.
- Section 2. Council directs City staff to return to the Council with a comprehensive Street Address Program for the implementation of an address identification consistent with AMS and the California Building Code.
- Section 3. The Street Address Program shall include: establishing the Department of Community Planning and Building as the authority for address identification in the City of Carmel-by-the-Sea; a process for address assignment; a public outreach and communication plan; coordination with the County of Monterey and major utility service companies; a change management plan; an estimated budget; and an estimated timeline.
- Section 4. When a Street Address Program has been approved by the City Council and implemented, then the City Council hereby directs City staff to return to the Council with an ordinance to repeal City Municipal Code Section 15.55.100, subsection (16) so that the City will be governed by the provisions of the California Building Code regarding address identification.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 7th day of October, 2025, by the following vote:

AYES: Councilmembers Baron, Buder, Delves, Dramov, and Mayor Byrne

NOES: None

ABSENT: None

ABSTAIN: None

APPROVED:

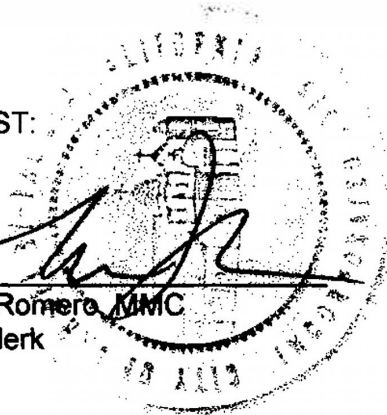


Dale Byrne
Mayor

ATTEST:



Nova Romero, MMC
City Clerk





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

December 2, 2025
PUBLIC HEARINGS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Brian Pierik, City Attorney, Emily Garay, Administrative Analyst

APPROVED BY: Chip Rerig, City Administrator

SUBJECT: Staff's update on standard street addresses implementation timeline, Staff's recommendation that the City Council find that the proposed Ordinance is exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Sections 15061(b)(3), 15301 and 15304, and First reading of Ordinance 2025-006 amending City of Carmel-by-the-Sea Municipal Code Section 15.55.100 for address identification pursuant to the California Building Standards Codes *(Estimated time - 45 min)*

RECOMMENDATION:

1. Receive Staff's update on standard street addresses implementation timeline.
2. Request the City Attorney to read the title of the Ordinance.
3. Motion to waive further reading, and introduce Ordinance 2025-006 amending Carmel-by-the-Sea Municipal Code Section 15.55.100 for address identification pursuant to the California Building Standards Codes.

BACKGROUND / SUMMARY:

On October 7, 2025, the City Council adopted Resolution 2025-087, directing staff to return to the City Council with a comprehensive Street Address Program that includes a process to begin implementation of an address identification system and an Ordinance amending Carmel-by-the-Sea Municipal Code Section 15.55.100. Staff from the Administration Department, Community Planning and Building Department, and community members have worked diligently to build upon the prototype Addressing

System introduced at the Street Addresses Community Workshops (August and September 2025) and subsequently introduced to the City Council at the October 7, 2025, meeting. Staff will provide a brief update on the development of the Street Address Program and the estimated timeline for implementation.

Address Number Assignments to APN's

The City will produce a data set containing APN numbers and the standard address number assigned to each APN number. This data will be shared with the County and utility service providers. Utility companies can utilize this data in a testing environment to update their systems in preparation for the official integration of the City's standard address system into the County's systems and USPS's Address Management System.

Staff met with Monterey County personnel in August, October, and November to confirm the specific information and format that County departments will need to incorporate the address system into their respective databases. The City is collaborating and coordinating a workflow with the following County departments for a streamlined batch update:

- Assessor's Office
- Emergency Communications/911
- Information Technology/GIS
- Department of Emergency Management
- Elections - Registrar of Voters
- Housing and Community Development
- Public Works, Facilities, & Parks

Upon review and approval of the City's address system, the County will begin incorporating the address system into Monterey County databases. A successful update into the County's systems will result in updates of address information in the Assessor's APN data list, GIS maps maintained by the County, geolocation resources for Emergency Communications/911, and voter registration list.

Following the County's approval of the City's address system, the City will transmit the approved system's data set to the USPS Address Management Systems Manager to input and update the Address Management System (AMS). The update into AMS will result in verifiable physical addresses and the ability for financial institutions, government entities, insurance providers, etc. to confirm a person's or business's physical address in Carmel-by-the-Sea.

Estimated Timeline for Implementation

October 2025 - January 2026

Development of the change management plan that will include community outreach, education, collaboration with community organizations, resources through transition,

updates to City website street addresses information, staff training, and internal processes for address management.

December 31, 2025

Staff's target date to complete the APN + Assigned Standard Address Number data.

January - March 2026

Monterey County estimates it will take 3 months to review the data and update their systems.

April 2026

USPS AMS batch update is estimated to take 1 week.

April - May 2026

Updates into utility service providers' systems may vary (1-2 months).

April - May 2026

Update for Google Maps and Apple Maps is estimated to take 2-4 weeks.

Estimated Budget

Implementation and community outreach for the Street Address Program will include expenditures for:

- Newspaper Ads (quarter page) for Community Education
- Legal Noticing in Newspaper
- Printing Services for Community Education
- Postcard Mailers and Postage
- Audio/Video Services for Sunset Center Workshops
- Mapping/GIS Support
- Records From Monterey County Assessor's Office

PROPOSED ORDINANCE

California Building Code set forth in the California Code of Regulations Title 24, Part 2, Section 502.1 reads as follows:

502.1 Address identification. New and existing buildings shall be provided with approved address identification. The address identification shall be legible and placed in a position that is visible from the street or road fronting the property. Address identification characters shall contrast with their background. Address numbers shall be Arabic numbers or alphabetical letters. Numbers shall not be spelled out. Each character shall be not less than 4 inches (102 mm) high with a minimum stroke width of 1/2 inch (12.7 mm). Where required by the fire code official, address identification shall be provided in additional approved locations to facilitate

emergency response. Where access is by means of a private road and the building cannot be viewed from the public way, a monument, pole or other sign or means

Attachment 1 to this Staff Report is a proposed Ordinance Amending City of Carmel-by-the-Sea Municipal Code Section 15.55.100 for Address Identification Pursuant to the California Building Standards Codes.

The proposed Ordinance would amend City Municipal Code Section 15.55.100, subsection (16) by replacing the first sentence which provides for a description of Parcel location relative to the nearest cross-street intersection with the following:

“Buildings and parcels shall be identified by the address identification requirements of the California Building Standards Code.”

The proposed Ordinance would amend the Municipal Code to be in compliance with the requirements in the address identification provisions of the California Building Standards Code.

CEQA

The proposed Ordinance is exempt from the California Environmental Quality Act (CEQA) under the California Code of Regulations, Title 14, Chapter 3 (“CEQA Guidelines”). Specifically, the Proposed Ordinance falls squarely under the categorical exemptions found in CEQA Guidelines Section 15301 (Class 1, Minor Alterations to Existing Facilities) and Section 15304 (Class 4, Minor Alterations to Land), and the Proposed Ordinance is also exempt from CEQA pursuant to the common sense exemption in CEQA Guidelines Section 15061(b)(3). The common sense exemption and the Class 1 Minor Alterations to Existing Facilities categorical exemption both apply here because under the Proposed Ordinance the only potential physical change to the environment will be the posting of address numbers on existing buildings, with no expansion whatsoever of existing or former land uses and no change to the existing mail delivery system and thus it can be seen with certainty that there is no possibility that the proposed Ordinance may have a significant impact on the environment. The Class 4 Minor Alterations to Land categorical exemption also applies because, even for those buildings where access is by means of a private road and/or the building cannot be viewed from the public way, the required address numbers will be posted on a monument, pole or other small sign which at most will entail minor alterations to land/vegetation and will not involve the removal of healthy, mature, scenic trees.

FISCAL IMPACT:

No fiscal impact for this agenda item. The fiscal impact for the Street Address Program will be included when the full Program is presented to the City Council.

PRIOR CITY COUNCIL ACTION:

October 4, 2022 - Council gave direction to staff to continue to do research on the topic and confirm if implementing a street address system will require mail delivery service.

The City has received confirmation from USPS that implementing a street address system will not require mail delivery service and that the Post Office in the City will not close.

November 7, 2023 - Council received a presentation on staff's research and the Ad Hoc Committee for street address exploration was formed.

July 9, 2024 - Council directed staff to return with an implementation plan and community engagement plan no later than September 2024.

August 6, 2024 - following City Attorney announcements, City Council directed staff to return in September with a discussion on whether street addresses should be put to the voters to decide on, and provide an analysis on the process to do so, in addition to the direction to staff that was given during the July 9th meeting.

September 10, 2024 - City Attorney presented a legal analysis for street address identification, discussing State and City codes, a draft Ordinance, public vote and City options.

April 1, 2025 - City Council received a presentation on continued street address exploration by staff and a legal analysis by the City Attorney about estimated costs and timelines to include a ballot measure in a Special Election or regular Election; a citizen advisory group was formed.

October 7, 2025 - City Council adopted Resolution 2025-087, directing staff to return to Council with a comprehensive Street Address Program that includes a process to begin implementation of an address identification system and an Ordinance repealing relevant City Municipal Code sections.

ATTACHMENTS:

1. Draft Ordinance No. 2025-006
2. Street Addresses Update Presentation Slides



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

June 2, 2026
ORDERS OF BUSINESS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Mary Bilse, Environmental Programs Manager

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Resolution 2026-038 approving a 3.04 percent rate increase to charges by the City's franchise hauler, GreenWaste Recovery, for collection of solid waste, recycling, and organics, effective July 1, 2026, and approving Amendment No. 5 to the MOU between ReGen Monterey and Member Agencies for Fiscal Year 2026/27

RECOMMENDATION:

Adopt Resolution 2026-038 (**Attachment 1**) approving a 3.04% rate increase to charges by the City's franchised hauler, GreenWaste Recovery, for the collection of solid waste, recycling and organics, effective July 1, 2026, and approving Amendment No. 5 to the Memorandum of Understanding (MOU) between ReGen Monterey and Member Agencies for Fiscal Year 2026/27.

BACKGROUND / SUMMARY:

Solid Waste, Recycling, and Organics Collection Rate Adjustment Calculation

On June 17, 2014, Council approved a Franchise Agreement (Agreement) with GreenWaste Recovery (GWR) for the collection of solid waste, recycling and organics, subsequent to a competitive Request for Proposals selection process. The Agreement became effective on July 1, 2015 and expires on June 30, 2030. The Agreement includes a prescribed formula to determine annual rate adjustments by GWR, effective each year on July 1. This index-based formula includes the cost of disposal and processing ("tipping fee") at the ReGen Monterey facility (formerly known as Monterey Regional Waste Management District) in Marina, inflationary indexes for adjustments to GWR labor and operating costs, regional implementation of SB 1383, and the City's

Franchise Fee of 13%.

HF&H Consultants, LLC (HF&H) was retained by ReGen Monterey to review GWR's request for an adjustment to customer rates, effective July 1, 2026 (**Attachment 2**). The rate review resulted in a 3.04% rate increase due to labor and material inflationary indices for the period reviewed as well as an increase in disposal costs.

Rate Adjustment Approval

While the Agreement requires the City Council to approve annual rate adjustments, the rate adjustment is based upon disposal fees and actual tonnage, inflationary indexes for GWR labor and operational costs, and cost for the City's Franchise Fee and other regulatory fees. City staff, in tandem with ReGen Monterey staff and HF&H, finds the rate calculation methodology to be consistent with the Agreement. Therefore, staff recommends Council approve Resolution 2026-038 and rate adjustment, which becomes effective on July 1, 2026, in accordance with the Agreement.

Memorandum of Understanding (MOU) for Regional SB1383 Implementation

In November 2020, CalRecycle issued regulations to implement Senate Bill (SB) 1383, with the goal to reduce the amount of organic material being landfilled by 75% by 2025. CalRecycle regulations place significant responsibility for implementation on local municipalities, including food waste collection from all residential and commercial customers, public education and outreach, enforcement, developing or increasing the capacity of edible food recovery programs, and purchasing recycled organic material such as compost.

In response to the SB 1383 regulations, ReGen Monterey's Technical Advisory Committee (TAC), which is comprised of staff from each Member Agency including the City, waste haulers in the ReGen Monterey service area, and ReGen Monterey, have been working collaboratively to implement program changes to meet the regulations.

The Member Agencies determined ReGen Monterey has the expertise and resources necessary to implement shared activities on the Member Agencies' behalf, and agreed to reimburse ReGen Monterey for proportionate shares of designated annual costs incurred by ReGen Monterey for these activities under the MOU (**Attachment 3**) regarding assistance with compliance with SB 1383. Elements of the regulations that are being managed by ReGen Monterey under guidance of the TAC are similar to previous years and include public outreach, contamination monitoring, enforcement, reporting, and edible food recovery programs. The regional costs for implementation of SB 1383 under this MOU are included in the collection rates charged by GWR.

The City's share of regional costs for implementation of SB 1383 in Fiscal Year (FY) 2026/27 is \$15,935. This amount is reflected as an agency fee in the solid waste, recycling, and organics collection rate adjustment.

FISCAL IMPACT:

The new collection rates reflect an increase of 3.04% and are included as Exhibit A in Resolution 2026-038 (**Attachment 1**). The 3.04% rate increase is due to labor and material inflationary indices for the period reviewed as well as an increase in disposal costs. The cost of SB 1383 implementation is also included in the fees.

For context, a residential customer with a 32-gallon trash cart will now pay \$57.73 a month for solid waste (recycling and organics are included) as compared to the current rate of \$56.03 a month. The increase is \$1.70 a month and \$20.40 more per year. Commercial rates vary based upon the size of the cart, frequency of collection, and type of collection service.

The City's share of regional costs to ReGen for FY 2026/27 will increase from \$14,213 to \$15,935. This cost will be covered in the Public Works/Environmental Programs operating budget.

The City's Franchise Fee of 13% for FY 2025/2026 was estimated at \$478,211 and for next FY 2026/2027, the franchise fee is estimated at \$492,736.

PRIOR CITY COUNCIL ACTION:

In June 2021, Council approved GWR's imposition of a 2% formula-based rate adjustment for the collection of solid waste, recycling and organics. GWR's rate increase was primarily due to the creation of a \$72,600 fund to buffer anticipated costs of SB 1383.

In November 2021, Council amended the City's Solid Waste and Materials Recovery Ordinance (Chapter 8.16) to address the new requirements of SB 1383. In December 2021, Council amended the Franchise Agreement with GWR to comply with SB 1383 and approved a 3.76% extraordinary rate increase to cover the additional operational costs associated with SB 1383.

In June 2022, Council approved a 2.14% increase for GWR for the collection of solid waste, recycling and organics. Council also approved Amendment No. 1 to the MOU between the Monterey Regional Waste Management District and Member Agencies for FY 2022/23 regional costs associated with SB 1383.

In June 2023, Council approved a 3.71% increase for GWR for the collection of solid waste, recycling and organics. Council also approved Amendment No. 2 to the MOU for FY 2023/2024.

In June 2024, Council approved a 3.59% increase for GWR for the collection of solid waste, recycling and organics. Council also approved Amendment No. 3 to the MOU for FY 2024/25.

In June 2025, Council approved a 4.19% increase for GWR for the collection of solid

waste, recycling and organics. Council also approved Amendment No. 4 to the MOU for FY 2025/26.

ATTACHMENTS:

1. Resolution 2026-038
2. HF&H Review of Carmel RP12 Final Report
3. MOU for FY 26_27

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

RESOLUTION NO. 2026-038

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA APPROVING A 3.04 PERCENT RATE INCREASE TO CHARGES BY THE CITY'S FRANCHISED HAULER, GREENWASTE RECOVERY, FOR THE COLLECTION OF SOLID WASTE, RECYCLING AND ORGANICS, EFFECTIVE JULY 1, 2026, AND APPROVING AMENDMENT NO.5 TO THE MEMORANDUM OF UNDERSTANDING BETWEEN REGEN MONTEREY AND MEMBER AGENCIES FOR FISCAL YEAR 2026/27

WHEREAS, the City of Carmel-by-the-Sea (City) entered into a Franchise Agreement with GreenWaste Recovery, Inc. (GWR) on June 17, 2014 for solid waste, recycling, and organics collection services for the period of July 1, 2015 through June 30, 2030; and,

WHEREAS, Section 8.2 of the Franchise Agreement requires annual inflationary adjustments to customer rates on July 1 of each year, as described in Exhibit E1 to the Agreement, based on agreed-upon cost indices, changes in tipping fees at the ReGen Monterey (formerly Monterey Regional Waste Management District) landfill, City fees, and actual tonnage of materials collected by GWR; and,

WHEREAS, HF&H Consultants, LLC (HF&H) was retained by ReGen on behalf of all its member agencies to review GWR's request for an adjustment to customer rates, submitted to the City on April 1, 2026; and,

WHEREAS, HF&H's calculation of the rate adjustments have been reviewed by City staff, and staff finds the calculations to be consistent with the methodology and requirements of the Franchise Agreement; and,

WHEREAS, the rate review resulted in a 3.04 percent rate increase; and,

WHEREAS, in September 2016, Senate Bill 1383 (SB 1383) established methane emissions reduction targets, and in November 2020, CalRecycle issued regulations to implement SB 1383; and

WHEREAS, the ReGen's Technical Advisory Committee developed a Memorandum of Understanding to conduct tasks to comply with CalRecycle SB 1383 regulations on a regional basis; and

WHEREAS, regional implementation costs included in the Memorandum of Understanding must be updated annually; and

WHEREAS, the City's share of regional implementation costs is reflected as an agency fee in the solid waste, recycling, and organics collection rate adjustment.

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

Resolution No. 2026-038
Page 2

- Approve a 3.04 percent rate increase to charges by the City’s franchised hauler, GreenWaste Recovery, for the collection of solid waste, recycling and organics, effective on July 1, 2026, as shown in the attached **Exhibit A**.
- Approve Amendment No. 5 to the Memorandum of Understanding between ReGen and Member Agencies for Fiscal Year 2026/27 regional costs associated with SB 1383.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 2nd day of June, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Dale Byrne
Mayor

Nova Romero, M.M.C.
City Clerk

EXHIBIT A

**Franchise Agreement
Rates Effective July 1, 2026
(All rates are monthly unless stated otherwise)**

Residential Solid Waste Collection Rates			
Service Level	Solid Waste	Recycling	Organics
20 Gal Back/Side	\$ 51.96	Included	Included
32 Gal Back/Side	\$ 57.73	Included	Included
64 Gal Back/Side	\$ 91.25	Included	Included
96 Gal Back/Side	\$ 115.66	Included	Included
Notes: See Exhibit B1 for specific service availability			

Commercial/Multi-Family Solid Waste Collection Rates						
Service Level	Frequency					
	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
32-Gallon Cart	\$ 58.13	\$ 116.31	\$ 147.48	\$ 179.27	\$ 210.89	\$ 284.53
64-Gallon Cart	\$ 111.97	\$ 182.24	\$ 252.79	\$ 323.36	\$ 476.75	\$ 605.36
96-Gallon Cart	\$ 138.11	\$ 259.72	\$ 385.51	\$ 486.08	\$ 624.18	\$ 792.18
1-Cubic Yard Bin	\$ 318.87	\$ 599.75	\$ 820.73	\$ 1,031.67	\$ 1,242.63	\$ 1,579.66
2-Cubic Yard Bin	\$ 468.57	\$ 936.47	\$ 1,405.08	\$ 1,875.60	\$ 2,209.37	\$ 2,351.95
3-Cubic Yard Bin	\$ 663.45	\$ 1,170.60	\$ 1,638.89	\$ 2,028.40	\$ 2,341.74	\$ 2,809.64
4-Cubic Yard Bin	\$ 882.69	\$ 1,452.68	\$ 2,341.54	\$ 2,917.63	\$ 3,176.25	\$ 3,434.88
2-Cubic Yard Compactor	\$ 512.58	\$ 1,024.47	\$ 1,537.07	n/a	n/a	n/a
3-Cubic Yard Compactor	\$ 729.44	\$ 1,302.60	\$ 1,836.89	n/a	n/a	n/a
4-Cubic Yard Compactor	\$ 970.68	\$ 1,628.66	\$ 2,605.52	n/a	n/a	n/a

Commercial/Multi-Family Recycling Collection Rates						
Service Level	Frequency					
	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
64-Gallon Cart	\$ 16.78	\$ 27.34	\$ 37.92	\$ 48.50	\$ 71.51	\$ 90.80
96-Gallon Cart	\$ 20.73	\$ 38.96	\$ 57.83	\$ 72.92	\$ 93.64	\$ 118.81
1-Cubic Yard Bin	\$ 47.84	\$ 89.97	\$ 123.11	\$ 154.73	\$ 186.39	\$ 236.95
2-Cubic Yard Bin	\$ 70.28	\$ 140.47	\$ 210.76	\$ 281.34	\$ 331.41	\$ 352.81
3-Cubic Yard Bin	\$ 99.52	\$ 175.59	\$ 245.84	\$ 304.25	\$ 351.27	\$ 421.43
2-Cubic Yard Compactor	\$ 18.99	\$ 37.88	\$ 56.90	n/a	n/a	n/a
3-Cubic Yard Compactor	\$ 22.58	\$ 21.72	\$ 15.02	n/a	n/a	n/a

Commercial/Multi-Family Food Waste Collection Rates						
Service Level	Frequency					
	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
32-Gallon Cart	\$ 68.05	\$ 95.89	\$ 124.31	\$ 161.36	\$ 273.09	\$ 346.97
64-Gallon Cart	\$ 83.95	\$ 136.67	\$ 189.59	\$ 242.54	\$ 357.56	\$ 454.03
96-Gallon Cart	\$ 103.57	\$ 194.78	\$ 289.14	\$ 364.57	\$ 468.16	\$ 594.13
1-Cubic Yard Bin	\$ 239.17	\$ 449.83	\$ 615.53	\$ 773.73	\$ 931.98	\$ 1,184.75
2-Cubic Yard Bin	\$ 351.43	\$ 702.36	\$ 1,053.81	\$ 1,406.71	\$ 1,657.02	\$ 1,763.95

Commercial/Multi-Family Yard Trimmings Collection Rates						
Service Level	Frequency					
	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
32-Gallon Cart	\$ 68.05	\$ 95.89	\$ 124.31	\$ 161.36	\$ 273.09	\$ 346.97
64-Gallon Cart	\$ 83.95	\$ 136.67	\$ 189.59	\$ 242.54	\$ 357.56	\$ 454.03
96-Gallon Cart	\$ 103.57	\$ 194.78	\$ 289.14	\$ 364.57	\$ 468.16	\$ 594.13
1-Cubic Yard Bin	\$ 239.17	\$ 449.83	\$ 615.53	\$ 773.73	\$ 931.98	\$ 1,184.75
2-Cubic Yard Bin	\$ 351.43	\$ 702.36	\$ 1,053.81	\$ 1,406.71	\$ 1,657.02	\$ 1,763.95
3-Cubic Yard Bin	\$ 497.59	\$ 877.95	\$ 1,229.15	\$ 1,521.29	\$ 1,756.30	\$ 2,107.21

Roll-Off Collection Rates (Per Pull)					
Service Level	Material				
	MSW	REC	FW	YT	C&D
10 YD	\$ 816.32	\$ 816.32	\$ 816.32	\$ 816.32	\$ 816.32
20 YD	\$ 897.44	\$ 897.44	\$ 897.44	\$ 897.44	\$ 897.44
30 YD	\$ 1,115.13	\$ 1,115.13	\$ 1,115.13	\$ 1,115.13	\$ 1,115.13
40 YD	\$ 1,332.85	\$ 1,332.85	\$ 1,332.85	\$ 1,332.85	\$ 1,332.85
Per Ton	\$ 97.70	\$ 49.43	\$ 83.91	\$ 62.07	\$ 97.70

Additional Service Rates		
Service	Sector	Charge Per Event*
Cart Rental - All Sizes	RES	\$ 5.53
Cart Replacement	RES	\$ 110.53
Re-Delivery or Re-Start	RES	\$ 46.06
Cart Cleaning	RES	\$ 46.06
Non-Scheduled Collection	RES	\$ 35.01
Cardboard Sticker	COM	\$ 17.12
Difficult to Service Cart	COM	\$ 1.84
Difficult to Service Bin	COM	\$ 5.53
Locking Bin	COM	\$ 92.09
Cart Replacement	COM	\$ 110.53
Cart Cleaning	COM	\$ 46.06
Bin Swap - Cleaning or Repainting	COM	\$ 138.15
Bulky - Recyclable	RES/COM	\$ 36.85
Bulky - Non Recyclable	RES/COM	\$ 46.06
Bulky - Event	RES/MFD	\$ 55.27
Covered Box	RO	\$ 138.15
Driver Time per Hour	RO	\$ 202.62
Dry Run or Relocation	RO	\$ 138.15
Extra Days	RO	\$ 46.06

*Note: Application of fees shall be as described in Franchise Agreement

Note: All rates are monthly unless stated otherwise



HF&H Consultants
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 Walnut Creek, CA 94596
 Phone: (925) 977-6950
 Web: hfh-consultants.com

May 20, 2026

Mary Bilse
 Environmental Compliance Manager
 City of Carmel-by-the-Sea

Sent via email

Subject: Review of GreenWaste Recovery's 2026-27 Rate Request – Final Report

Dear Mary Bilse,

HF&H Consultants, LLC (HF&H) was retained by ReGen Monterey (ReGen), formerly the Monterey Regional Waste Management District, to assist with a review of GreenWaste Recovery's (GWR) request for an adjustment to customer rates, effective July 1, 2026, submitted to the City of Carmel-by-the-Sea (City) on April 1, 2026. This report presents our findings and recommendations.

Executive Summary

HF&H's review of GWR's Rate Period 12 (RP12) rate request to the City resulted in the following outcomes:

HF&H has determined a 3.04% increase is appropriate based on the following components:

- 3.50% inflationary increase in labor-related costs
- 2.70% inflationary increase in vehicle-related costs (excluding fuel)
- Fuel rate held flat, as set by ReGen
- 2.70% inflationary increase in other costs
- Depreciation held flat, per the Agreement
- 2.32% overall net processing cost increases due to an increase in per-ton tip fees, slightly offset by a decrease in recyclable and organic tonnages
- 8.64% increase in disposal costs due to an increase in per-ton disposal rate and tonnages

Refer to **Figure 1** on the following page for the impact to sample residential rates.



Figure 1: Example Rate Impact of Adjustment

	Current Rates (RP11)	RP12
Adjustment		3.04%
Residential 32-gallon rate	\$56.03	\$57.73

Background

In 2012, the City—participating with other members of ReGen—issued a competitive request for proposals for collection services and entered into the new Agreement with GWR effective July 1, 2015. The Agreement provides for the following, related to the adjustment of rates:

- Rates are to be adjusted annually throughout the term of the Agreement, using various inflationary indices, actual tonnage, and changes in the tipping fees at ReGen, unless either the City or GWR request a Cost-Based Rate Adjustment (CBRA).
- The City and GWR may mutually agree upon alternative approaches to structuring rates without amending the Agreement (Section 8.2.D).
- During the CBRA review in RP5, a number of issues surrounding the process for setting rates and the resulting rate relationships amongst sectors and materials were identified. As such, the City and GWR have negotiated an amendment to the prescribed methodology for the CBRA and index adjustments to not alter rate relationships between service sectors and material types.
- Through negotiations of the amendment, and as a result of the desire to maintain current rate relationships between sectors and service levels, the City and GWR have prescribed a uniform rate adjustment to be applied to all sectors.

Rate Calculation Review

HF&H SCOPE OF WORK

HF&H performed this review of the rate request in accordance with Exhibit E1 for the index-based rate adjustment. These procedures included:

1. Review of the rate request for completeness and compliance with the procedures contained in Exhibit E1 of the Agreement.
2. Review for mathematical accuracy and logical consistency to determine that the rate request is mathematically correct, the rows and columns of numbers add down and across as intended, and the stated assumptions were, in fact, used. Determine that the rate request is internally consistent and any summary schedules agree to the supporting schedules and worksheets.
3. Verify the inclusion of the franchise fee calculation in the adjustment.
4. Verify contract compliance, including:



- A. The indices used in the adjustment.
- B. The tip fees reported for the disposal and processing rate components.
- C. The use of quarterly reported tonnage data and allocations among agencies. A detailed audit of tonnage and allocations of tonnage reported by GWR was not a part of this scope of work. HF&H discussed GWR's allocation methodology, which appears reasonable and consistent with standard industry practices.
- D. Any changes in governmental fees affecting the fee component of the rates, and the accurate application of the resulting percentage changes to the various rate components in the rate schedule approved by the City through the Agreement.

REVIEW OF RATE REQUEST

RP12 Application

HF&H reviewed the rate application for RP12. The results of the RP12 calculation, performed in accordance with the methodology set forth in Exhibit E1 of the amendment, are presented in **Figure 2** on the following page.



Figure 2: City of Carmel-by-the-Sea Application of Index-Based Adjustments to RP12

	RP 11	Adjustment Factor	RP 12
Annual Cost of Operations			
Labor-Related Costs	\$995,471	1.035	\$1,030,313
Vehicle-Related Costs	138,866	1.027	142,616
Fuel Costs	126,300	1	126,300
Other Costs	270,290	1.027	277,588
Direct Depreciation	151,264	N.A.	151,264
Total Allocated Costs - Labor, Vehicle, Fuel & Other	580,543	1.027	596,218
Total Allocated Costs - Depreciation & Start-Up	25,726	N.A.	25,726
Total Annual Cost of Operations	\$2,288,461		\$2,350,024
Profit	\$379,987	OR=85.76	\$390,209
Pass-Through Costs			
Disposal Costs	\$233,093	Tons*Tip Fee	\$253,235
Curbside Supplemental	(7,152)	1.00	(7,152)
Recycling Processing Costs	73,585	Tons*Tip Fee	68,524
Residue Processing Costs	-	Tons*Tip Fee	-
Yard Trimmings Processing Costs	102,974	Tons*Tip Fee	108,221
Food Waste Processing Costs	30,657	Tons*Tip Fee	35,279
C&D Processing Costs	-	Tons*Tip Fee	-
Interest Expense	44,270	N.A.	44,270
Direct Lease Costs	-	N.A.	-
Total Allocated Costs - Lease	38,993	N.A.	38,993
Total Pass-Through Costs	\$516,420		\$541,371
Total Costs before Agency Fees	\$3,184,869		\$3,281,605
Agency Fees/Payments			
Franchise Fee	\$478,211	13.00%	\$492,736
ReGen MOU Costs	14,213	Actual	15,935
Other Adjustments (as needed from time to time)			
Adjustment from Tip Fee Estimates	\$1,256	N.A.	-
Total Calculated Costs	\$3,678,549		\$3,790,275
Rate Increase			3.04%



Review of GWR Costs

There are four major components to GWR's rate application: (1) the calculation and application of the inflationary indices as prescribed in the Agreement; (2) the disposal and/or processing component; (3) the Agency Fees; and (4) other one-time adjustments.

There are three indices used in the index adjustment: Consumer Price Index (CPI), fuel index, and labor index. The annual percentage change in each index is used to calculate the coming year's cost for the line items to which they apply.

HF&H has reviewed, and GWR has confirmed, the accuracy of each of these indices. It is noted that the fuel index remains unchanged, as reported by ReGen management staff.

Review of Disposal and Processing Components

Collected tonnage for calendar year 2025 was used for the RP12 review, in accordance with the amendment. The disposal and processing components also consider the tipping fees charged by ReGen to project anticipated disposal and processing costs at ReGen. **Figure 3** below outlines the changes in the City's disposal and processing costs for each material type—based on ReGen's tip fees—effective July 1, 2026, which have been incorporated into our RP12 review.

Figure 3: Impact of ReGen Tip Fee Changes

Material	2025 Tons	Projected Per Ton Tip Fee	RP 12 Costs
	A	B	A x B
Solid Waste	2,979	\$85.00	\$253,235
Recycling	1,594	43.00	68,524
Yard Trimmings	2,004	54.00	108,221
Food Waste	483	73.00	35,279

Note: Values may not be exact due to rounding.

Review of Fee Component

HF&H ensured that the fee component of each rate matches the contractual percentage of 13% for franchise fees, which are remitted to the City by GWR.

Additionally, rate application review costs and other identified ReGen costs totaling \$15,935 were added as a one-time adjustment. These costs cover the rate review, franchise management, staff time, and public education and outreach.

NEW RATES

Attached hereto is a table of all new rates recommended for RP12 based on the adjustments described in this report (Attachment A). HF&H recommends adopting these rates by resolution to be effective July 1, 2026.



Mary Bilse
May 20, 2026
Page 6 of 6

* * * * *

We would like to express our appreciation to GWR staff for their assistance and cooperation in this process. Should you have any questions, please call me at (925) 977-6964 or dhilton@hfh-consultants.com.

Sincerely,
HF&H CONSULTANTS, LLC

A handwritten signature in black ink, appearing to read 'Rob Hilton'.

Rob Hilton
President

A handwritten signature in blue ink, appearing to read 'Dave Hilton'.

Dave Hilton
Senior Project Manager

Residential Solid Waste Collection Rates			
Service Level	Solid Waste	Recycling	Organics
20 Gal Back/Side	\$ 51.96	Included	Included
32 Gal Back/Side	\$ 57.73	Included	Included
64 Gal Back/Side	\$ 91.25	Included	Included
96 Gal Back/Side	\$ 115.66	Included	Included
Notes: See Exhibit B1 for specific service availability			

Commercial/Multi-Family Solid Waste Collection Rates						
Service Level	Frequency					
	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
32-Gallon Cart	\$ 58.13	\$ 116.31	\$ 147.48	\$ 179.27	\$ 210.89	\$ 284.53
64-Gallon Cart	\$ 111.97	\$ 182.24	\$ 252.79	\$ 323.36	\$ 476.75	\$ 605.36
96-Gallon Cart	\$ 138.11	\$ 259.72	\$ 385.51	\$ 486.08	\$ 624.18	\$ 792.18
1-Cubic Yard Bin	\$ 318.87	\$ 599.75	\$ 820.73	\$ 1,031.67	\$ 1,242.63	\$ 1,579.66
2-Cubic Yard Bin	\$ 468.57	\$ 936.47	\$ 1,405.08	\$ 1,875.60	\$ 2,209.37	\$ 2,351.95
3-Cubic Yard Bin	\$ 663.45	\$ 1,170.60	\$ 1,638.89	\$ 2,028.40	\$ 2,341.74	\$ 2,809.64
4-Cubic Yard Bin	\$ 882.69	\$ 1,452.68	\$ 2,341.54	\$ 2,917.63	\$ 3,176.25	\$ 3,434.88
2-Cubic Yard Compactor	\$ 512.58	\$ 1,024.47	\$ 1,537.07	n/a	n/a	n/a
3-Cubic Yard Compactor	\$ 729.44	\$ 1,302.60	\$ 1,836.89	n/a	n/a	n/a
4-Cubic Yard Compactor	\$ 970.68	\$ 1,628.66	\$ 2,605.52	n/a	n/a	n/a

Commercial/Multi-Family Recycling Collection Rates						
Service Level	Frequency					
	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
64-Gallon Cart	\$ 16.78	\$ 27.34	\$ 37.92	\$ 48.50	\$ 71.51	\$ 90.80
96-Gallon Cart	\$ 20.73	\$ 38.96	\$ 57.83	\$ 72.92	\$ 93.64	\$ 118.81
1-Cubic Yard Bin	\$ 47.84	\$ 89.97	\$ 123.11	\$ 154.73	\$ 186.39	\$ 236.95
2-Cubic Yard Bin	\$ 70.28	\$ 140.47	\$ 210.76	\$ 281.34	\$ 331.41	\$ 352.81
3-Cubic Yard Bin	\$ 99.52	\$ 175.59	\$ 245.84	\$ 304.25	\$ 351.27	\$ 421.43
2-Cubic Yard Compactor	\$ 18.99	\$ 37.88	\$ 56.90	n/a	n/a	n/a
3-Cubic Yard Compactor	\$ 22.58	\$ 21.72	\$ 15.02	n/a	n/a	n/a

Commercial/Multi-Family Food Waste Collection Rates						
Service Level	Frequency					
	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
32-Gallon Cart	\$ 68.05	\$ 95.89	\$ 124.31	\$ 161.36	\$ 273.09	\$ 346.97
64-Gallon Cart	\$ 83.95	\$ 136.67	\$ 189.59	\$ 242.54	\$ 357.56	\$ 454.03
96-Gallon Cart	\$ 103.57	\$ 194.78	\$ 289.14	\$ 364.57	\$ 468.16	\$ 594.13
1-Cubic Yard Bin	\$ 239.17	\$ 449.83	\$ 615.53	\$ 773.73	\$ 931.98	\$ 1,184.75
2-Cubic Yard Bin	\$ 351.43	\$ 702.36	\$ 1,053.81	\$ 1,406.71	\$ 1,657.02	\$ 1,763.95

Commercial/Multi-Family Yard Trimmings Collection Rates						
	Frequency					
Service Level	1x/week	2x/week	3x/week	4x/week	5x/week	6x/week
32-Gallon Cart	\$ 68.05	\$ 95.89	\$ 124.31	\$ 161.36	\$ 273.09	\$ 346.97
64-Gallon Cart	\$ 83.95	\$ 136.67	\$ 189.59	\$ 242.54	\$ 357.56	\$ 454.03
96-Gallon Cart	\$ 103.57	\$ 194.78	\$ 289.14	\$ 364.57	\$ 468.16	\$ 594.13
1-Cubic Yard Bin	\$ 239.17	\$ 449.83	\$ 615.53	\$ 773.73	\$ 931.98	\$ 1,184.75
2-Cubic Yard Bin	\$ 351.43	\$ 702.36	\$ 1,053.81	\$ 1,406.71	\$ 1,657.02	\$ 1,763.95
3-Cubic Yard Bin	\$ 497.59	\$ 877.95	\$ 1,229.15	\$ 1,521.29	\$ 1,756.30	\$ 2,107.21

Roll-Off Collection Rates (Per Pull)					
	Material				
Service Level	MSW	REC	FW	YT	C&D
10 YD	\$ 816.32	\$ 816.32	\$ 816.32	\$ 816.32	\$ 816.32
20 YD	\$ 897.44	\$ 897.44	\$ 897.44	\$ 897.44	\$ 897.44
30 YD	\$ 1,115.13	\$ 1,115.13	\$ 1,115.13	\$ 1,115.13	\$ 1,115.13
40 YD	\$ 1,332.85	\$ 1,332.85	\$ 1,332.85	\$ 1,332.85	\$ 1,332.85
Per Ton	\$ 97.70	\$ 49.43	\$ 83.91	\$ 62.07	\$ 97.70

Additional Service Rates		
Service	Sector	Charge Per Event*
Cart Rental - All Sizes	RES	\$ 5.53
Cart Replacement	RES	\$ 110.53
Re-Delivery or Re-Start	RES	\$ 46.06
Cart Cleaning	RES	\$ 46.06
Non-Scheduled Collection	RES	\$ 35.01
Cardboard Sticker	COM	\$ 17.12
Difficult to Service Cart	COM	\$ 1.84
Difficult to Service Bin	COM	\$ 5.53
Locking Bin	COM	\$ 92.09
Cart Replacement	COM	\$ 110.53
Cart Cleaning	COM	\$ 46.06
Bin Swap - Cleaning or Repainting	COM	\$ 138.15
Bulky - Recyclable	RES/COM	\$ 36.85
Bulky - Non Recyclable	RES/COM	\$ 46.06
Bulky - Event	RES/MFD	\$ 55.27
Covered Box	RO	\$ 138.15
Driver Time per Hour	RO	\$ 202.62
Dry Run or Relocation	RO	\$ 138.15
Extra Days	RO	\$ 46.06

*Note: Application of fees shall be as described in Franchise Agreement

Note: All rates are monthly unless stated otherwise

MEMORANDUM OF UNDERSTANDING

BETWEEN THE MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT AND ITS
MEMBER AGENCIES REGARDING ASSISTANCE WITH COMPLIANCE WITH
CALIFORNIA SENATE BILL 1383

This Memorandum of Understanding (“MOU”) is made and entered into as of the date of the signatures set forth below by and between the MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT (“District”, “MRWMD”), a California Garbage and Refuse Disposal District, and its member agencies including the cities of CARMEL-BY-THE-SEA, DEL REY OAKS, MARINA, MONTEREY, PACIFIC GROVE, SAND CITY, and SEASIDE; THE PEBBLE BEACH COMMUNITY SERVICES DISTRICT; and THE COUNTY OF MONTEREY (“Member Agencies”). Collectively these entities shall be known herein as “Parties” or individually as a “Party.”

Recitals

- A. The State of California has passed legislation, known as Senate Bill 1383, California’s Short-Lived Climate Pollutants regulation. The regulation will have significant impact on each Member Agency, with the goal of reducing organic material being landfilled by 75% by 2025, compared to a 2014 basis. The legislation mandates that Member Agencies undertake certain activities around the handling of organic waste materials collected within their jurisdictions. The regulation also requires 20% recovery of edible food by 2025 to direct it to a beneficial use and thus prevent it from entering the waste stream. Regulations take effect, and local program implementation will begin, on January 1, 2022.
- B. The Member Agencies have determined that it is in their best interest to coordinate their activities related to this legislation. This coordination is being facilitated by the District’s Technical Advisory Committee (TAC) comprised of staff from each Member Agency, the three Haulers in the District service area (Haulers), Salinas Valley Recycles (SVR) and MRWMD.
- C. The Member Agencies have further determined that the District has the expertise and resources necessary to implement some of these activities on the Member Agencies’ behalf and have now requested that the District incur costs to provide these activities.
- D. The Member Agencies have agreed to reimburse the District for proportionate shares of certain designated annual costs incurred by the District for these activities.
- E. The form and content of this MOU have been presented to the TAC, and the TAC has recommended it for approval by the Parties

NOW THEREFORE, in consideration of the mutual benefits to be derived by the District and the Member Agencies, and of the promises contained in this MOU, the Parties agree as

follows:

Section 1. Recitals: The recitals set forth above are incorporated into this MOU.

Section 2. Purpose: The purpose of this MOU is to provide a structure for the Member Agencies to reimburse the District for SB 1383 related activities it performs on behalf of the Member Agencies.

Section 3. Voluntary: This MOU is voluntarily entered into by the Parties for the purpose of facilitating the implementation of SB 1383.

Section 4. Term: This MOU shall become effective on the last day of its execution by a Party and shall remain in effect until terminated by the Parties.

Section 5. Scope of Work, Costs & Cost Sharing: The scope of work, and associated costs, are set out in Exhibit A, entitled Detailed Activities and Costs, attached hereto and incorporated herein. Allocation of such costs to the Member Agencies is set out in Exhibit B, entitled Member Agencies' Annual Proportionate Shares and Costs, attached hereto and incorporated herein. Exhibit C outlines estimated individual Member Agencies' allocations related to the Department of Resources Recycling and Recovery (CalRecycle) SB 1383 Local Assistance Grant Program (OWR1: 2021-22), attached hereto and incorporated herein. Exhibit D defines the estimated annual procurement requirements of organic material and estimated cost per ton of compost for each Member Agency, attached hereto and incorporated herein.

No later than March 1 of each year, and at such other times as directed by the Parties, the TAC shall meet to consider and, if deemed necessary, modify Exhibits A, B, C, and/or D subject to direction from the governing bodies of each Member Agency to its TAC representative.

Section 6. The District Agrees:

(a) District staff will manage activities as identified in Exhibit A, C, and D which activities include contracting with third party vendors when reasonably necessary and paying those vendors for contracted costs.

(b) Two times per year, on dates to be determined by the TAC, District will invoice Member Agencies for each Member Agency's proportionate share of costs as shown in Exhibit B with each invoice to be fifty percent (50%) of the Member Agency's share of costs.

(c) Upon award of CalRecycle SB 1383 Local Assistance Grant Program funds, the District will invoice Member Agencies for their full allocation of grant funds as shown in Exhibit C. Four times during the grant term, aligned with dates identified by CalRecycle grant Terms & Conditions, the District shall report to Member Agencies a summary of actual grant expenditures and progress toward grant tasks to date.

(d) District will maintain an accounting of activities and expenses and provide reconciliation of payments annually. Material differences between estimated costs and actual incurred costs will result in either: 1) an adjustment made to the final annual payment for each Member Agency, or 2) such cost difference shall be incorporated into the subsequent year cost allocation.

(e) In year one only, in recognition of expected continuation of improved recycling revenues for the District from recyclable material sales, the District will off-set \$140,000 of the costs identified in Exhibit A. This off-set is reflected in the cost allocations set out in Exhibit B for FY 2021-22.

Section 7. The Member Agencies Agree:

(a) To reimburse the District for all expenses incurred by the District under this MOU in accordance with each Member Agency's proportionate share as shown on Exhibit B, C, and D.

(b) To make a full-faith effort to cooperate with one another and with the District to achieve the purposes of this MOU by providing information, reviewing information in a timely manner, and informing their respective administration and governing bodies.

Section 8. Termination. Any Party may terminate its participation in this MOU upon giving written notice to the District no later than April 1 of any calendar year during the term of this MOU. Within ten days following a Party's termination date, such party shall pay District all charges then due and payable and shall pay when determined any additional charges that shall later come due under the MOU, subject to the limits set out in Exhibits A, B, C, and D.

Section 9. General Provisions.

(a) This MOU is binding and for the benefit of the respective successors, heirs, and assigns of each Party and the District; provided however, no Party may assign its respective rights or obligations under this MOU without the prior written consent of the District.

(b) This MOU is governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

(c) If any provision of this MOU is determined by any court to be invalid, illegal, or unenforceable to any extent, then the remainder of this MOU will not be affected, and this MOU will be construed as if the invalid, illegal, or unenforceable provision had never been contained in this MOU.

(d) Waiver by the District or any Party to this MOU of any term, condition, or covenant of this MOU will not constitute a waiver of any other term, condition, or covenant.

Waiver by the District or any Party of any breach of the provisions of this MOU will not constitute a waiver of any other provision, nor a waiver of any subsequent breach or violation of any provision of this MOU.

(e) This MOU may be executed in any number of counterparts, each of which is an original but all of which taken together will constitute one and the same instrument, provided, however, that such counterparts have been delivered to all parties to this MOU.

(f) All parties acknowledge they have been represented, or have had the opportunity to be represented, by counsel in the preparation and negotiation of this MOU. Accordingly, this MOU will be construed according to its fair language. Any ambiguities will be resolved in a collaborative manner by the District and the Parties and must be rectified by amending this MOU.

IN WITNESS WHEREOF, the District and the Parties have caused this MOU to be executed by their duly authorized representatives as of the date of their respective signatures.

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

By: _____

DATE: _____

APPROVED AS TO FORM:

CITY OF CARMEL-BY-THE-SEA

By: _____

DATE: _____

APPROVED AS TO FORM:

CITY OF DEL REY OAKS

By: _____

DATE: _____

APPROVED AS TO FORM:

CITY OF MARINA

By: _____

DATE: _____

APPROVED AS TO FORM:

CITY OF MONTEREY

By: _____

DATE: _____

APPROVED AS TO FORM:

CITY OF PACIFIC GROVE

By: _____

DATE: _____

APPROVED AS TO FORM:

SAND CITY

By: _____

DATE: _____

APPROVED AS TO FORM:

CITY OF SEASIDE

By: _____

DATE: _____

APPROVED AS TO FORM:

PEBBLE BEACH COMMUNITY SERVICES DISTRICT

By: _____

DATE: _____

APPROVED AS TO FORM:

COUNTY OF MONTEREY

By: _____

DATE: _____

APPROVED AS TO FORM:

Exhibit A
Detailed Activities and Costs
FY 2026-2027

Task #	SB 1383 Fee Category	Detail	FY 26/27 Budget	Notes
1	HF&H General Support & TAC meetings	Task #5 (general support) & task #6 (monthly TAC meetings) of HF&H FY 2026 proposal	\$ 14,000	
2	Edible Food Recovery Capacity Building	\$50,000 for ReGen portion of grant allocations \$10,500 for grant administration	\$ 60,500	Grants offered jointly by ReGen & SVR. County is omitted from this line item.
3	Edible Food Recovery Program Administration	Capacity Assessment Updates - Living Document FRO Annual Capacity Survey Updates Other support (TBD): Edible Food Outreach - Follow-up target groups Organics Collections Outreach - Follow-up target groups School Food Waste Reductions - Targeted groups Conference presentations	\$ 15,635	ReGen member agency portion only. Split 50/50 with SVR.
4	Outreach & Technical Assistance to FROs and EFGs	Outreach and technical assistance for food recovery organizations (FROs) and Edible Food Generators (EFGs), Careit App support	\$ 19,170	Previously funded by CalRecycle LAGP grants.
5	Edible Food Generator Inspections for Tier 1 & 2	Inspections only	\$ 4,602	Omits County of Monterey as they perform their own inspections
6	Commercial and Multi-Family Organics Outreach	Provide outreach, education, and technical assistance support to targeted multi-family and commercial businesses	\$ 9,450	Previously funded by CalRecycle LAGP grants.
7	Public Education	Design/creation of public education materials (\$5k). Does not include production or distribution of materials created. Continuation of Sort with Heart campaign (\$25k media placement inclusive of booking fees).	\$ 30,000	Sort with Heart campaign previously funded by CalRecycle LAGP grant.
8	Contamination Monitoring (Lid Flipping)		\$ 18,400	Omits County of Monterey due to WM Smart Truck.
9	Recyclist Fees	Cloud-based recordkeeping and reporting system shared by haulers, jurisdictions and processor.	\$ 14,002	Omits County & City of Monterey, who subscribe separately.
10	ReGen Monterey Staff Time	Coordination and Hosting of Monthly TAC Meetings Hosting and/or participating in TAC Subcommittees SB 1383 Program Coordination and Implementation CalRecycle Reporting Support - Electronic Annual Report & Implementation Records	\$ 75,000	
SB 1383 Total			\$ 260,759	

SB 1383 Procurement of Organic Material (Cost per member agency feeds directly into Exhibit B)			
Member Agency	Annual Procurement Target (tons of compost)	Cost @ \$5/ton using direct-service provider agreement	Notes
Carmel-by-the-Sea	187	\$ 935.00	*The County of Monterey has separate procurement MOU w/ ReGen through 2027. Their amount is not included in this total.
Del Rey Oaks	78	\$ 390.00	
Marina	1,017	\$ 5,085.00	
Monterey	1,317	\$ 6,585.00	
Pacific Grove	721	\$ 3,605.00	
Sand City	18	\$ 90.00	
Seaside	1,491	\$ 7,455.00	
Pebble Beach CSD	210	\$ 1,050.00	
Unincorporated County (West)*	3071	\$ 15,355.00	
ReGen Monterey Total	8,110	\$ 40,550.00	

HF&H Franchise Management Fees		
Task #	FY 26/27 Budget	Notes
1. Review Contractor's Quarterly Reports	\$16,000	Franchise Management services are for GreenWaste member agencies only (omitting the City and County of Monterey).
2. Review Contractor's Annual Report	\$3,000	
3. Review Franchise Fee Payments	\$3,000	
4. Review Contractor's Annual Rate Adjustments	\$50,000	
8. Monitor Contract Compliance	\$24,000	
Franchise Management Total	\$96,000	

Exhibit A Total	\$ 381,954
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Exhibit B
Member Agencies' Annual Proportionate Shares of Costs*
FY 2026-2027

Table 1				
HF&H General Support; EFR Capacity, Admin & Technical Assistance; COM & MFD Outreach; Pub Ed; & ReGen Staff Time*				
	Population			
	#	%	Per Agency Cost/Year	With \$8,500 Minimum
Carmel	3,220	2.9%	\$ 5,981	\$ 8,500
DRO	1,592	1.5%	\$ 2,957	\$ 8,500
Marina	22,359	20.4%	\$ 41,529	\$ 37,943
PG	15,090	13.8%	\$ 28,028	\$ 25,608
PBCSD	4,531	4.1%	\$ 8,416	\$ 8,500
Sand City	325	0.3%	\$ 604	\$ 8,500
Seaside	32,366	29.5%	\$ 60,116	\$ 54,925
Monterey City	30,218	27.5%	\$ 56,126	\$ 51,280
County	53,915		\$ 20,000	\$ 20,000
TOTAL	163,616		\$ 223,755	\$ 223,755

*SB 1383 tasks 1-4, 6, 7 & 10

Table 2				
Edible Food Generator Inspections and Contamination Monitoring*				
	Population			
	#	%	Per Agency Cost/Year	With \$1,500 Minimum
Carmel	3,220	2.9%	\$ 675	\$ 1,500
DRO	1,592	1.5%	\$ 334	\$ 1,500
Marina	22,359	20.4%	\$ 4,688	\$ 3,800
PG	15,090	13.8%	\$ 3,164	\$ 2,565
PBCSD	4,531	4.1%	\$ 950	\$ 1,500
Sand City	325	0.3%	\$ 68	\$ 1,500
Seaside	32,366	29.5%	\$ 6,786	\$ 5,501
Monterey City	30,218	27.5%	\$ 6,336	\$ 5,136
County	53,915		\$ -	\$ -
TOTAL	163,616		\$ 23,002	\$ 23,002

*SB 1383 tasks 5 & 8

Table 3		
SB 1383 Procurement of Organic Material		
	Population	
	Annual Procurement Target (tons of compost)	Cost @ \$5/ton using direct-service provider agreement
Carmel	187	\$ 935
DRO	78	\$ 390
Marina	1,017	\$ 5,085
PG	721	\$ 3,605
PBCSD	210	\$ 1,050
Sand City	18	\$ 90
Seaside	1,491	\$ 7,455
Monterey City	1,317	\$ 6,585
TOTAL	5,039	\$ 25,195.00

Table 4				
HF&H Franchise Management Fees and Recyclist Fees*				
	Population			
	#	%	Per Agency Cost/Year	With \$5,000 Minimum
Carmel	3,220	4.1%	\$ 4,456	\$ 5,000
DRO	1,592	2.0%	\$ 2,203	\$ 5,000
Marina	22,359	28.1%	\$ 30,944	\$ 28,571
PG	15,090	19.0%	\$ 20,884	\$ 19,283
PBCSD	4,531	5.7%	\$ 6,271	\$ 5,790
Sand City	325	0.4%	\$ 450	\$ 5,000
Seaside	32,366	40.7%	\$ 44,794	\$ 41,358
TOTAL	79,483		\$ 110,002	\$ 110,002

*SB 1383 task 9

Member Agencies will be invoiced an annual amount not to exceed column below titled "With Minimums"

Table 5 - Total Costs by Agency				
	Population			
	#	%	Per Agency Cost/Year	With Minimums
Carmel	3,220	2.0%	\$ 12,047	\$ 15,935
DRO	1,592	1.0%	\$ 5,884	\$ 15,390
Marina	22,359	13.7%	\$ 82,246	\$ 75,399
PG	15,090	9.2%	\$ 55,681	\$ 51,060
PBCSD	4,531	2.8%	\$ 16,687	\$ 16,840
Sand City	325	0.2%	\$ 1,212	\$ 15,090
Seaside	32,366	19.8%	\$ 119,151	\$ 109,239
Monterey City	30,218	18.5%	\$ 69,047	\$ 63,001
County	53,915	33.0%	\$ 20,000	\$ 20,000
TOTAL	163,616	100.0%	\$ 381,954	\$ 381,954

* Member agencies' proportionate costs subject to adjustment annually in accordance with any change in scope and total costs.

EXHIBIT C

MEMBER AGENCIES' ESTIMATED ALLOCATION OF CALRECYCLE LOCAL ASSISTANCE GRANT PROGRAM FUNDING (OWR1: 2021-22)**

The Member Agencies of Carmel, Del Rey Oaks, Marina, Monterey, Sand City, Seaside, Pacific Grove, and the Pebble Beach Community Services District (PBCSD) join the Local Assistance Grant Program as a regional collaborative project for the implementation of regulation requirements associated with SB 1383, in coordination with other jurisdictions of the Monterey County region to maximize project impact and cost-effectiveness across the countywide area. This regional grant-funded project will be coordinated through the two local waste management governmental agencies within Monterey County, Monterey Regional Waste Management (MRWMD), and Salinas Valley Solid Waste Authority (SVSWA).

The Member Agencies, along with each of the MRWMD and SVSWA member agencies are applying individually to this grant program using a unified regional project design, budget and implementation approach. All participating jurisdictions' individual grant funding will be pooled together and expended in a cooperative manner by their agencies' respective waste districts, MRWMD and SVSWA. The County of Monterey is applying separately and will manage its budget and project implementation independently, in coordination with broader regional planning efforts.

Based on current regional needs and findings to date related to SB 1383 in Monterey County, the following four major components will comprise the principal focus areas of program expenditures under the proposed regional project approach:

- 1) Grant Management, Tracking & Reporting
- 2) Agency Procurement Support
- 3) Edible Food Recovery Implementation and Capacity Building
- 4) Organics & Edible Food Recovery Education, Outreach and Technical Assistance

Each element will be informed by regional coordination through the established MRWMD and SVSWA Technical Advisory Committee forums, Capacity Planning Assessments and related studies completed or in process throughout the region, and new data and information obtained through program implementation trials, stakeholder feedback and best practices as identified. All expenditures will be incurred jointly, facilitated through each respective waste agency, and tracked and reported by each jurisdiction, based on the percentage of grant funds received by each agency compared to the full funding received collectively by all participating member agencies. CalRecycle, based on per capita calculations, using the Department of Finance's January 2021 population statistics, estimates jurisdictions' proportionate grant allocations. A summary of individual and collective agency grant allocations is presented below as **Table 1**.

EXHIBIT C
(Continued)

MEMBER AGENCIES' ESTIMATED ALLOCATION OF CALRECYCLE LOCAL
ASSISTANCE GRANT PROGRAM FUNDING (OWR1: 2021-22)**

Table 1. Thirteen Agency Collaborative Approach Budget Summary

Agencies	Estimated Funding	% of District Subtotal	% of Region Total	Waste District
Carmel-by-the-Sea	\$20,000	9%	4%	MRWMD
Del Rey Oaks	\$20,000	9%	4%	MRWMD
Marina	\$29,771	14%	6%	MRWMD
Monterey	\$38,247	18%	7%	MRWMD
Pacific Grove	\$21,398	10%	4%	MRWMD
Sand City	\$20,000	9%	4%	MRWMD
Seaside	\$43,151	20%	8%	MRWMD
Pebble Beach Community Services District	\$20,000	9%	4%	MRWMD
Subtotal (MRWMD):	\$212,566	100%	41%	
Gonzales	\$20,000	6%	4%	SVSWA
Greenfield	\$25,157	8%	5%	SVSWA
King City	\$20,665	7%	4%	SVSWA
Salinas	\$211,143	68%	40%	SVSWA
Soledad	\$33,095	11%	6%	SVSWA
Subtotal (SVSWA):	\$310,060	100%	59%	
TOTAL (13 Agency Regional Approach):	\$522,626		100%	

** Working in coordination with the designated CalRecycle grant manager or other agency representatives as appropriate, the region may adjust these proposed expenditure areas,

amounts, or priorities, consistent with grant expenditure eligibility requirements, as needed during the course of the grant term based on the needs of the region.

EXHIBIT D
MEMBER AGENCIES' ESTIMATED PROCURMENT REQUIRMENTS
OF ORGANIC MATERIAL

The list below indicates the annual recovered organic waste product procurement targets for each jurisdiction (city, county, or city and county) that will be in effect from January 1, 2022, through December 31, 2026 per CalRecycle.

Member Jurisdiction	Population (1/1/21 estimate)	% of Population	Annual Procurement Target (Tons of Organic Waste)	Tons of Compost (.58)	Cost /Ton Compost	Cost of Compost
Carmel-by-the-Sea	4,023	1%	322	187	\$ 28.00	\$ 5,229.28
Del Rey Oaks	1,670	0%	134	78	\$ 28.00	\$ 2,176.16
Marina	21,920	7%	1,754	1,017	\$ 28.00	\$ 28,484.96
Monterey	28,382	8%	2,271	1,317	\$ 28.00	\$ 36,881.04
Pacific Grove	15,536	5%	1,243	721	\$ 28.00	\$ 20,186.32
Sand City	385	0%	31	18	\$ 28.00	\$ 503.44
Seaside	32,121	10%	2,570	1,491	\$ 28.00	\$ 41,736.80
Pebble Beach CSD	4531	1%	362	210	\$ 28.00	\$ 5,878.88
Unincorporated County*						\$ -
Total MRWMD	108,568	32%	8,687	5,038		\$ 141,076.88

*Unincorporated County not participating in procurement portion of MOU
All product quoted as unbagged F.O.B MRWMD site.
Transportation costs are not included.



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

June 2, 2026
ORDERS OF BUSINESS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Shari Carlet, Acting Public Works Director

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Consider Resolution 2026-039 Rejecting all Bids for the Project for Beach Access 12th Avenue Stairs Repair (Carmel Beach Coastal Protection and Access Improvement) BID 25-26-006 and request for direction

RECOMMENDATION:

1. Discuss the Bids received for the Project for Beach Access 12th and 10th Avenues Stairs Repair (Carmel Beach Coastal Protection and Access Improvement) BID 25-26-0062.
2. Motion to adopt Resolution 2026-039 (**Attachment 1**) rejecting all bids for the Project due to arithmetic errors in each of the Bids and authorize staff to re-bid the Project.

BACKGROUND / SUMMARY:

DISCUSSION

The City issued a Notice Inviting Bids for the Beach Access 12th and 10th Avenues Stairs Repair Project (Carmel Beach Coastal Protection and Access Improvement, BID 25-26-006) on April 17, 2026 (**Attachment 2**).

Five (5) bids were received by the May 15, 2026, deadline, submitted by:

- All Star Development Group Inc.
- Sharp Engineering and Construction Inc.
- Silcon Constructors
- Tombleson Incorporated

- Wave Construction Inc.

See Bid Summary, included in **Attachment 3**. The base bid amounts ranged from \$224,703.00 to \$410,867.00; however, each submission contained arithmetic errors.

As a result of these arithmetic errors, none of the Bids are responsive and must be rejected because the errors impact the amount of the bids. See Valley Crest Landscape v. City Council (1996) 41 CA 4th 1432, 1440-1441:

“ 'A basic rule of competitive bidding is that bids must conform to specifications, and that if a bid does not so conform, it may not be accepted. [Citations.] However, it is further well established that a bid which substantially conforms to a call for bids may, though it is not strictly responsive, be accepted *if the variance cannot have affected the amount of the *1441 bid or given the bidder an advantage or benefit not allowed other bidders* or, in other words, if the variance is inconsequential. [Citations.]’ ” (Konica Business Machines U.S.A., Inc. v. Regents of University of California (1988) 206 Cal.App.3d 449, 454 [253 Cal.Rptr. 591], quoting 47 Ops.Cal.Atty.Gen. 129, 130-131 (1966), italics in Konica.)

The City has the authority to reject all bids and re-bid the Project pursuant to the Bid Specifications and Public Contracts Code Section 20166.

Following rejection of the bids, staff will work to quickly re-post the RFP so that responsive bids can be submitted and reviewed.

FISCAL IMPACT:

The project has an allocated budget of \$300,000 for FY 2025–2026, but the contract will be awarded based on the lowest bid received plus and a recommended 20 percent contingency.

PRIOR CITY COUNCIL ACTION:

No prior City Council Action.

ATTACHMENTS:

1. Resolution 2026-039
2. Beach Access 12th & 10th Ave Stair Repairs PUBLIC NOTICE
3. Bid Summary

CITY OF CARMEL-BY-THE-SEA

CITY COUNCIL

RESOLUTION NO. 2026-039

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA REJECTING ALL BIDS RECEIVED FOR BEACH ACCESS 12TH AND 10TH AVENUES STAIRS REPAIR (CARMEL BEACH COASTAL PROTECTION AND ACCESS IMPROVEMENT) BID 25-26-006 AND DIRECTING STAFF TO RE-ADVERTISE FOR BIDS

WHEREAS, on April 17, 2026, the City issued a Notice Inviting Bids for the Beach Access 12th and 10th Avenues Stairs Repair Project (Carmel Beach Coastal Protection and Access Improvement, BID 25-26-006); and

WHEREAS, five bids were received by the deadline on May 15, 2026, submitted by Wave Construction, Silcon Constructors, Sharp, All Star Development Group, and Tombleson; and

WHEREAS, upon evaluation, all five bids received had arithmetic errors and must be rejected because the errors impact the amount of the bids.

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

- 1) Rejects all bids received for the Beach Access 12th and 10th Avenues Stairs Repair (Carmel Beach Coastal Protection and Access Improvement) BID 25-26-006; and
- 2) Directs staff to re-advertise for bids for the Beach Access 12th and 10th Avenues Stairs Repair Project (Carmel Beach Coastal Protection and Access Improvement).

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 2nd day of June, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Dale Byrne, Mayor

Nova Romero, MMC, City Clerk



CITY OF CARMEL-BY-THE-SEA, CALIFORNIA
NOTICE INVITING BIDS
 for
Beach Access 12th & 10th Avenue Stairs Repair

Notice is hereby given that the City of Carmel-by-the-Sea is soliciting bids from qualified companies to replace and repair of deteriorated structural components for two different staircases that provide public access to Carmel Beach, located at 12th Avenue and 10th Avenue within 60 working days plus an additional ten (10) days for every Bid Additive the City decides to award for a potential total of up eighty (80) working date from the date specified in the written Notice to Proceed (NTP) issued by the Director of Public Works.

The contract and bidding documents will be made available Monday April 20th at <http://ci.carmel.ca.us> (under the tab "I Want to Submit a Bid or Proposal").

See Part V: Specifications and Project drawings titled Beach Access 12th & 10th Avenue Stairs Repair. This project will be managed by Ausonio, Inc., Construction Management under contract with the City. The beach will be open to the public while construction is ongoing.

There will be a Mandatory Site Tour scheduled for 1:00 PM on Tuesday, April 28, 2026, at 3325 Del Mar Ave, Carmel-by-the-Sea, CA 93921. The Pre-Bid Conference will allow bidders to receive an overview of the project and ask questions. **Failure to attend and arrive on time may result in your bid being deemed non-responsive resulting in rejection of your bid.**

Questions regarding this solicitation are to be directed to Gerardo A. Ramirez, Project Manager, at gerardo@ausonio.com. **All questions must be in writing, submitted via email by May 5, 2026, at 5:00 PM. Responses will be posted by Addendum on the City website at <http://ci.carmel.ca.us> by May 8, 2026.**

Bids may be hand delivered or mailed as follows:

US Post Office
 City of Carmel-by-the-Sea
 City Clerk
 P.O. Box CC
 Carmel-by-the-Sea, CA 93921

OR

FedEx/UPS/ Courier Service or Hand Delivery
 City of Carmel-by-the-Sea
 City Clerk
 East side of Monte Verde between Ocean & Seventh Avenues
 Carmel-by-the-Sea, CA 93921

Bids will be publicly opened at the City Hall Council Chambers, located on the east side of Monte Verde Street between Ocean and Seventh Avenues, at 3:00 PM on Friday, May 14, 2026. Bids received after the stated deadline will be returned unopened. Bids must be accompanied by a ten percent (10%) bid bond, certified check, or cashier's check payable to "City of Carmel-by-the-Sea." Bid bonds shall be in original form and executed by the Bidder and an acceptable surety. At the time of the Bid opening, the successful Bidder must be legally entitled to perform Contracts requiring a California **Class A or B** Contractor's License.

Per Sections 1725.5, 1771.1, 1771.3, and 1771.4 of the Labor Code, this project is subject to prevailing hourly rate of per diem wages for this locality and project and compliance monitoring and enforcement by the Department of Industrial Relations. All Contractors and Subcontractors shall be listed in the bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, and shall be currently registered to perform public work pursuant to Section 1725.5 of the Labor Code.

Bid Summary: Beach Access 12th and 10th Avenues Stairs Repair

Contractor	Price (Base Bid - Basis of Award)	Add Alt Bid	Grand Total	Arithmetic Error/s on the Bid
Wave Construction	\$224,703.00	\$79,500.00	\$304,203.00	Yes
Silcon Constructors	\$241,644.00	\$63,099.00	\$304,743.00	Yes
Sharp	\$281,950.00	\$91,900.00	\$373,850.00	Yes
All Star Development Group	\$284,000.00	\$54,315.00	\$338,315.00	Yes
Tombleson	\$410,867.00	\$192,352.00	\$603,219.00	Yes



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

June 2, 2026
ORDERS OF BUSINESS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Nova Romero, City Clerk, Brian Pierik, City Attorney

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Resolution 2026-040 Calling for the November 3, 2026 General Municipal Election, Requesting Consolidation with the Monterey County Elections Department, and Establishing Procedures for Resolving a Tie Vote; and Resolution 2026-041 Establishing Regulations for Candidate Statements; and approving a Service Agreement for the Provision of Election Services by the County of Monterey Department of Elections

RECOMMENDATION:

- 1) Motion to adopt Resolution 2026-040 Calling for the November 3, 2026 General Municipal Election, Requesting Consolidation with the Monterey County Elections Department, and Establishing Procedures for Resolving a Tie Vote (**Attachment 1**);
- 2) Motion to adopt Resolution 2026-041 Establishing Regulations for Candidate Statements (**Attachment 2**);
- 3) Motion to approve the Service Agreement for the Provision of Election Services by the County of Monterey Department of Elections (**Attachment 3**).

BACKGROUND / SUMMARY:

BACKGROUND

Per Carmel-by-the-Sea Municipal Code Chapter 2.73 and the California Elections Code, the City Council must order the holding of a general municipal election in November of each even-numbered year and request consolidation with the statewide

election conducted by the Monterey County Elections Department.

The City's General Municipal Election will be held on Tuesday, November 3, 2026, for the following offices:

- One Mayor, for a two-year term expiring December 2028
- Two Councilmembers, for four-year terms expiring December 2030

A resolution calling the election and requesting consolidation with Monterey County is included as **Attachment 1**. The resolution specifies the election date, offices to be filled, and election procedures. Consolidation requires approval by the Monterey County Board of Supervisors, and the Monterey County Registrar of Voters will provide election services, including precinct coordination, vote center operations, ballot processing, canvassing, and certification of election results. The resolution authorizes the City to enter into an agreement with the Monterey County Elections Department for election services, included as **Attachment 3**. The City will reimburse the County for the cost of the consolidated election upon receipt of an invoice.

The City Clerk will continue to serve as the City's Election Official and will be responsible for issuing and receiving nomination papers, campaign filing documents, and other candidate-related materials. The County will canvass and certify the election results and provide them to the City Clerk by 30 days after the election, as required by California Elections Code Section 15372. The City Clerk will then present the certified results to the City Council at the next available meeting.

In addition, California Elections Code Section 13307 requires the City Council to adopt regulations governing Candidate Statements, including word limits and responsibility for costs. A resolution adopting these regulations is included as **Attachment 2** and must be adopted no later than 120 days before the election (July 6, 2026).

EXECUTIVE SUMMARY

This item includes two resolutions necessary to prepare for the November 3, 2026, General Municipal Election.

The first resolution (**Attachment 1**) calls the election and requests consolidation with the statewide election conducted by the Monterey County Elections Department. The election will be held to fill the offices of Mayor and two City Council seats.

The candidate filing period for the 2026 general municipal election will open at 9:00 a.m. on Monday, July 13, 2026, and close at 5:00 p.m. on Friday, August 7, 2026. If an incumbent for a specific office does not file nomination papers by the deadline, the filing period for that office will be extended for non-incumbent candidates only, closing at 5:00 p.m. on Wednesday, August 12, 2026, as provided by Elections Code Section

10225.

Candidates may submit an optional Candidate Statement of up to 200 words with their nomination papers. The statement may include the candidate's background, education, and qualifications as expressed by the candidate, alongside their nomination papers. Candidates are responsible for all costs associated with printing, handling, translating, and mailing their Candidate Statement, as determined by the Monterey County Registrar of Voters. The City Clerk will provide each candidate with an estimated cost at the time of filing; however, the final cost may vary. Candidates are also required to pay a \$25 filing fee to the City when nomination papers are filed, as provided by Elections Code Section 10228.

The resolution also provides that, if two or more candidates receive the same highest number of votes, the tie will be resolved by lot, as permitted by Elections Code Section 15651.

The second resolution (**Attachment 2**) adopts the City's regulations for Candidate Statements, as required by Elections Code Section 13307. These regulations must be adopted no later than 120 days before the election, which is July 6, 2026. The resolution satisfies this requirement and establishes the rules for Candidate Statement word limits, formatting, translation, and cost responsibility.

RECOMMENDATION

It is recommended that the City Council adopt both Resolutions attached, to satisfy the requirements of the California Elections Code and City Municipal Code to hold an election for certain offices in consolidation with the County of Monterey, and to adopt regulations for Candidate Statements as required.

After the adoption of the attached resolutions, the Council may choose to adopt separate resolutions regarding submitting ballot measures to voters for the November 3, 2026, Election. If so, the Council must adopt the ballot measure resolutions no later than July 8, 2026, in order to meet the deadlines established by the Monterey County Registrar of Voters.

It is also recommended that the Council approve the Service Agreement for the Provision of Election Services by the County of Monterey Department of Elections (**Attachment 3**).

FISCAL IMPACT:

The recommended annual operating budget for FY 26-27 includes a sufficient amount to cover the cost of consolidating the election with the County. The County provides a generalized estimate to all legislative bodies that the cost for consolidation is between \$7-10 per registered voter.

Carmel-by-the-Sea has an estimated 2,562 registered voters, and the actual cost per

registered voter for the November 5, 2024, election was \$3.52 per voter, totaling \$9,011.88.

PRIOR CITY COUNCIL ACTION:

None for this action.

ATTACHMENTS:

1. Resolution_2026-040 - Calling Election 11-3-26
2. Resolution_2026-041 - Adopting Regulations for Candidate Statements
3. Agreement between City of Carmel and MC Elections for Nov. 3rd Election Services

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

RESOLUTION NO. 2026-040

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA CALLING FOR THE HOLDING OF A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER, 3, 2026, FOR THE ELECTION OF CERTAIN OFFICERS AS REQUIRED BY THE PROVISIONS OF THE LAWS OF THE STATE OF CALIFORNIA RELATING TO GENERAL LAW CITIES; REQUESTING THE MONTEREY COUNTY ELECTIONS DEPARTMENT TO CONDUCT THE ELECTION; REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF MONTEREY TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 3, 2026, WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THE DATE PURSUANT TO § 10403 OF THE ELECTIONS CODE

WHEREAS, under the provisions of the laws relating to general law cities in the State of California, a General Municipal Election shall be held on November 3, 2026, for the election of Municipal Officers for the City of Carmel-by-the-Sea; and

WHEREAS, pursuant to Elections Code Section 10002, the governing body of any city or district may by resolution request the Board of Supervisors of the county to permit the county elections official to render specified services to the city or district relating to the conduct of an election. The city or district shall reimburse the county in full for the services performed upon presentation of a bill to the city or district; and

WHEREAS, pursuant to Elections Code Section 10400, whenever two or more elections, including bond elections, of any legislative or congressional district, public district, city, county or other political subdivision are called to be held on the same day, in the same territory, or in territory that is in part the same, they may be consolidated upon the order of the governing body or bodies or officer or officers calling the elections; and

WHEREAS, pursuant to Elections Code Section 10403, whenever an election called by a district, city or other political subdivision for the submission of any question, proposition, or office to be filled is to be consolidated with a statewide election, and the question, proposition, or office to be filled is to appear upon the same ballot as that provided for that statewide election, the district, city or other political subdivision shall, at least 88 days prior to the date of the election, file with the board of supervisors, and a copy with the elections official, a resolution of its governing board requesting the consolidation, and setting forth the exact form of any question, proposition, or office to be voted upon at the election, as it is to appear on the ballot. Upon such request, the Board of Supervisors may order the consolidation. The resolution requesting the consolidation shall be adopted and filed at the same time as the adoption of the ordinance, resolution, or order calling the election; and

WHEREAS, it is desirable that the City of Carmel-by-the-Sea's General Municipal Election, to be held on November 3, 2026, be consolidated with the Statewide General Election to be held on the same date and that within the City the precincts, polling places and election officers of the two elections be the same, and that the county election department of the County of Monterey canvass the returns of the General Municipal Election and that the election be held in all respects as if there were only one election; and

WHEREAS, Elections Code Section 15651 requires the city or district to determine the

means and manner in which a tie vote is to be resolved in the event that two or more persons receive an equal number of votes and the highest number of votes ("tie votes") for an office to be voted upon; and

WHEREAS, various district, county, state, and other political subdivision elections may be or have been called to be held on November 3, 2026.

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

Section 1. Recitals. The recitals set forth above are incorporated herein by this reference.

Section 2. Calling of Election.

A. That pursuant to the requirements of the laws of the State of California relating to General Law Cities, there is called and ordered to be held in the City of Carmel-by-the-Sea, California, on Tuesday, November 3, 2026, a General Municipal Election for the purpose of electing the following:

1. Mayor, one (1) for a full term of two (2) years.
2. Member of the City Council, two (2) for a full term of four years.

B. Nomination papers shall be filed with the City of Carmel-by-the-Sea's City Clerk not later than 5:00 p.m. on Friday, August 7, 2026, except that the nomination filing period will be extended to 5:00 p.m. on Wednesday, August 12, 2026, if an incumbent does not file or fails to qualify by close of the regular nomination period on August 7, 2026.

C. That the ballots to be used at the election shall be in form and content as required by law.

D. That the City Clerk is authorized, instructed and directed to coordinate with the Monterey County Elections Department to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

E. That the vote center locations and hours of operations, ballot drop box locations and hours of operations, vote-by-mail procedures and timing, the election officers, and all other persons and procedures for the General Municipal Election shall be the same as those utilized by the County of Monterey and in compliance with the Elections Code of the State of California. In addition, the polls/vote centers for the election shall be open at seven o'clock a.m. of the day of the election and shall remain open continuously from that time until eight o'clock p.m. of the same day when the polls shall be closed, pursuant to Election Code Section 10242, except as provided in Elections Code Section 14401.

F. That in all particulars not recited in this resolution, the election shall be held and conducted as provided by law for holding municipal elections.

G. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

H. Pursuant to California Elections Code Section 15651, if any two or more persons receive an equal and the highest number of votes for an office to be voted for within the City, the tie votes shall be resolved by lot. "By lot" means, by deciding the matter through implementing a method of chance, in order to afford each candidate receiving tie votes a fair opportunity at the election. In the interest of maintaining decorum, fairness, and transparency, the method implemented for resolving tie votes in Carmel-by-the-Sea's November 3, 2026, General Municipal Election shall be drawing of names in accordance with the following procedure:

1. For the office of member of the City Council, the City Clerk shall type the name of each candidate who has tied for office on a separate, but identical piece of paper, which shall be folded and deposited into a container and mixed so that the pieces of paper become indistinguishable. The City Clerk shall then draw from the container as many pieces of paper as there are seats on the City Council to be filled by the candidates who have tied. The candidate(s) whose name(s) appear(s) upon the drawn piece(s) of paper shall be deemed elected.

2. For the office of Mayor, the City Clerk shall type the name of each candidate who has tied for office on a separate, but identical piece of paper, which shall be folded and deposited into a container and mixed so that the pieces of paper become indistinguishable. The City Clerk shall then draw from the container one piece of paper and the candidate's whose name appears upon the drawn piece of paper shall be deemed elected.

Section 3. Consolidation.

I. That pursuant to the requirements of Elections Code Section 10403, the Board of Supervisors of the County of Monterey is hereby requested to consent and agree to the consolidation of the City of Carmel-by-the-Sea's General Municipal Election with the Statewide General Election on Tuesday, November, 3, 2026, for the purpose of the election of the following:

1. Mayor, one (1) for a full term of two (2) years.
2. Member of the City Council, two (2) for a full term of four years.

J. That the Monterey County Election Department is authorized to canvass the returns of the General Municipal Election. The election shall be held in all respects as if there were only one election, and only one form of ballot shall be used. The election will be held and conducted in accordance with the provisions of law regulating the statewide or special election.

K. That the Monterey County Board of Supervisors is requested to issue instructions to the Monterey County Elections Department to take any and all steps necessary for the holding of the consolidated election.

L. Pursuant to Elections Code Section 10002, that the Board of Supervisors of the County of Monterey is requested to permit the Monterey County Elections Department to provide any and all services necessary for conducting such General Municipal Election.

M. That the City of Carmel-by-the-Sea recognizes that additional costs will be incurred by the County of Monterey by reason of this consolidation and agrees to reimburse the County of Monterey for any such costs.

N. That the City Clerk is hereby directed to file a certified copy of this resolution with the Monterey County Board of Supervisors and the Monterey County Elections Department.

Section 4. The City Council authorizes the City Clerk to administer said election and all reasonable and actual election expenses shall be paid by the City upon presentation of a properly submitted bill.

Section 5. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 2nd day of June, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Dale Byrne
Mayor

Nova Romero, MMC
City Clerk

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

RESOLUTION NO. 2026-041

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA
ADOPTING REGULATIONS FOR CANDIDATES FOR ELECTIVE OFFICE PERTAINING TO
CANDIDATES' STATEMENTS SUBMITTED TO THE VOTERS AT AN ELECTION TO BE
HELD ON TUESDAY, NOVEMBER 3, 2026**

WHEREAS, the City Council called and ordered to be held on November 2, 2026, in the City of Carmel-by-the-Sea, California, a General Municipal Election for the purpose of electing the offices of the Mayor (one (1) for a full term of two (2) years) and Member of the City Council (two (2) for a full term of four years) and requested that the Monterey County Board of Supervisors consent to the consolidation of the General Municipal Election with the Statewide General Election to be held on the same date; and

WHEREAS, Elections Code Section 13307 provides that the governing body of any local agency adopt regulations pertaining to materials prepared by any candidate for a municipal election, including costs of the candidate's statement; and

WHEREAS, pursuant to Elections Code Section 13307, whenever an election called by a district, city, or other political subdivision has offices to be filled, it is required to fix and determine the number of words that a candidate may submit on the candidate's statement to be either 200 or 400 words and to determine if the candidate and or the political subdivision will pay the cost of the statement.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
CARMEL-BY-THE-SEA:**

Section 1. Recitals. The recitals set forth above are incorporated herein by this reference.

Section 2. General Provisions. That pursuant to Elections Code Section 13307, each candidate for elective office to be voted for at the General Municipal Election to be held in the City of Carmel-by-the-Sea on November 3, 2026, may prepare a candidate's statement on an appropriate form provided by the City Clerk. The statement may include the name, age and occupation of the candidate and a brief description of no more than 200 words of the candidate's own education and qualifications expressed by the candidate. The statement shall not include party affiliation of the candidate, nor membership or activity in partisan political organizations. The statement shall be filed in typewritten form in the office of the City Clerk at the time the candidate's nomination papers are filed. The statement may be withdrawn, but not changed, during the period for filing nomination papers and until 5:00 p.m. of the next working day after the close of the nomination period.

Section 3. Foreign Language Policy.

A. Pursuant to the Federal Voting Rights Act, candidates' statements will be translated into all languages required by the County of Monterey . The County of Monterey is required to translate candidates' statements into all languages required by law for the City of Carmel-by-the-Sea in the County of Monterey, California.

B. The County of Monterey will print and mail voter information guides and candidates' statements to all voters in those languages required by law for the City of Carmel-by-the-Sea in the County of Monterey, California.

The County of Monterey will make the voter information guides and candidates' statements in the required languages available at all polling places, on the County of Monterey's website, and in the City Election Official's office.

Section 4. Payment.

C. Translations

1. The candidate shall be required to pay for the cost of translating the candidate's statement into any required foreign language as specified in (A) and (B) of Section 3 above pursuant to Federal and/or State law.

2. The candidate shall be required to pay for the cost of translating the candidate's statement into any foreign language that is not required as specified in (A) and (B) of Section 3 above, pursuant to Federal and/or State law, but is requested as an option by the candidate.

D. Printing

1. The candidate shall be required to pay for the cost of printing the candidate's statement in English in the main voter pamphlet.

2. The candidate shall be required to pay for the cost of printing the candidate's statement in a foreign language required in (A) of Section 3 above, in the main voter pamphlet.

3. The candidate shall be required to pay for the cost of printing the candidate's statement in a foreign language requested by the candidate per (B) of Section 3 above, in the main voter pamphlet.

4. The candidate shall be required to pay for the cost of printing the candidate's statement in a foreign language required by (A) of Section 3 above, in the facsimile voter pamphlet.

The City Clerk shall estimate the total cost of printing, handling, translating, and mailing the candidates' statements filed pursuant to this section, including costs incurred as a result of complying with the Voting Rights Act of 1965 (as amended), and require each candidate filing a statement to pay in advance to the local agency his or her estimated pro rata share as a condition of having his or her statement included in the voters' pamphlet. In the event the estimated payment is required, the estimate is just an approximation of the actual cost that varies from one election to another election and may be significantly more or less than the estimate, depending on the actual number of candidate's filing statements. Accordingly, the City Clerk is not bound by the estimate and may, on a pro rata basis, bill the candidate for additional actual expense or refund any excess paid depending on the final actual cost. In the event of underpayment, the City Clerk may require the candidate to pay the balance of the cost incurred. In the event of overpayment, the clerk shall prorate the excess amount among the candidates and refund the excess amount paid within 30 days of the election.

Section 5. Miscellaneous.

E. All translations shall be provided by professionally-certified translators.

F. Pursuant to Elections Code 13307(b)(1), the statement of each candidate shall be printed in type of uniform size and darkness, and with uniform spacing.

G. The City Clerk shall comply with all recommendations and standards set forth by the California Secretary of State regarding occupational designations and other matters relating to elections.

Section 6. Additional Materials. No candidate will be permitted to include additional materials in the voter information guide.

Section 7. That the City Clerk shall provide each candidate or the candidate's representative a copy of this Resolution at the time nominating petitions are issued.

Section 8. That all previous resolutions establishing council policy on payment for candidate's statements are repealed.

Section 9. That this resolution shall apply only to the election to be held on November 3, 2026, and shall then be repealed.

PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 2nd day of June, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Dale Byrne
Mayor

Nova Romero, MMC
City Clerk

SERVICE AGREEMENT FOR THE PROVISION OF ELECTION
SERVICES BETWEEN City of Carmel-by-the-Sea AND
COUNTY OF MONTEREY DEPARTMENT OF ELECTIONS

November 3, 2026

This Agreement, entered into this _____ day of _____ 2026, by and between City of Carmel-by-the-Sea and County of Monterey Department of Elections (hereinafter referred to as the Department);

WHEREAS, it is necessary and desirable that the Department be retained for the purpose of conducting an election hereinafter described for the City of Carmel-by-the-Sea (hereinafter referred to as the City);

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:

SERVICES TO BE PERFORMED BY THE CITY:

- 1) No later than the 88th day prior to the election the City shall submit a resolution requesting the Department to conduct an election for the City on **November 3, 2026** and requesting election related services of the Department.
- 2) The City shall publish the Notice of Election and the Notice to File Declarations of Candidacy for the offices to be voted on, and/or the Notice to File Arguments for or against any measure.
- 3) The City shall submit to the Department in writing the exact number of offices to be voted on and the names and ballot designations of the candidates for those offices, and/or the exact ballot wording to be voted by no later than the 88th day prior to the election, or by the 83rd day prior to the election if Elections Code §§ 10225, 10229, and 10407 are applicable.
- 4) The City shall prepare and deliver to the Department the Voter Guide information containing, as applicable, candidates' statements of qualifications, ballot measure, tax rate statements, impartial analysis, arguments for or against and rebuttals thereto. The last day for the submission of primary arguments (300 words) and

impartial analysis shall be no later than **AUGUST 13, 2026**. The last day for the submission of rebuttal arguments (250 words) is **AUGUST 20, 2026**.

- 5) The City shall be responsible for reviewing and approving the language of the sample ballot and official ballot wording for candidates and measures.

SERVICES TO BE PERFORMED BY THE DEPARTMENT:

- 1) The Department shall select and contract with the sample and official ballot printer(s) on behalf of the City.
- 2) The Department shall prepare and deliver to the printer the official ballot information.
- 3) The Department shall issue, receive and process all ballots on behalf of the City matters.
- 4) The Department shall procure all necessary and appropriate polling place locations, hire polling place workers, and conduct the election in accordance with all applicable state, federal and local laws.
- 5) The Department shall prepare a Canvass of Votes Cast and submit a Certificate of Registrar of Voters to the City regarding the City matters.
- 6) The Department shall conduct other various and miscellaneous election activities as required including but not limited to all those required as the City's Election Official other than those described under "Services to be Performed by the City".

TERMS:

This Agreement shall be in effect for the performance of all services incident to the preparation and conduct of the election to be held on **NOVEMBER 3, 2026**.

The parties will use best efforts to perform services herein. However, in the event the Department is unable to perform services required under this Agreement that are beyond their control, including an employee strike, vendor conditions, natural disasters, war, or other similar conditions, the Department will be relieved of all obligations under this Agreement. The Department will provide reasonable notice, if practical, of any conditions beyond their control, including notice at least 60 days prior to **NOVEMBER 3, 2026** of vendor conditions affecting the election services. In the event a vendor does not perform, the Department will attempt to obtain substitute services.

CONSIDERATION:

In consideration of the performance of services and supplies provided by the Department, the City shall pay to the Department a sum equal to the actual cost of such services, expenses, and supplies related to the work performed on behalf of City. In the event that this Agreement is terminated prematurely, the City shall pay to the Department a sum equal to the actual cost of such services performed or supplies/expenses incurred as of the effective date of the termination.

The City shall make payment within 30 days of receipt of invoice from the Department.

CITY:

Signature: _____ Date: _____

Print Name: _____

Title: _____

COUNTY:

Signature: _____ Date: _____

Print Name: Gina Martinez

Title: County of Monterey, Registrar of Voters



CITY OF CARMEL-BY-THE-SEA

CITY COUNCIL

Staff Report

June 2, 2026
Public Hearing

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Brian Pierik, City Attorney

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Resolution 2026-042 Submitting To The Qualified Electors Of The City Of Carmel-By-The-Sea A Measure To Adopt A New Two Percent Transient Occupancy Tax, In Addition To Existing Ten Percent Transient Occupancy Tax, And Approving The Form Of The Ordinance To Be Submitted To The Voters; Requesting The Monterey County Elections Department To Conduct The Election And Requesting Consolidation Of The General Municipal Election With The Statewide General Election To Be Held On November 3, 2026; Directing The City Attorney To Prepare An Impartial Analysis Concerning Such Measure; Authorizing The Drafting Of Primary Arguments And Rebuttals Concerning Such Measure or, in the alternative, provide direction and Motion to approve Draft Primary Argument in support of Proposed Measure

RECOMMENDATION

1. Motion to adopt Resolution 2026-042 Submitting To The Qualified Electors Of The City Of Carmel-By-The-Sea A Measure To Adopt A New Two Percent Transient Occupancy Tax, In Addition To Existing Ten Percent Transient Occupancy Tax, And Approving The Form Of The Ordinance To Be Submitted To The Voters; Requesting The Monterey County Elections Department To Conduct The Election And Requesting Consolidation Of The General Municipal Election With The Statewide General Election To Be Held On November 3, 2026; Directing The City Attorney To Prepare An Impartial Analysis Concerning Such Measure; Authorizing The Drafting Of Primary Arguments And Rebuttals Concerning Such Measure (**Attachment 1**) or, in the alternative, provide direction.
2. Motion to approve Draft Primary Argument in support of Proposed Measure.

BACKGROUND / SUMMARY

I. Background

On February 3, 2026, the City Council directed staff to prepare a ballot measure to be presented to the voters for the general municipal elections on November 3, 2026 that would propose an effective increase in the Transient Occupancy Tax (TOT) from 10% to 12%.

On April 7, 2026, Council was presented with a Staff Report and proposed Resolutions for a ballot measure to increase the City's transient occupancy tax from 10% to 12%. The Council expressed support for the second Resolution and directed that a Resolution be brought back to the Council for further discussion on May 4, 2026.

On May 4, 2026, the City Council discussed a draft Resolution to submit to the Qualified Electors Of The City A Measure To Adopt A New Two Percent Transient Occupancy Tax in addition To Existing Ten Percent Transient Occupancy Tax. The direction by the Council was to return to the Council on June 2, 2026 with a Resolution for adoption or, in the alternative, for direction.

The draft Resolution is **Attachment 1** to this Staff Report and draft Ordinance is attached to the Resolution as Exhibit A. **Attachment 2** is a redline version of the Ordinance showing the proposed changes to Chapter 3.32 of the City's Municipal Code. **Attachment 3** is a clean version of the Ordinance which accepts the redline changes.

II. Discussion

In order to submit the TOT measure to the City's qualified voters, the City Council must carry out certain acts, including the adoption of the attached draft resolution sending the TOT measure to the voters. This staff report provides background information that is relevant to the City Council's discussion and direction on the attached draft resolution and ordinance.

A. Votes Required to submit the TOT measure and to Increase TOT Rate

Under Proposition 218¹, the City may only impose a general tax if: (a) two-thirds of the members of the City Council (which would be four affirmative votes) approve placing a tax measure on the ballot for voter consideration, and (b) the ballot measure is approved by a majority vote of the electorate at a general municipal election (for the election of members of Council).² The next general municipal election is November 3, 2026.

B. Proposed New TOT and the Current TOT

As noted above, the City's existing 10% TOT is codified at Carmel-by-the-Sea Municipal Code ("Municipal Code") Chapter 3.32. The proposed new TOT would be at the rate of 2% and would effectively raise the TOT rate to 12%. The City Council may discuss and provide direction on whether this 2% increase is what the City Council desires to submit to the voters.

C. Form of Ballot Question

The TOT measure's ballot question must meet the following requirements: (1) no more than 75 words and in the format of a "yes" or "no" question; (2) include "the amount of money to be raised annually and the rate and duration of the tax to be levied"³; and (3) "be a true and impartial synopsis of the purpose of the proposed measure, and shall be in language that is neither argumentative nor likely to create prejudice for or against the measure."⁴ It must also be in the form of "Shall the measure ... be adopted?"⁵ As such, the City Council should discuss and provide direction on the wording of the ballot question.

¹ Cal. Constitution Articles XIIC and XIII D.

² Cal. Gov. Code Sections 53723 and 53724, subject to limited exceptions for the timing of elections for declared emergencies.

³ Cal. Elections Code Section 13119(b).

⁴ Cal. Elections Code Section 13119(c).

⁵ Cal. Elections Code Section 13119(a).

Two options for a ballot question for a transient occupancy tax that is a general tax are as follows:⁶

Option 1:

“Shall the measure providing additional funding for City of Carmel-by-the-Sea general government purposes by establishing a new transient occupancy tax of 2%, paid by lodging guests to the operators of hotels and hostleries, in addition to the existing 10% transient occupancy tax, so the total tax rate is 12%, with the new 2% tax providing approximately \$1,900,000 annually and the 12% providing approximately \$11,700,000 annually in total until ended by voters, be adopted?”

Option 2:

“To upgrade streets and sidewalks, address beach erosion, enhance wildfire preparedness, maintain City trees, and fund other general government purposes in Carmel-by-the-Sea, shall the measure establishing a new 2% transient occupancy tax, paid by hotel/lodging guests, in addition to the existing 10% transient occupancy tax, increasing the total tax rate to 12%, with the new 2% tax generating approximately \$1,900,000 annually, and the total 12% tax generating \$11,700,000 annually, until ended by voters, be adopted?”

The Council may decide which of the Options to select for the Ballot Question or may choose to approve some other language for a ballot question subject to the 75 word limit.

D. Election Procedures

The following section provides information to the City Council on the election procedures that will need to be followed when submitting the TOT measure to the City’s qualified voters.

1. Getting the Measure on the Ballot

In order to submit a TOT measure to the voters at the November 3, 2026, general municipal election, the City Council must adopt a resolution that (1) submits the measure to the voters at the November 3, 2026, General Municipal Election and includes the TOT ordinance with a new two percent transient occupancy tax, in addition to existing ten percent transient occupancy tax, and (2) authorizes the drafting of primary arguments by all or some councilmembers, directs the City Attorney to draft an impartial analysis of the measure, and authorizes rebuttal arguments.

In order to be adopted, this resolution must be approved by a 2/3 vote (i.e., 4/5) of the City Council and submitted to the County no later than 88 days prior to the election.⁷ Measures may be withdrawn no later than after the 83rd day prior to the election.⁸

a. Submitting the ballot measure to the voters

The City Council is generally permitted to submit measures to the voters by adopting a resolution to that effect.⁹ This resolution must also include a ballot question pursuant to Elections Code Section 13247, which must meet the requirements referenced and discussed above. The ordinance establishing the new 2% TOT must also be attached to the resolution. However, as stated above, general taxes must be submitted at a general municipal election unless an emergency is unanimously declared by the City Council.

⁶ The City is authorized to identify sample expenditures of anticipated TOT revenue without converting the general tax to a special tax, as long as a phrase similar to “and general government use” is included in the list.

⁷ Cal. Elections Code Section 9222.

⁸ Cal. Elections Code Section 9605.

⁹ Cal. Elections Code Section 9222 and 10201.

- b. Requesting the consolidation of General Municipal Election with the Statewide General Election on November 3, 2026

For the purposes of the proposed measure, the City Council may request that the November 3, 2026, general municipal election be consolidated with the Statewide General Election held on the same date.¹⁰ Although the City will have to pay the County for the associated costs of consolidation, this is a standard practice that virtually all cities in California follow, because the costs for a city to run its own election are typically prohibitive.

- c. Authorizing the drafting of primary arguments, directing the City Attorney to draft an impartial analysis of the measure, and authorizing rebuttal arguments

- (1) Primary Arguments

Elections Code Section 9282(b) permits the City Council to authorize a member or members to author and submit primary arguments relating to a ballot measure placed on the ballot by the City Council; however, if the City Council authorizes a quorum of its membership to draft the primary argument, such drafting and approval thereof is subject to the Brown Act. In other words, a majority of members of Council must not discuss the arguments outside a public meeting. Such arguments may not exceed 300 words.

Primary arguments are typically due 14 days after the call of the election pursuant to Elections Code Section 9286(a); however, for consolidated elections, as is the case here, this deadline does not apply. Instead, the City Clerk may set the deadline based upon the election calendar provided by the County. For the November 3, 2026 Election, the Monterey County Elections Department Calendar (see **Attachment 4**) has designated August 13, 2026 as the deadline for primary arguments.

The City Clerk has prepared a City Clerk Ballot Measure Deadlines for November 3, 2026 Election (**Attachment 5**) which has deadlines in advance of the County deadlines to permit time for the City Clerk to review the Primary Arguments and file the Primary Arguments with the County.

The Primary arguments must be filed with the City Clerk by August 7, 2026 at 5 pm and the City Clerk then files the Primary Argument with the County by August 13, 2026 at 5 pm. After primary arguments are filed, the 10-day public examination period commences.¹¹

If more than one primary argument for or against a measure is submitted, then the City Clerk chooses the argument to appear on the ballot based upon the priorities provided in Elections Code Section 9287 as follows:

- 1/ The legislative body, or member or members of the legislative body authorized by that body.

- 2/ The individual voter, or bona fide association of citizens, or combination of voters and associations, who are the bona fide sponsors or proponents of the measure.

- 3/ Bona fide associations of citizens.

- 4/ Individual voters who are eligible to vote on the measure.

Based upon the direction from the City Council at its meeting on May 4, 2026, Mayor Pro Tem Bob Delves and Councilmember Hans Buder have drafted a Primary Argument in support of the proposed ballot measure which is **Attachment 6** to this Staff Report.

¹⁰ Cal. Elections Code Section 10403.

¹¹ Cal. Elections Code Section 9295.

(2) City Attorney's Impartial Analysis

When a measure qualifies for the ballot, the city attorney, on direction of the City Council, must prepare an impartial analysis of the measure showing the effect of the measure on existing law and the operation of the measure.¹² The impartial analysis must include a statement indicating whether the measure was placed on the ballot by the voters or by the City Council and is limited to 500 words.¹³ For the November 3, 2026 Election, the Monterey County Elections Department Calendar has designated August 13, 2026 as the deadline for the City Attorney's Impartial Analysis. Similar to the primary arguments, there is a 10-day public examination period after the deadline to impartial analysis.

The deadline for the City Attorney to file the impartial analysis with the City Clerk is August 7, 2026 at 5 pm and the City Clerk then files that Impartial Analysis with the County by August 13, 2026 at 5 pm.

(3) Rebuttal Arguments

The City Council may also authorize rebuttal arguments.¹⁴ Rebuttal arguments cannot exceed 250 words and may only be written by the authors of the selected primary arguments, and must be filed no later than 10 days after the final filing date for primary arguments.¹⁵ For the November 3, 2026 Election, the Monterey County Elections Department Calendar has designated August 20, 2026 as the deadline for the rebuttal arguments. Similar to the primary arguments and impartial analysis, there is a 10-day public examination period after the deadline to submit rebuttal arguments.

When an argument in favor and an argument against a measure have been selected to be printed in the voter information guide, the elections official shall send a copy of the argument in favor of the measure to the authors of the argument against the measure and a copy of an argument against the measure to the authors of the argument in favor of the measure. The author or a majority of the authors of the Primary argument relating to a city measure may prepare and submit a rebuttal argument or may authorize in writing another person or persons to prepare, submit, or sign the rebuttal argument. Elections Code Section 9285.

The Rebuttal arguments must be filed with the City Clerk by August 17, 2026 at 5 pm to permit time for review by the City Clerk who then files the Rebuttal Arguments with the County by August 20, 2026 at 5 pm

III. Campaign and Election Activities

This section of the Staff Report provides general guidance on campaign and election activities related to ballot measures that elected officials and staff may permissibly perform.

California law proscribes certain campaign and election activities of municipal governments and their elected and appointed officials, officers, and employees (collectively "City Officials"). As a result, it is important to pay close attention to election-related conduct because failure to do so can result in personal civil and criminal liability. This liability could arise from impermissible authorization of expenditures of public funds, improper use of public resources, or failure to act with due care.¹⁶

While this section of the Staff Report provides a number of practical guidelines for City Officials to follow during local elections, it is not intended to universally address the specific facts of each individual act or occurrence.

¹² Cal. Elections Code Section 9280.

¹³ Cal. Elections Code Section 9280.

¹⁴ Cal. Elections Code Section 9285.

¹⁵ Cal. Elections Code Section 9285(a).

¹⁶ Cal. Gov. Code §§ 8314, 83116, 89001, 91000, 91004; 2 Cal. Code Regs. §18901.1; Cal. Penal Code § 424; *Vargas v. City of Salinas* (2009) 46 Cal.4th 1, 36; *Stanson v. Mott* (1976) 17 Cal.3d 206, 226-27.

Thus, we recommend that questions concerning specific campaign and election conduct not specifically addressed herein be directed to the City Attorney's office.

A. General Guidelines

Laws governing the personal activities of City Officials during elections are intended to strike a balance among the duties of public officials, permissible uses of public funds, and voter protections. City Officials have free speech rights that they are entitled to exercise in their individual capacities, the use of public funds is strictly limited in the context of election activities, and voters are entitled to a fair election process that is free of undue influence.¹⁷ In recognition of these interests, a general principle emerges: City Officials may not use taxpayer-funded resources to support, oppose, or promote a candidate for public office or ballot measure. However, City Officials may act in their individual capacities to engage in political activities in limited circumstances. What follows is a more detailed discussion, separated for ease of reference into sections covering both permissible and impermissible activities.

B. Permissible Activities

The following provides a convenient summary of the most commonly encountered permissible activities that City Officials may engage in related to ballot measures and campaign activities:

1. Council May Take a Position: The City Council may take a position on a ballot measure in an open and public meeting where all perspectives may be shared;¹⁸
2. City Staff May Prepare Impartial Reports: City staff may prepare impartial staff reports and other analyses of ballot measures to assist decision-makers in determining the impact of the measure and what position to take;¹⁹
3. Informational Material: City Officials acting within the scope of their duties may provide strictly informational material concerning a proposed ballot measure, but may not promote a particular position
4. City Communication Channels: City Officials may communicate about a measure through regular City communication channels (e.g., City website or newsletter), in a way that impartially emphasizes factual information, and does not use advocacy, persuasive, or argumentative language.²⁰
5. Respond to Inquiries: City Officials may respond to inquiries about ballot measures in ways that provide a fair presentation of the facts about the measure and the City's view of the merits of a ballot measure including, if applicable, the City Council's position on the measure;²¹
6. City Facilities: In limited circumstances, certain public facilities (like libraries and community centers) may be used for private political or campaign purposes.²² Such public facilities may be used in this way if: the facilities are generally made available to the public for private functions; the organizers of the event comply with all standard requirements of the facilities; no public funds or resources are used to support the event; City Officials attend only in their individual and personal capacities; and the facilities are otherwise open and available for the expression of other points of view.

¹⁷ *Fort v. Civil Service Comm.* (1964) 61 Cal.2d 331, 334 (right to participate in political activities as an individual); *Stanson*, supra, 17 Cal.3d at 217 (use of public funds in election campaign can lead to an "improper distortion of the democratic electoral process").

¹⁸ *Vargas*, 46 Cal. 4th at 36-37.

¹⁹ *Vargas*, 46 Cal. 4th at 36-37.

²⁰ *Vargas*, 46 Cal. 4th at 34, 40

²¹ *Vargas*, 46 Cal. 4th at 24-25, 33.

²² Gov. Code § 3207.

7. Presentation of City Position: City Councilmembers may accept invitations to present the agency's views before organizations interested in the ballot measure's effects including, if applicable, the City Council's position on the measure.²³

8. Off-Duty Political Activities: City Officials may engage in political activities while off-duty.²⁴ City Officials are considered to be off-duty at times when they are away from City Hall or when they are not otherwise conducting business of the City. When speaking or appearing at functions in their official capacities, City Officials are considered to be on-duty. While off-duty, City Officials may engage in political activities such as attending a political rally, participating in a campaign committee, making calls at a phone bank, performing campaign-related work, posting campaign signs, registering voters, or advocating that persons contribute or vote for or against a candidate or ballot measure.

9. Contact with City Vendors and Solicitation of Campaign Contributions: City Officials may while off-duty request a list of City vendors and may contact those vendors and solicit campaign contributions for individual candidates and ballot measures.²⁵

10. Endorsements: City Officials may make endorsements in an individual capacity. For example, a Councilmember may endorse a particular position on a ballot measure and may reference their official position; however, the endorsement cannot suggest that they are representing the City or the City Council.²⁶

C. Impermissible Activities

1. No City Funds: City Officials may not use City funds or resources to advocate for or against, a local ballot measure or candidate.²⁷

2. No Use of City Communications: City communications regarding a ballot measure may not encourage the public to adopt the agency's views, vote one way or another, or take any other actions in support of or in opposition to the measure.²⁸

3. On Duty: City Officials may not engage in political activities, such as attending campaign meetings, rallies or other campaign-related functions, distributing political materials, posting political signs, making campaign calls, or performing any other campaign-related tasks while on duty.²⁹

Note: The "on duty" restrictions developed through the evaluation of traditional City employees where it is relatively easy to determine whether City employees are acting on City time and using City resources. This evaluation is more subtle with City Councilmembers who do not have an hourly schedule. It is therefore best to evaluate Councilmembers' activities in the framework of whether they are acting in their individual capacity vs. their capacity as a Councilmember performing Council-related duties, and whether the Councilmember is using City resources when engaging in political activities.

²³ *Vargas*, 46 Cal. 4th at 25, 36, citing *Stanson*, 17 Cal. 3d at 221.

²⁴ *Fort*, 61 Cal.2d at 334; see also Gov. Code § 3201 & § 3203.

²⁵ Government Code § 82030; *Breakzone Billiards v. City of Torrance*, (2000) 81 Cal.App.4th 1205.

²⁶ CA FPPC Adv. Letter I-00-216.

²⁷ *Stanson*, 17 Cal. 3d at 217; *Schroeder v. Irvine City Council* (2004) 97 Cal.App.4th 174; Gov. Code § 8314; California Legislative Counsel Opinion No. 154 (09-18-80).

²⁸ *Vargas*, 46 Cal. 4th at 40.

²⁹ Government Code § 3207.

4. No City Resources: City Officials may not use City funds or resources including City office space and equipment, City phones, or City email, to advocate a position or otherwise use City funds or resources to support personal political activities.³⁰
5. Not While in Uniform: City Officials who wear a City-provided or required uniform as required by their employment may not participate in any political activity while in uniform, even during off-duty time.³¹
6. No City Funds To Advocate: City Officials may not use public funds for communications that expressly advocate a particular result in an election, or disseminate advocacy materials prepared by others.
7. No City Funds for Campaign Materials: City Officials may not purchase campaign materials such as buttons, stickers, posters, advertising floats, television and radio spots, and billboards.
8. No City Funds for Campaign Brochures: Producing and mailing promotional campaign brochures is also prohibited, even when those documents contain some useful factual information for the public.³²
9. No Solicitation of Contributions from City Officers or Employees: City Officials may not knowingly, directly or indirectly, solicit a contribution or donation for a political campaign from any City officer or employee, even when the City Official is off-duty.³³ Prohibited solicitation activities include obtaining address lists, direct solicitation, and mass mailings.
10. No Use of Authority or Influence: City Officials may not use the authority or influence of his or her official position to persuade or induce any officer or employee to take or refrain from taking any type of political action, including persuading or inducing any individual to vote, contribute, or campaign for or against a measure.³⁴
11. No Promises of Compensation: City Officials, whether on or off-duty, may not promise to provide any person with a gift, money, promotion, job, or other form of compensation in return for a contribution or vote.³⁵
12. No On-Duty Advocacy: For candidate campaigns, City Officials acting within the scope of their duties may not advocate for or against a candidate for office.³⁶

D. Conclusion And Additional References

Laws governing campaign and elections activities are complex. However, the general principles are that City Officials may not use taxpayer-funded resources to support, oppose, or promote a candidate for public office or ballot measure, but City Officials may, in limited circumstances, act in their individual capacities to engage in political activities.

³⁰ Government Code § 54964; *Stanson*, 17 Cal.3d at p. 209-210.

³¹ Government Code § 3206.

³² *Vargas*, 46 Cal. 4th at 24, 25, 39 n. 20.

³³ Government Code § 3205(a).

³⁴ Government Code § 3204.

³⁵ Government Code §§ 3204 & 3205.5; Elections Code § 18520.

³⁶ *Stanson*, 17 Cal. 3d at 206 & 220; *Governor Gray Davis Committee v. American Taxpayer's Alliance* (2002) 102 Cal.App.4th 449.

In addition to the information provided above regarding campaign and election activities relating to ballot measures, included here are two helpful references published by the Institute for Local Government which provide additional information on the above rules:

Institute for Local Government Publication: Ballot Measures and Public Agencies:

https://www.ca-ilg.org/sites/main/files/file-attachments/ballot_measures_and_public_agencies.pdf

Institute for Local Government Publication: Ballot Measure Activities & Public Resources:

https://www.ca-ilg.org/sites/main/files/file-attachments/ballot_measure_activities_2018.pdf

FISCAL IMPACT

If the ballot measure is approved by the voters at the election on November 3, 2026, the estimated additional annual revenue from the new 2% TOT would be approximately \$1.9 million.

The City would have to pay the County of Monterey for the costs associated with including the ballot measure on the November 3, 2026, ballot and that cost is estimated to be between approximately \$5,000 to \$10,000.

PRIOR CITY COUNCIL ACTION

Discussion and direction at the City Council Meeting on February 3, 2026 as described above.

Discussion and direction at the City Council Meeting on April 7, 2026 as described above.

Discussion and direction at the City Council Meeting on May 4, 2026 as described above.

ATTACHMENTS

1. Resolution 2026-042
2. Redline Version of proposed Ordinance showing changes to existing sections of City Municipal Code
3. Clean Version of proposed Ordinance City Municipal Code
4. Monterey County Elections Department Calendar for November 3, 2026 Election
5. City Clerk Ballot Measure Deadlines for November 3, 2026 Election
6. Draft Primary Argument in Support of Proposed Ballot Measure

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

RESOLUTION NO. 2026-042

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA ORDERING THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY OF CARMEL-BY-THE-SEA A MEASURE TO ADOPT A NEW TWO PERCENT TRANSIENT OCCUPANCY TAX, IN ADDITION TO EXISTING TEN PERCENT TRANSIENT OCCUPANCY TAX, AND APPROVING THE FORM OF THE ORDINANCE TO BE SUBMITTED TO THE VOTERS; REQUESTING THE MONTEREY COUNTY ELECTIONS DEPARTMENT TO CONDUCT THE ELECTION AND REQUESTING CONSOLIDATION OF THE GENERAL MUNICIPAL ELECTION WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON NOVEMBER 3, 2026; DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS CONCERNING SUCH MEASURE; AUTHORIZING THE DRAFTING OF PRIMARY ARGUMENTS AND REBUTTALS CONCERNING SUCH MEASURE

WHEREAS, pursuant to Resolution No. 2026-040, the City Council has called a General Municipal Election to be held on Tuesday, November 3, 2026, for the purpose of electing council members as provided therein ("General Municipal Election") and requested that the Monterey County Board of Supervisors consent to the consolidation of the General Municipal Election with the Statewide General Election to be held on the same date; and

WHEREAS, the City imposes a transient occupancy tax pursuant to Chapter 3.32 of the City of Carmel-by- the-Sea Municipal Code ("TOT"); and

WHEREAS, pursuant to Article XIIC of the California Constitution, Section 53720 et seq. of the California Government Code, the City has the authority to levy a general tax, including, but not limited to, increasing an existing tax; and

WHEREAS, Article XIIC, Section 2, of the California Constitution requires that the election at which a general tax is submitted to the electorate shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body; and

WHEREAS, the City Council desires to submit a measure proposing a new 2% TOT that would be in addition to the existing 10% TOT to the voters of the City at the General Municipal Election to be held on November 3, 2026, that was called pursuant to Resolution No. 2026-040; and

WHEREAS, the proposed measure contemplated by this Resolution establishes a general tax in which the proceeds will be deposited in the City's General Fund for general government use; and

WHEREAS, pursuant to Elections Code Section 10400, whenever two or more elections, including bond elections, of any legislative or congressional district, public district, city, county, or other political subdivision are called to be held on the same day, in the same territory, or in territory that is in part the same, they may be consolidated upon the order of the governing body or bodies or officer or officers calling the elections; and

WHEREAS, pursuant to Elections Code Section 10403, whenever an election called by a

district, city or other political subdivision for the submission of any question, proposition, or office to be filled is to be consolidated with a statewide election, and the question, proposition, or office to be filled is to appear upon the same ballot as that provided for that statewide election, the district, city or other political subdivision shall, at least 88 days prior to the date of the election, file with the board of supervisors, and a copy with the elections official, a resolution of its governing board requesting the consolidation, and setting forth the exact form of any question, proposition, or office to be voted upon at the election, as it is to appear on the ballot. Upon such request, the Board of Supervisors may order consolidation. The resolution requesting the consolidation shall be adopted and filed at the same time as the adoption of the ordinance, resolution, or order calling the election; and

WHEREAS, it is desirable that the General Municipal Election to be held on November 3, 2026, be consolidated with the Statewide General Election to be held on the same date and that within the City the precincts, polling places and election officers of the two elections be the same, and that the County of Monterey Election Department canvass the returns of such General Municipal Election and that the election be held in all respects as if there were only one election; and

WHEREAS, The City Council exercises its independent judgment and finds that this Resolution is not subject to the California Environmental Quality Act ("CEQA"), because the enactment of this Resolution: (1) does not constitute a "project" as defined by CEQA pursuant to California Code of Regulations, Title 14, Sections 15060(c)(3) and 15378; (2) will not result in a direct or reasonably foreseeable indirect physical change in the environment pursuant to California Code of Regulations, Title 14, Section 15060(c)(2); and (3) is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment pursuant to California Code of Regulations, Title 14, Section 15061(b)(3).

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

1. Recitals. The recitals set forth above are incorporated herein by this reference.
2. Submission of Measure. Pursuant to the laws of the State of California, including, but not limited to, Elections Code Section 9222 and 10201, the City Council, pursuant to its right and authority, does hereby order the submission to the voters of the City at the General Municipal Election to be held on November 3, 2026, which was called pursuant to Resolution No2026-040, a ballot measure that, if approved, establishes a new 2% transient occupancy tax that is in addition to the existing 10% transient occupancy tax so the total tax rate is 12%, with the new 2% tax providing approximately \$1,952,981 annually and the 12% providing approximately \$11,717,886 annually in total and will be effective until ended by voters ("Measure"). As required by Elections Code Section 13247, the abbreviated form of the Measure to appear on the ballot is specified below in Section 3.

3. Question. Accordingly, the City Council hereby orders the following question to be submitted to the voters at the General Municipal Election:

<p>Option 1</p> <p>“Shall the measure providing additional funding for City of Carmel-by-the-Sea general government purposes by establishing a new transient occupancy tax of 2%, paid by lodging guests to the operators of hotels and hostelryes, in addition to the existing 10% transient occupancy tax, so the total tax rate is 12%, with the new 2% tax providing approximately \$1,900,000 annually and the 12% providing approximately \$11,700,000 annually in total until ended by voters, be adopted?”</p> <p>---OR---</p> <p>Option 2</p> <p>“To upgrade streets and sidewalks, address beach erosion, enhance wildfire preparedness, maintain City trees, and fund other general government purposes in Carmel-by-the-Sea, shall the measure establishing a new 2% transient occupancy tax, paid by hotel/lodging guests, in addition to the existing 10% transient occupancy tax, increasing the total tax rate to 12%, with the new 2% tax generating approximately \$1,900,000 annually, and the total 12% tax generating \$11,700,000 annually, until ended by voters, be adopted?”</p>	<p>YES</p>	
	<p>NO</p>	

4. Proposed Measure. The proposed complete text of the Measure with the proposed Ordinance No. 2026-002 to be submitted to the voters is attached to this Resolution as Exhibit A and incorporated herein by this reference. Further, the City Council hereby approves such proposed complete text of the Measure with proposed Ordinance No. 2026-002 in the form as provided in Exhibit A and the submission thereof to the voters of the City.

5. Voter Approval Requirement. The vote requirement for this Measure to pass shall be a majority of those casting ballots on the Measure (50% plus 1).

6. Publication of Measure. The City Clerk is directed to publish a synopsis of the Measure in a newspaper of general circulation in the City of Carmel-by-the-Sea as required by applicable law.

7. Coordination. The City Clerk is authorized, instructed, and directed to coordinate with the Monterey County Elections Department to procure and furnish and all official ballots, notices, printed matter, and all supplies, equipment, and paraphernalia that may be necessary in

order to properly and lawfully conduct the election.

8. Request for Consolidation.

a. Pursuant to the requirements of Elections Code Section 10403, the Board of Supervisors of the County of Monterey is hereby requested to consent and agree to the consolidation of the General Municipal Election with the Statewide General Election on Tuesday, November 3, 2026, for the purpose of submitting to the voters the abovementioned Measure.

b. The Monterey County Elections Department is authorized to canvass the returns of the General Municipal Election. The election shall be held in all respects as if there were only one election, and only one form of ballot shall be used. The election will be held and conducted in accordance with the provisions of law regulating the statewide elections, including, but not limited to, Elections Code Section 10418.

c. The Board of Supervisors of the County of Monterey is requested to issue instructions to the Monterey County Elections Department to take any and all steps necessary for conducting and holding the consolidated election.

d. Pursuant to Elections Code Section 10002, the Board of Supervisors of the County of Monterey is requested to permit the Monterey County Elections Department to provide any and all services necessary for conducting such General Municipal Election.

e. The City of Carmel-by-the-Sea recognizes that additional costs will be incurred by the County of Monterey by reason of this consolidation and agrees to reimburse the County of Monterey for any costs.

9. Filing with County. The City Clerk shall file a certified copy of this Resolution with the Monterey County Board of Supervisors and Monterey County Elections Department.

10. Arguments and Impartial Analysis.

The City Clerk is authorized to set dates for the submission of Primary Arguments, City Attorney Impartial Analysis and Rebuttal Arguments in advance of the dates set by the County in order for the City Clerk time for review and submit these filings to the County of Monterey.

a. Primary Arguments.

i. Pursuant to Elections Code Section 9282, the City Council authorizes the Mayor and City Councilmembers to author and submit the primary argument in favor of the Measure not exceeding 300 words, accompanied by the printed name(s) and signature(s) of the author(s) submitting it, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code, and authorizes the Mayor and City Councilmembers i, to submit a rebuttal argument to the argument against the Measure pursuant to Section 10(c) f time permits or, in the alternative, the rebuttal argument shall be submitted by the Mayor and Mayor Pro Tem

ii. A primary argument in favor or against the Measure shall not exceed 300 words in length and shall be accompanied by the printed name(s) and signature(s) of the author(s) submitting it, or, if on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers who is the author of the argument, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code. Primary

arguments shall be accompanied by the Form of Statement to Be Filed By Author(s) of Argument. Submittals of primary arguments are to be delivered to the City Clerk no later than 5:00 p.m. on August 7, 2026, and may be changed or withdrawn up and until such date and time.

iii. In the event that more than one argument in favor or against the foregoing Measure is timely submitted, then consistent with Elections Code Section 9287, the City Clerk shall select the argument to be included with the ballot materials, giving preference and priority first, to arguments submitted by member(s) of the City Council, and second, to individual voters, or bona fide associations of citizens, or a combination thereof, in the order set forth in Elections Code Section 9287.

b. City Attorney Impartial Analysis. The City Council directs the City Clerk to transmit a copy of the Measure to the City Attorney. Pursuant to Elections Code Section 9280, the City Attorney shall prepare an impartial analysis of the Measure not exceeding 500 words showing the effect of the Measure on existing law and the operation of the Measure. The analysis shall include a statement indicating whether the Measure was placed on the ballot by a petition signed by the requisite number of voters or by the City Council. In the event the entire text of the Measure is not printed on the ballot, nor in the voter information portion of the voter information guide, there shall be printed immediately below the impartial analysis, in no less than 10-point type, the following: "The above statement is an impartial analysis of Ordinance or Measure _____. If you desire a copy of the ordinance or measure, please call the election official's office at (insert phone number) and a copy will be mailed at no cost to you." The City Attorney impartial analysis shall be delivered to the City Clerk by 5:00 p.m. on August 7, 2026.

c. Rebuttal Arguments.

i. Pursuant to Section 9285 of the Elections Code of the State of California, rebuttal arguments shall be permitted for the Measure.

ii. When the City Clerk has selected the primary arguments for and against the Measure (not exceeding 300 words each), which will be printed and distributed to the voters, the City Clerk shall send a copy of an argument in favor of the Measure to the authors of any argument against the Measure and a copy of an argument against the Measure to the authors of any argument in favor of the Measure immediately upon receiving the arguments.

iii. The author or a majority of the authors of an argument relating to a city measure may prepare and submit a rebuttal argument not exceeding 250 words or may authorize in writing any other person or persons to prepare, submit, or sign the rebuttal argument. A rebuttal argument may not be signed by more than five authors.

iv. The rebuttal arguments shall be filed with the City Clerk, signed, with the printed name(s) and signature(s) of the author(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers, by 5:00 p.m. on August 17, 2026. The rebuttal arguments shall be accompanied by the Form of Statement to Be Filed By Author(s) of Argument. Rebuttal arguments shall be printed in the same manner as the direct arguments. Each rebuttal argument shall immediately follow the direct argument which it seeks to rebut.

v. The provisions of Section 10(c) shall apply only to the election to be held on November 3, 2026, and shall then be repealed.

d. Printing. The City Clerk shall cause the City Attorney's impartial analysis, and duly selected arguments, to be printed and distributed to voters in accordance with State law regarding the same.

11. Notice of Election. Notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

12. Conduct of Election as Provided by Law. In all particulars not recited in this Resolution, the General Municipal Election shall be held and conducted as provided by law for holding municipal elections.

13. Implementation. The City Clerk and City Administrator are authorized to take all actions as necessary to effectuate the purposes of this Resolution and the election. The City Administrator is authorized to execute all documents and to perform all other necessary City acts to enter into a service agreement for the provision of election services with Monterey County Elections Department. The City Administrator is authorized to make any typographical, clerical, and non-substantive corrections to this Resolution and its exhibits/attachments.

14. Printing of Measure. The City Council of the City of Carmel-by-the-Sea hereby requests that the Monterey County Elections Department print the attached full Measure text Exhibit A exactly as filed or indicated on the filed document in the voter information guide for the November 3, 2026 Statewide General Election.

15. Environmental Compliance. The City finds that the adoption of this Resolution and the proposed Ordinance are not subject to environmental review under the California Environmental Quality Act ("CEQA") because this Resolution and proposed Ordinance are an activity that is excluded from the definition of a project by Public Resources Code sections 21065 and 21080(b)(8) and California Code of Regulations Sections 15273 and 15378(b) (the "CEQA Guidelines"). This Resolution and proposed Ordinance includes organizational or administrative activities of government which will not result in direct or indirect physical changes to the environment and are exempt from CEQA under CEQA Guidelines Sections 15060(c)(2) and 15061(b)(3).

16. Effective Date. This Resolution shall take effect immediately following passage and adoption by the Carmel-by-the-Sea City Council.

17. Severability. The City declares that, should any provision, section; paragraph, sentence or word of this Resolution be rendered or declared invalid by any final court action in a court of competent jurisdiction, or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences and words of this Resolution shall remain in full force and effect.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this ___ day of ____ 2026, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Dale Byrne, Mayor

Nova Romero, MMC, City Clerk

Exhibit A

ORDINANCE NO. 2026-002

AN ORDINANCE OF THE VOTERS OF THE CITY OF CARMEL-BY-THE-SEA AMENDING CARMEL-BY-THE-SEA MUNICIPAL CODE CHAPTER 3.32 (TRANSIENT OCCUPANCY TAX) TO ADOPT A NEW TWO PERCENT TRANSIENT OCCUPANCY TAX, IN ADDITION TO EXISTING TEN PERCENT TRANSIENT OCCUPANCY TAX

WHEREAS, prior to the effective date of this ordinance, the City of Carmel-By-The-Sea ("City") had established an existing transient occupancy tax in the amount of 10 percent of the rent charged by any operator of a hostelry ("Existing TOT"), as codified at Carmel-By-The-Sea Municipal Code ("City Code") Chapter 3.32 (Transient Occupancy Tax); and

WHEREAS, on February 3, 2026, the City Council directed staff to prepare a resolution calling for the placement of a proposed ordinance, as set forth herein, to amend City Code Chapter 3.32 by which a new transient occupancy tax in the amount of 2 percent of the rent charged by any operator of a hostelry ("New TOT") would be placed on the ballot for consideration by the voters at the November 3, 2026 General Municipal Election; and

WHEREAS, If this ordinance is approved by the voters at the November 3, 2026 General Municipal Election, the City will have an effective transient occupancy rate of 12 percent of the rent charged by any operator of a hostelry (based on the Existing TOT of 10 percent plus the New TOT of 2 percent); and

WHEREAS, at the November 3, 2026 General Municipal Election, the electorate of the City of Carmel-By-The-Sea did consider this ordinance and approved the actions set forth herein.

NOW THEREFORE, ON THE BASIS OF THE FOREGOING, THE PEOPLE OF THE CITY OF CARMEL-BY-THE-SEA, DO HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Title 3, Section 3.32.020, Tax Imposed, Subsection A shall be amended in its entirety as set forth below. As described in the recitals to this ordinance, this ordinance does not amend, extend, or increase the Existing TOT in the amount of 10 percent of the rent charged by any operator of a hostelry, and that Existing TOT shall remain in effect and be implemented in accordance with City Code Chapter 3.32. This ordinance hereby establishes a New TOT in the amount of 2 percent of the rent charged by any operator of a hostelry; and, since the procedures of City Code Chapter 3.32 apply to both the Existing Tax and the New Tax, those tax amounts shall be codified in the same section of the City Code, as follows:

3.32.020: Tax Imposed.

A. For the privilege of occupancy in any hostelry, each transient is subject to and shall pay a tax in the amount of 10 percent of the rent charged by the operator, plus a new tax in the amount of 2 percent of the rent charged by the operator, for a total tax in the amount of 12 percent of the rent charged by the operator. The tax constitutes a debt owed by the transient to the City which is extinguished only by payment to the operator or to the City.

SECTION 2. For Title 3, Section 3.32.130, Disposition of Proceeds, Subsections A and B are not amended by this ordinance. However, as an aid to the reader, the existing text of Subsections A and B are copied below and will remain in effect, as follows:

3.32.130: Disposition of Proceeds.

All moneys collected under and pursuant to the provisions of this chapter shall be deposited in the hostelry tax fund of this City and shall be distributed within the fund as follows:

A. The first six percent to the extent needed:

1. That amount necessary to fund the portion of the municipal budget covering community and cultural and recreation activities including but not limited to Sunset Center and the Forest Theater, parks, public facilities and municipal structures, and parking lots;
2. The remainder to be distributed to fund such acquisition and improvement of parks, recreation land and other municipal purposes as determined from time to time by the City Council; provided, that all such uses shall be in accordance with the General Plan of the City, as it is now or may be hereafter constituted;

B. The remainder of the first six percent, the additional two percent added by Ordinance No. 78-13, and the additional two percent added by Ordinance No. 83-22 shall be added to the General Fund for usual and current expenses.

SECTION 3. Title 3, Section 3.32.130, Disposition of Proceeds, shall be amended to add a new Subsection C, as follows:

3.32.130: Disposition of Proceeds.

C. The additional two percent added by Ordinance No. 26-002 shall be added to the General Fund for usual and current expenses.

SECTION 4. Scope of Amendments. Unless specifically amended by this ordinance, all other provisions of the Carmel-By-The-Sea Municipal Code Chapter 3.32 remain unchanged.

SECTION 5. General Tax. The proceeds from the 2% tax established by this ordinance shall be for unrestricted general revenue purposes of the City and shall be placed into the General Fund of the City.

SECTION 6. Future Amendments. Pursuant to California Elections Code Section 9217, the City Council is authorized to amend Carmel-By-The-Sea Municipal Code Chapter 3.32 without a vote of the electorate; provided however, that no such amendment shall increase the tax imposed as set forth in Carmel-By-The-Sea Municipal Code Chapter 3.32.

SECTION 7. Severability. The City declares that, should any provision, section; paragraph, sentence or word of this Ordinance be rendered or declared invalid by any final court action in a court of competent jurisdiction, or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences and words of this Ordinance shall remain in full

force and effect.

SECTION 8. CEQA. The City finds that this Ordinance is not subject to environmental review under the California Environmental Quality Act ("CEQA") because the Ordinance is an activity that is excluded from the definition of a project by Public Resources Code sections 21065 and 21080(b)(8) and California Code of Regulations Sections 15273 and 15378(b) (the "CEQA Guidelines"). The proposed Ordinance includes organizational or administrative activities of government which will not result in direct or indirect physical changes to the environment and are exempt from CEQA under CEQA Guidelines Sections 15060(c)(2) and 15061(b)(3).

SECTION 9. Effective Date. This Ordinance relates to the levying and collecting of City transient occupancy taxes and shall take effect immediately upon approval by the majority of the electorate.

SECTION 10. Termination Date. The authority to levy the tax imposed by this ordinance shall expire upon an action to terminate as authorized by majority vote of the qualified electors of the City of Carmel-By-The-Sea.

SECTION 11. Adoption. Following a declaration by the City Council that this ordinance was approved by a majority of the voters, as set forth in Elections Code Section 9217, the Mayor is hereby authorized to approve that this ordinance was adopted on November 3, 2026, by signing where indicated below.

PASSED AND ADOPTED BY THE VOTERS OF THE CITY OF CARMEL-BY-THE-SEA this day of _____, _____

APPROVED:

DALE BRYNE, MAYOR
City of Carmel-by-the-Sea

ATTEST:

Nova Romero, City Clerk

Attachment 2 - REDLINE VERSION

CITY OF CARMEL-BY-THE-SEA

ORDINANCE NO. 2026-003

AN ORDINANCE OF THE VOTERS OF THE CITY OF CARMEL-BY-THE-SEA AMENDING CARMEL-BY-THE-SEA MUNICIPAL CODE CHAPTER 3.32 (TRANSIENT OCCUPANCY TAX) TO ADOPT A NEW TWO PERCENT TRANSIENT OCCUPANCY TAX, IN ADDITION TO EXISTING TEN PERCENT TRANSIENT OCCUPANCY TAX

WHEREAS, prior to the effective date of this ordinance, the City of Carmel-By-The-Sea ("City") had established an existing transient occupancy tax in the amount of 10 percent of the rent charged by any operator of a hostelry ("Existing TOT"), as codified at Carmel-By-The-Sea Municipal Code ("City Code") Chapter 3.32 (Transient Occupancy Tax); and

WHEREAS, on February 3, 2026, the City Council directed staff to prepare a resolution calling for the placement of a proposed ordinance, as set forth herein, to amend City Code Chapter 3.32 by which a new transient occupancy tax in the amount of 2 percent of the rent charged by any operator of a hostelry ("New TOT") would be placed on the ballot for consideration by the voters at the November 3, 2026 General Municipal Election; and

WHEREAS. If this ordinance is approved by the voters at the November 3, 2026 General Municipal Election, the City will have an effective transient occupancy rate of 12 percent of the rent charged by any operator of a hostelry (based on the Existing TOT of 10 percent plus the New TOT of 2 percent); and

WHEREAS, at the November 3, 2026 General Municipal Election, the electorate of the City of Carmel-By-The-Sea did consider this ordinance and approved the actions set forth herein.

NOW THEREFORE, ON THE BASIS OF THE FOREGOING, THE PEOPLE OF THE CITY OF CARMEL-BY-THE-SEA, DO HEREBY ORDAIN AS FOLLOWS::

SECTION 1. Title 3, Section 3.32.020, Tax Imposed, Subsection A shall be amended in its entirety as set forth below. As described in the recitals to this ordinance, this ordinance does not amend, extend, or increase the Existing TOT in the amount of 10 percent of the rent charged by any operator of a hostelry, and that Existing TOT shall remain in effect and be implemented in accordance with City Code Chapter 3.32. This ordinance hereby establishes a New TOT in the amount of 2 percent of the rent charged by any operator of a hostelry; and, since the procedures of City Code Chapter 3.32 apply to both the Existing Tax and the New Tax, those tax amounts shall be codified in the same section of the City Code, as follows:

3.32.020: Tax Imposed.

A. For the privilege of occupancy in any hostelry, each transient is subject to and shall pay a tax in the amount of 10 percent of the rent charged by the operator, plus a new tax in the amount of 2 percent of the rent charged by the operator, for a total tax in the amount of 12 percent of the rent charged by the operator. The tax constitutes a debt owed by the transient to the City which is extinguished only by payment to the operator or to the City.

SECTION 2. For Title 3, Section 3.32.130, Disposition of Proceeds, Subsections A and B are not amended by this ordinance. However, as an aid to the reader, the existing text of Subsections A and B are copied below and will remain in effect, as follows:

3.32.130: Disposition of Proceeds.

All moneys collected under and pursuant to the provisions of this chapter shall be deposited in the hostelry tax fund of this City and shall be distributed within the fund as follows:

A. The first six percent to the extent needed:

1. That amount necessary to fund the portion of the municipal budget covering community and cultural and recreation activities including but not limited to Sunset Center and the Forest Theater, parks, public facilities and municipal structures, and parking lots;
2. The remainder to be distributed to fund such acquisition and improvement of parks, recreation land and other municipal purposes as determined from time to time by the City Council; provided, that all such uses shall be in accordance with the General Plan of the City, as it is now or may be hereafter constituted;

B. The remainder of the first six percent, the additional two percent added by Ordinance No. 78-13, and the additional two percent added by Ordinance No. 83-22 shall be added to the General Fund for usual and current expenses.

SECTION 3. Title 3, Section 3.32.130, Disposition of Proceeds, shall be amended to add a new Subsection C, as follows:

3.32.130: Disposition of Proceeds.

C. The additional two percent added by Ordinance No. 26-003 shall be added to the General Fund for usual and current expenses.

SECTION 4. Scope of Amendments. Unless specifically amended by this ordinance, all other provisions of the Carmel-By-The-Sea Municipal Code Chapter 3.32 remain unchanged.

SECTION 5. General Tax. The proceeds from the 2% tax established by this ordinance shall be for unrestricted general revenue purposes of the City and shall be placed into the General Fund of the City.

SECTION 6. Future Amendments. Pursuant to California Elections Code Section 9217, the City Council is authorized to amend Carmel-By-The-Sea Municipal Code Chapter 3.32 without a vote of the electorate; provided however, that no such amendment shall increase the tax imposed as set forth in Carmel-By-The-Sea Municipal Code Chapter 3.32.

SECTION 7. Severability. The City declares that, should any provision, section; paragraph, sentence or word of this Ordinance be rendered or declared invalid by any final court action in a court of competent jurisdiction, or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences and words of this Ordinance shall remain in full force and effect.

SECTION 8. CEQA. The City finds that this Ordinance is not subject to environmental review under the California Environmental Quality Act ("CEQA") because the Ordinance is an activity that is excluded from the definition of a project by Public Resources Code sections 21065 and 21080(b)(8) and California Code of Regulations Sections 15273 and 15378(b) (the "CEQA Guidelines"). The proposed Ordinance includes organizational or administrative activities of government which will not result in direct or indirect physical changes to the environment and are exempt from CEQA under CEQA Guidelines Sections 15060(c)(2) and 15061(b)(3).

SECTION 9. Effective Date. This Ordinance relates to the levying and collecting of City transient occupancy taxes and shall take effect immediately upon approval by the majority of the electorate.

SECTION 10. Termination Date. The authority to levy the tax imposed by this ordinance shall expire upon an action to terminate as authorized by majority vote of the qualified electors of the City of Carmel-By-The-Sea.

SECTION 11. Adoption. Following a declaration by the City Council that this ordinance was approved by a majority of the voters, as set forth in Elections Code Section 9217, the Mayor is hereby authorized to approve that this ordinance was adopted on November 3, 2026, by signing where indicated below.

PASSED AND ADOPTED BY THE VOTERS OF THE CITY OF CARMEL-BY-THE-SEA this day of MONTH, YEAR.

APPROVED,

DALE BRYNE, MAYOR

ATTEST:

Nova Romero, City Clerk

ATTACHMENT 3

CITY OF CARMEL-BY-THE-SEA

ORDINANCE NO. 2026-002

AN ORDINANCE OF THE VOTERS OF THE CITY OF CARMEL-BY-THE-SEA AMENDING CARMEL-BY-THE-SEA MUNICIPAL CODE CHAPTER 3.32 (TRANSIENT OCCUPANCY TAX) TO ADOPT A NEW TWO PERCENT TRANSIENT OCCUPANCY TAX, IN ADDITION TO EXISTING TEN PERCENT TRANSIENT OCCUPANCY TAX

WHEREAS, prior to the effective date of this ordinance, the City of Carmel-By-The-Sea ("City") had established an existing transient occupancy tax in the amount of 10 percent of the rent charged by any operator of a hostelry ("Existing TOT"), as codified at Carmel-By-The-Sea Municipal Code ("City Code") Chapter 3.32 (Transient Occupancy Tax); and

WHEREAS, on February 3, 2026, the City Council directed staff to prepare a resolution calling for the placement of a proposed ordinance, as set forth herein, to amend City Code Chapter 3.32 by which a new transient occupancy tax in the amount of 2 percent of the rent charged by any operator of a hostelry ("New TOT") would be placed on the ballot for consideration by the voters at the November 3, 2026 General Municipal Election; and

WHEREAS. If this ordinance is approved by the voters at the November 3, 2026 General Municipal Election, the City will have an effective transient occupancy rate of 12 percent of the rent charged by any operator of a hostelry (based on the Existing TOT of 10 percent plus the New TOT of 2 percent); and

WHEREAS, at the November 3, 2026 General Municipal Election, the electorate of the City of Carmel-By-The-Sea did consider this ordinance and approved the actions set forth herein.

NOW THEREFORE, ON THE BASIS OF THE FOREGOING, THE PEOPLE OF THE CITY OF CARMEL-BY-THE-SEA, DO HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Title 3, Section 3.32.020, Tax Imposed, Subsection A shall be amended in its entirety as set forth below. As described in the recitals to this ordinance, this ordinance does not amend, extend, or increase the Existing TOT in the amount of 10 percent of the rent charged by any operator of a hostelry, and that Existing TOT shall remain in effect and be implemented in accordance with City Code Chapter 3.32. This ordinance hereby establishes a New TOT in the amount of 2 percent of the rent charged by any operator of a hostelry; and, since the procedures of City Code Chapter 3.32 apply to both the Existing Tax and the New Tax, those tax amounts shall be codified in the same section of the City Code, as follows:

3.32.020: Tax Imposed.

A. For the privilege of occupancy in any hostelry, each transient is subject to and shall pay a tax in the amount of 10 percent of the rent charged by the operator, plus a new tax in the amount of 2 percent of the rent charged by the operator, for a total tax in the amount of 12 percent of the rent charged by the operator. The tax constitutes a debt owed by the transient to the City which is extinguished only by payment to the operator or to the City.

SECTION 2. For Title 3, Section 3.32.130, Disposition of Proceeds, Subsections A and B are not amended by this ordinance. However, as an aid to the reader, the existing text of Subsections A and B are copied below and will remain in effect, as follows:

3.32.130: Disposition of Proceeds.

All moneys collected under and pursuant to the provisions of this chapter shall be deposited in the hostelry tax fund of this City and shall be distributed within the fund as follows:

A. The first six percent to the extent needed:

1. That amount necessary to fund the portion of the municipal budget covering community and cultural and recreation activities including but not limited to Sunset Center and the Forest Theater, parks, public facilities and municipal structures, and parking lots;

2. The remainder to be distributed to fund such acquisition and improvement of parks, recreation land and other municipal purposes as determined from time to time by the City Council; provided, that all such uses shall be in accordance with the General Plan of the City, as it is now or may be hereafter constituted;

B. The remainder of the first six percent, the additional two percent added by Ordinance No. 78-13, and the additional two percent added by Ordinance No. 83-22 shall be added to the General Fund for usual and current expenses.

SECTION 3. Title 3, Section 3.32.130, Disposition of Proceeds, shall be amended to add a new Subsection C, as follows:

3.32.130: Disposition of Proceeds.

C. The additional two percent added by Ordinance No. 26-002 shall be added to the General Fund for usual and current expenses.

SECTION 4. Scope of Amendments. Unless specifically amended by this ordinance, all other provisions of the Carmel-By-The-Sea Municipal Code Chapter 3.32 remain unchanged.

SECTION 5. General Tax. The proceeds from the 2% tax established by this ordinance shall be for unrestricted general revenue purposes of the City and shall be placed into the General Fund of the City.

SECTION 6. Future Amendments. Pursuant to California Elections Code Section 9217, the City Council is authorized to amend Carmel-By-The-Sea Municipal Code Chapter 3.32 without a vote of the electorate; provided however, that no such amendment shall increase the tax imposed as set forth in Carmel-By-The-Sea Municipal Code Chapter 3.32.

SECTION 7. Severability. The City declares that, should any provision, section; paragraph, sentence or word of this Ordinance be rendered or declared invalid by any final court action in a court of competent jurisdiction, or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences and words of this Ordinance shall remain in full force and effect.

SECTION 8. CEQA. The City finds that this Ordinance is not subject to environmental review under the California Environmental Quality Act ("CEQA") because the Ordinance is an activity that is excluded from the definition of a project by Public Resources Code sections 21065 and 21080(b)(8) and California Code of Regulations Sections 15273 and 15378(b) (the "CEQA Guidelines"). The proposed Ordinance includes organizational or administrative activities of government which will not result in direct or indirect physical changes to the environment and are exempt from CEQA under CEQA Guidelines Sections 15060(c)(2) and 15061(b)(3).

SECTION 9. Effective Date. This Ordinance relates to the levying and collecting of City transient occupancy taxes and shall take effect immediately upon approval by the majority of the electorate.

SECTION 10. Termination Date. The authority to levy the tax imposed by this ordinance shall expire upon an action to terminate as authorized by majority vote of the qualified electors of the City of Carmel-By-The-Sea.

SECTION 11. Adoption. Following a declaration by the City Council that this ordinance was approved by a majority of the voters, as set forth in Elections Code Section 9217, the Mayor is hereby authorized to approve that this ordinance was adopted on November 3, 2026, by signing where indicated below.

PASSED AND ADOPTED BY THE VOTERS OF THE CITY OF CARMEL-BY-THE-SEA this day of _____, _____

APPROVED:

DALE BRYNE, MAYOR
City of Carmel-by-the-Sea

ATTEST:

Nova Romero, City Clerk

MONTEREY COUNTY ELECTIONS DEPARTMENT

November 3, 2026, General Election Calendar

SOS General Election Key Dates: <https://www.sos.ca.gov/elections/upcoming-elections/general-election-november-3-2026/key-dates-deadlines>

ACTION ITEM	APPLIES TO	DATES	
Signatures In-Lieu of Filing Fee Period Cal. Const. art. VI, §16(d)(1); ELEC §8106(b)(3)	Supreme and Appellate Courts	May 18, 2026	July 16, 2026
Amended Candidate Intention Statement GOV §§ 85200, 85400, 85401, 85600, 85601	Candidates running for statewide office or State Assembly	June 16, 2026	
County Holiday -- Office Closed Juneteenth		June 19, 2026	
State Initiative and Legislative Measure Qualification Deadline ELEC §9033; Cal. Const. art. II, §8(c)	Last day for an initiative measure and for the Legislature to adopt a constitutional amendment, bond measure or other legislative measure to qualify for the ballot.	June 25, 2026	
Candidate Statement Period for State Voter Information Guide (Date Designated by SOS)	Candidates for Statewide Office	June 25, 2026	July 15, 2026
School and Special District Vacancies Last day for the governing bodies of local jurisdictions to call an election to fill a vacancy GOV §1780; EDC §5091	School and Special Districts	June 26, 2026	
Consolidation of School Elections County Superintendent of Schools shall notify the governing boards of all school districts under their jurisdiction that a consolidated election is required to be held EDU §5323, 5340	County Superintendent of Schools	June 26, 2026	
Cities to publish election notice, if any city is consolidating an election ELEC §12101, 12111	Cities	June 29, 2026	July 13, 2026
Statement of Election Facts, Notice of Election, and District maps due to the elections official ELEC §10509, 10522, 10524	County Elections Department	July 1, 2026	
Adopted school resolutions due to Superintendent EDU §5322	School Districts	July 3, 2026	
County Holiday -- Office Closed Independence Day (Observed)		July 3, 2026	
County Superintendent to deliver resolutions and formal notice to call an election to the county elections official EDU §5324, 5325	County Superintendent of Schools	July 6, 2026	
Publication of Notice of Election Includes the date of election, offices to be filled, where nomination papers are available, and deadline for filing forms ELEC §§12109, 12112; GOV §6061; EDU §5363	County Elections Department	July 6, 2026	August 5, 2026
Last day for the remaining council to call an election to fill a vacancy. City Clerk shall immediately publish Notice of Election ELEC §§12101, 12102; GOV §36512	Cities	June 29, 2026	July 13, 2026

Filing Period of Declaration of Candidacy/Nomination Papers *Candidate Statement of Qualifications due at the time of filing ELEC §§13, 100, 104, 333, 8020, 8028, 8040, 8041, 8061, 8067, 10220, 10224-10227, 10407, 10510-10516, 10602, 10705, 13107, 13307-13308; CCP §2015.5, GOV §§87200-87201	City, School, and Special Districts	July 13, 2026	August 7, 2026 ATTACHMENT 4
Candidate Statements in the County Voter Information Guide *Candidates for State Assembly must agree to accept the voluntary expenditure limits on their Candidate Intention Statement ELEC §§ 13307.5, 13307.7; GOV § 85601(c)	Top-two candidates for voter-nominated offices and local run-off candidates for general election.	July 13, 2026	August 7, 2026
Filing Period of Declaration of Candidacy Period in which a justice of the Supreme or Appellate Court, who must stand for retention at the general election, may file a declaration of candidacy with the Secretary of State Cal. Const. art. VI, ELEC §§ 8103, 8105, 8201	Supreme and Appellate Courts	July 17, 2026	August 15, 2026
Semi-Annual Campaign Statement Deadline (Period: * -- 06/30/22) GOV §§84200(a), 84218	All Committees	July 31, 2026	
Last day to <u>request a different ballot designation</u> than the one used for the Primary Election CA CCR., Title 2 §20711(e); ELEC §13107(h)	Top-two candidates for voter-nominated offices and local run-off candidates for general election.	July 28, 2026	
497 24-hour Contribution Report	Filed by state and local committees making or receiving contributions of \$1,000 or more 90 days before election.	August 5, 2026	
Last day for run-off candidates to file and pay for Candidate Statement of Qualifications ELEC §§13307(a)(2), 13307.5, 13307.7; GOV §§ 85601(c)	Top-two candidates for voter-nominated offices and local run-off candidates for general election.	August 7, 2026	
Last day to file a Local Measure ELEC §10403	Local Jurisdictions	August 7, 2026	
Last day to file a Tax Rate Statement for Bond Measures ELEC §§9400, 9401	Local Jurisdictions	August 7, 2026	
Candidate Filing Period Closes ELEC §§8020, 10224, 10510, 10603(b)	All Offices	August 7, 2026	
Elections official will designate letters for local measures after 5:00 p.m. ELEC §13116	County Elections Department	August 7, 2026	
Last day for run-off candidates to file and pay for Candidate Statement of Qualifications ELEC §13307(a)(2)	Top-two candidates for voter-nominated offices and local run-off candidates for general election.	August 7, 2026	
Extended Candidate Filing Period ELEC §§8022, 8024, 10516	Offices for which no eligible incumbent files nomination papers by August 7	August 8, 2026	August 12, 2026
10-day public review period of local measure on the ballot ELEC §§9190, 9295, 9380, 9509, 13313	All Jurisdictions	August 8, 2026	August 17, 2026

Period to file <u>Primary Arguments</u> in favor of or against local ballot measures ELEC §§9162-9164, 9281-9283, 9286, 9315-9316, 9501-9502, 9600-9601	Local Jurisdictions (not to exceed 300 words)	August 8, 2026	August 13, 2026 ATTACHMENT 4
Public review period of Candidate Statement of Qualifications ELEC §§9190, 9295, 9380, 9509, 13313	All Candidates	August 8, 2026	August 17, 2026
Last day to withdraw Candidate Statement of Qualifications for offices that closed on the 88th day ELEC §13307(a)(3)		August 10, 2026	
"Write-In Candidacy" Filing Period Against Incumbent Judge Runing Unopposed Ends ELEC §§8203, 8600-8605	Judicial Candidates	August 12, 2026	
Extended Candidate Filing Period Closes ELEC §§8022, 8024	Offices for which no eligible incumbent files nomination papers by August 7	August 12, 2026	
Last day to submit party endorsements for voter-nominated offices to be published in voter information guide ELEC §13302(b)	Qualified Political parties	August 12, 2026	
Public review period of Candidate Statement of Qualifications ELEC §§9190, 9295, 9380, 9509, 13313	Candidate Statements of Qualifications filed during the extended period	August 13, 2026	August 23, 2026
Last day to withdraw "Candidate Statement of Qualifications" ELEC §13307(a)(3)	Candidate Statements of Qualifications filed during the extended period	August 13, 2026	
Randomized alphabet drawing for ballot placement (order of names on the ballot) ELEC §§13111-13113	Secretary of State/County Elections Department	August 13, 2026	
Last day to file <u>Primary Arguments</u> in favor of or against local ballot measures ELEC §§9162-9164, 9281-9283, 9286, 9315-9316, 9501-9502, 9600-9601	Local Jurisdictions (not to exceed 300 words)	August 13, 2026	
Last day to file Impartial Analysis regarding local ballot measures ELEC §9160, 9163, 9280, 9313, 9314, 9500	County Counsel and/or City Attorneys (not to exceed 500 words)	August 13, 2026	
10-day public review period for arguments ELEC §§9190, 9295, 9380, 9509, 13313	All Jurisdictions	August 14, 2026	August 24, 2026
Period to file <u>Rebuttal Arguments</u> in favor of or against local ballot measures ELEC §§9163-9164, 9167, 9281-9286, 9316-9317, 9502, 9504, 9600-9601	Local Jurisdictions (not to exceed 250)	August 14, 2026	August 20, 2026
Last day to file <u>Rebuttal Arguments</u> in favor of or against local ballot measures. ELEC §§9163-9164, 9167, 9281-9286, 9316-9317, 9502, 9504, 9600-9601	Local Jurisdictions (not to exceed 250)	August 20, 2026	
10-day public review period for rebuttals ELEC §§ 9190, 9295, 9380, 9509, 13313	All Jurisdictions	August 21, 2026	August 31, 2026
Certified List of State Candidates ELEC §§8148, 8149, 13111	Secretary of State	August 27, 2026	
County Holiday -- Office Closed Labor Day		September 7, 2026	

"Write-In Candidacy" Filing Period ELEC §§8600-8605, 8606	Any qualified person (not applicable to voter-nominated offices)	September 7, 2026	October 20, 2026 ATTACHMENT 4
1st Pre-Election Statement (Period: 07/01/26 - 09/19/26) GOV §§84200.5, 84200.8, 84218	Each candidate listed on the ballot must file either Form 460 or Form 470	September 24, 2026	
Ballots mailed to each voter ELEC §§3000.5, 3001	Any registered voter may obtain a ballot by mail	October 5, 2026	October 27, 2026
Last day to <u>Register to Vote</u> 52 U.S.C §§20301, 20501; ELEC §§300, 321, 2102, 2170, 3102	Any eligible citizen	October 19, 2026	
Last day to file a "Write-In Candidacy" ELEC §§8600-8606	Write-In Candidates	October 20, 2026	
Conditional Voter Registration ELEC §§2170-2173; CCR 2 §20021(b)(1)	Any citizen or registrant eligible to register to vote (at Elections Office, Satellite Locations, and Polling Places on Election Day)	October 20, 2026	November 3, 2026
2nd Pre-Election Statement (Period: 09/20/26 - 10/17/26) GOV §§84200.5, 84200.8, 84218	All committees must file this report	October 22, 2026	
Certified List of State Write-In Candidates	Secretary of State	October 23, 2026	
Last day to receive a request for a ballot via mail. After this date, any registered voter may pick one up in-person until election day ELEC §3001	Any registered voter may obtain a ballot by mail	October 27, 2026	
FINAL DAY TO VOTE ELEC §§1000, 1001, 1100, 1200, 14212	Voters may voter in person at any polling location, including the County Elections Department and Satellite Offices, from 7:00am to 8:00pm	November 3, 2026	
Last day for county elections office to receive ballots in the mail that are postmarked with the election date. ELEC §§3017, 3020; Assembly Bill 37	County Elections Department	November 10, 2026	
County Holiday -- Office Closed Veterans' Day		November 11, 2026	
County Holiday -- Office Closed Thanksgiving Day		November 26, 2026	
County Holiday -- Office Closed Day After Thanksgiving		November 27, 2026	
Deadline to certify the election ELEC §15372	County Elections Department	December 3, 2026	

CARMEL-BY-THE-SEA
BALLOT MEASURE RELATED DEADLINES FOR THE NOVEMBER 3, 2026 ELECTION

ACTION ITEM	APPLIES TO	LAST DAY/TIME TO FILE WITH CITY CLERK	LAST DAY FOR CITY CLERK TO FILE WITH COUNTY
Last day to adopt a Resolution adopting ballot measure(s) language for the Nov. 3rd Election	Carmel City Council	July 7, 2026	August 7, 2026
Send Ballot Measure notice to the Pine Cone to be published on July 17th	City Clerk	July 14, 2026	
Public Review Period of Carmel Ballot Measure(s)	Public/everyone	July 17 - 27, 2026	
Last day to file Primary Arguments in favor of or against Carmel ballot measure(s)	Public/everyone	August 7, 2026 at 5:00 p.m.	August 13, 2026
Last day for City Attorney to file Impartial Analysis regarding Carmel Ballot Measure(s)	City Attorney	August 7, 2026 at 5:00 p.m.	August 13, 2026
Public Review Period for Primary Arguments and the City Attorney's Impartial Analysis	Public/everyone	August 8 - 17, 2026	
Last day to file Rebuttal Arguments in favor of or against Carmel ballot measures	Public/everyone	August 17, 2026 at 5:00 p.m.	August 20, 2026
10-day public review period for rebuttals (posted on City's website)	Public/everyone	August 18 - 27, 2026	

Draft Primary Argument in Support of Transient Occupancy Tax Ballot Measure

Transient Occupancy Tax (TOT) is paid entirely by visitors staying in hotels and other overnight accommodations. It is not paid by Carmel residents.

At 10%, Carmel's TOT has not been raised in 30 years, and is now well below neighboring cities and comparable destination communities, as shown below:

Half Moon Bay – 15%
Sausalito – 14%
Marina – 14%
Healdsburg – 14%
St Helena – 13%
Calistoga – 13%
Sonoma – 13%
Pacific Grove – 12%
Monterey – 12%
Sand City – 12%
Santa Barbara – 12%
Laguna Beach – 12%
Carmel-by-the-Sea – 10%

Raising Carmel's TOT by 2% to 12% will bring us more in line with comparable communities and generate approximately

\$1.9 million in sorely needed revenue for the City, while adding just \$5 to a \$250 hotel room.

Our economy depends on tourism. Visitors support local businesses, and related taxes help fund our city government. Visitors are welcome here, but tourism also creates unwelcome impacts for our residents. Congestion, pollution, noise and trash are daily realities. The busiest days produce gridlock and heightened tensions. Sometimes our private property is disrespected.

Our city's infrastructure is heavily used. It is old and has been ignored. We have over \$100 Million in deferred maintenance. For the current City Council, addressing this problem is important and urgent. We've already implemented a "Capital First" approach to annual budgeting where at least 15% of annual revenues must be devoted to rehabilitating aging infrastructure. We've seen results. Street paving, sidewalk leveling, and wildfire management have been accelerated. New projects will address beach access and erosion, storm drainage and improving city buildings. The challenge is daunting, and to address it with all due urgency, we simply need more revenue. Raising this tax paid by non-residents will help.

Join us. Vote yes on measure X.



CITY OF CARMEL-BY-THE-SEA

CITY COUNCIL

Staff Report

June 2, 2026
Public Hearing

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Brian Pierik, City Attorney

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Resolution 2026-043 ordering the submission to the qualified electors of the City of Carmel-by-the-Sea at the General Municipal Election to be held on November 3, 2026, a Measure increasing the City's current Transactions and Use Tax rate from 1.5% to 1.875%, extending the duration of such Transactions and Use Tax so that it remains in effect until ended by voters of the City of Carmel-by-the-Sea, and approving the Ordinance to be submitted to the voters pursuant to Revenue and Taxation Code Section 7285.9; requesting the Monterey County elections department to conduct the Election and requesting consolidation of the General Municipal Election with the Statewide General Election to be held on November 3, 2026; directing the City Attorney to prepare an impartial analysis concerning such Measure; authorizing the drafting of primary arguments and rebuttals concerning such Measure; or, in the alternative, provide direction and Motion to approve proposed Primary Argument in support of ballot measure

RECOMMENDATION

1. Motion to adopt Resolution 2026-043 ordering the submission to the qualified electors of the City of Carmel-by-the-Sea at the General Municipal Election to be held on November 3, 2026, a Measure increasing the City's current Transactions and Use Tax rate from 1.5% to 1.875%, extending the duration of such Transactions and Use Tax so that it remains in effect until ended by voters of the City of Carmel-by-the-Sea, and approving the Ordinance to be submitted to the voters pursuant to Revenue and Taxation Code Section 7285.9; requesting the Monterey County elections department to conduct the Election and requesting consolidation of the General Municipal Election with the Statewide General Election to be held on November 3, 2026; directing the City Attorney to prepare an impartial analysis concerning such Measure; authorizing the drafting of primary arguments and rebuttals concerning such Measure (**Attachment 1**) or, in the alternative, provide direction.
2. Motion to approve proposed Primary Argument in support of ballot measure.

BACKGROUND / SUMMARY

I. Background

Pursuant to direction from the City Council on April 7, 2026, a Resolution was prepared for discussion at the Council meeting on May 4, 2026 on whether to submit to the County of a ballot measure to be voted upon at the November 3, 2026 general municipal election, a summary of the proposed increase of the transactions and use tax¹ (“TUT”) rate by 0.375%, the form of the proposed ballot question, and a discussion on potential City information activities. The current transactions and use tax rate in the City is 1.5% and is set to expire in 2040.

At its meeting on May 4, 2026, the City Council gave direction to return to the City Council on June 2, 2026 with the Draft Resolution for adoption or direction. **Attachment 1** is a draft Resolution. This draft Resolution includes a revised Ballot Question based on the input from the City Council requesting that the Ballot Question be aligned with the Ballot Question for the Sales Tax Ballot Measure which is the subject of a separate Staff Report. The Ballot Question appears later in this Staff Report.

Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, and Section 7285.9 of the California Revenue and Taxation Code, authorizes the City to levy a transactions and use tax ordinance as a general tax, which is operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose. Accordingly, the draft Ordinance which will be attached to the Resolution has been drafted as directed by the City Council on April 7, 2026. Pursuant to the Revenue and Taxation Code’s requirements, the California Department of Fee and Tax Administration (“CDFTA”) is the State agency that collects the transactions and use taxes on behalf of the City and remits the same to the City. **Attachment 2** is the redline version of draft Ordinance. **Attachment 3** is the clean version of the draft Ordinance and this is the version that is attached to the Resolution.

Pursuant to the Motion approved by the City Council on May 4, 2026, the draft Ordinance was submitted to the CDFTA for review. The CDFTA responded that it had no issues with the draft Ordinance except for a question about the effective date of the Ordinance. In response, the following language was submitted to the CDFTA for review and the response from CDFTA was that this language was sufficient:

Pursuant to Elections Code Section 9217, this Ordinance shall be considered adopted on the date that the City Council declares that the voters of the City of Carmel-by-the-Sea have approved the Ordinance by a vote of no less than a majority of the votes cast by the electors voting at the General Municipal Election held on Tuesday, November 3, 2026, and shall go into effect ten (10) days thereafter. Following a declaration by the City Council that this Ordinance was approved by a majority of the voters, as set forth in Elections Code Section 9217, the Mayor is hereby authorized to approve that this Ordinance was adopted on **the date that the City Council declared that the voters of the City of Carmel-by-the-Sea approved the Ordinance**, by signing where indicated below.

The CDFTA also noted that the City Council would have to certify the results of the election by resolution before December 12, 2026 in order for CDFTA to implement the change in the sales tax rate on April 1, 2027. If the certification date falls on or after December 12, 2026, the next implementation date will be July 1, 2027.

According to the Monterey County Elections Department November 3, 2026 General Election Calendar (**Attachment 4**), the deadline for the County Elections Department to certify the election is December 3, 2026 so there should be sufficient time for the City Council to declare the results of the election prior to December 12, 2026. If, for some reason, the election results are not available by the Council meetings set for December 7 and 8, 2026, then the Council may consider setting a special meeting to declare the election results on December 9, 10 or 11 (December 12, 2026 is a Saturday) which can be set upon 24 hours notice.

There was a question by the Council at the meeting on May 4, 2026 as to how countywide vote on a County sales tax measure would impact the individual cities. The answer is that the vote on the County sales tax ballot measure would be based on a countywide vote; and, therefore, the County measure is either approved or rejected on a countywide basis. The voters in one portion of the county (e.g., any city) could not prohibit the County tax with their vote in their city. Thus, even though the majority vote in a city is in opposition to the

¹ Also commonly referred to as a “sales tax”.

County sales tax measure, the County sales tax (if approved by a majority of the voters in the County) would still apply to that city.

Another question from the Council at the meeting on May 4 2026 was how the “cap” on the sales tax works. The answer is that sales tax cap space works on as “first-come-first-served.” Thus, if another taxing agency in Carmel’s City limits (such as the County of Monterey) adopts a sales tax before Carmel, then that other tax would take precedence over any future sales by Carmel.

II. Discussion

In order to submit the TUT measure to the City’s qualified voters, the City Council must carry out certain acts, including the adoption of the attached Resolution to send the TUT measure to the voters. This Staff Report provides background information that is relevant to the City Council’s discussion and direction on the attached draft resolution and ordinance.

A. Draft Ordinance

As stated above, the draft TUT Ordinance would increase the existing TUT rate from 1.5% to 1.875% and, further, would extend the duration of the tax so that it remains in effect until ended by voters. However, City Council may instead provide a termination date for the tax. For example, the ordinance can be revised to state that the TUT will terminate in 20 years.

The draft TUT Ordinance is attached to this report as **Attachment 2**. If there are any further revisions, it is recommended that the revised ordinance be submitted to the CDFTA again for their approval. As previously stated, this is not a required step, but the purpose of the review will be to give the CDFTA an opportunity to identify any concerns or issues they may have with the City’s draft TUT Ordinance, which would in turn allow those issues to be addressed. Any revisions required by the CDFTA would then be incorporated into the draft TUT Ordinance.

B. Votes Required to submit the TUT measure

Under Proposition 218², the City may only impose a general tax if: (a) two-thirds of the members of the City Council (which would be four affirmative votes) approve placing a tax measure on the ballot for voter consideration, and (b) the ballot measure is approved by a majority vote of the electorate at a general municipal election (for the election of members of Council).³ Similarly, Revenue and Taxation Code Section 7285.9 requires that any ballot measure/ordinance increasing a transactions and use tax must be approved by a 2/3 vote of all members of the City Council and by a majority vote of the qualified voters of the City voting on the ballot measure. The next general municipal election is November 3, 2026.

C. Form of Ballot Question

The TUT measure’s ballot question must meet the following requirements: (1) no more than 75 words and in the format of a “yes” or “no” question; (2) include “the amount of money to be raised annually and the rate and duration of the tax to be levied”⁴; and (3) “be a true and impartial synopsis of the purpose of the proposed measure, and shall be in language that is neither argumentative nor likely to create prejudice for or against the measure.”⁵ It must also be in the form of “Shall the measure ... be adopted?”⁶ As such, the City Council should discuss and provide direction on the wording of the ballot question.

² Cal. Constitution Articles XIIC and XIII D.

³ Cal. Gov. Code Sections 53723 and 53724, subject to limited exceptions for the timing of elections for declared emergencies.

⁴ Cal. Elections Code Section 13119(b).

⁵ Cal. Elections Code Section 13119(c).

⁶ Cal. Elections Code Section 13119(a).

Two options for a ballot question for a transactions and use tax that is a general tax are as follows:⁷

Option 1:

“Shall the measure providing additional funding for City of Carmel-by-the-Sea general government purposes by increasing the transaction and use tax (also known as sales tax) rate by 0.375% so that the total tax rate is 1.875%, and the 0.375% providing approximately \$1,800,000 annually and the 1.875% providing approximately \$9,400,000 annually in total, and extending the duration of such total tax so that it remains in effect until ended by voters, be adopted?”

Option 2:

“To upgrade streets and sidewalks, address beach erosion, enhance wildfire preparedness, maintain City trees, and fund other general government purposes in Carmel-by-the-Sea, shall the measure increasing the transaction and use tax (also known as sales tax) by 0.375%, from 1.50% to 1.875%, providing approximately \$1,800,000 annually in additional revenue and \$9,400,000 annually in total revenue, and extending the total 1.875% tax until ended by voters, with independent audits and all funds benefitting Carmel-by-the-Sea, be adopted?”

If the Council selects Option 2, then the proposed Ordinance would need to include language that provides words to the effect that the revenue from the sales tax will be subject to an independent audit as part of the City’s annual independent financial audit. The proposed Ordinance has been revised to read as follows in regard to an independent financial audit with the underlined text added:

SECTION 1. AMENDMENT TO SECTION 3.28.170: Section 3.28.170 (entitled “Imposition”) of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

“A transactions and use tax is hereby imposed as a general tax on the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City, and upon the sales price of tangible personal property stored, used or otherwise consumed in the City as further set forth below. The revenue from the Transaction and Use Tax shall be subject to the City’s annual independent financial audit.”

The Council may decide which of the above two Options to select for the Ballot Question or may choose to approve some other language for a ballot question subject to the 75 word limit.

D. Election Procedures

The following section provides information to the City Council on the election procedures that will need to be followed when submitting the TUT measure to the City’s qualified voters.

1. Getting the Measure on the Ballot

The City Council previously called a General Municipal Election for November 3, 2026, for the purposes of electing the Mayor and two City Councilmembers and requested the Board of Supervisors for the County of Monterey to consolidate the same with the Statewide General Election to be held on the same date. Accordingly, in order to submit a TUT measure to the voters at the November 3, 2026, general municipal election, the City Council must adopt a resolution that (1) submits the measure to the voters and includes the TUT ordinance increasing the TUT rate; (2) for the purposes of the measure, requests the consolidation of the November 3, 2026, general municipal election with the Statewide General Election to be held on the same date; and (3) authorizes the drafting of primary arguments by all or some councilmembers, directs the City Attorney to draft an impartial analysis of the measure, and authorizes rebuttal arguments.

⁷ The City is authorized to identify sample expenditures of anticipated TUT revenue without converting the general tax to a special tax, as long as a phrase similar to “and general government use” is included in the list.

In order to be adopted, this resolution must be approved by a 2/3 vote (i.e., 4/5) of the City Council and submitted to the County no later than 88 days prior to the election.⁸ Measures may be withdrawn no later than after the 83rd day prior to the election.⁹

- a. Submitting the ballot measure to the voters

The City Council is generally permitted to submit measures to the voters by adopting a resolution to that effect.¹⁰ This resolution must also include a ballot question pursuant to Elections Code Section 13247, which must meet the requirements referenced and discussed above. The ordinance increasing the TUT rate must also be attached to the resolution. However, as stated above, general taxes must be submitted at a general municipal election unless an emergency is unanimously declared by the City Council.

- b. Requesting the consolidation of General Municipal Election with the Statewide General Election on November 3, 2026

For the purposes of the proposed measure, the City Council may request that the November 3, 2026, general municipal election be consolidated with the Statewide General Election held on the same date.¹¹ Although the City will have to pay the County for the associated costs of consolidation, this is a standard practice that virtually all cities in California follow, because the costs for a city to run its own election are typically prohibitive.

- c. Authorizing the drafting of primary arguments, directing the City Attorney to draft an impartial analysis of the measure, and authorizing rebuttal arguments

- (1) Primary Arguments

Elections Code Section 9282(b) permits the City Council to authorize a member or members to author and submit primary arguments relating to a ballot measure placed on the ballot by the City Council; however, if the City Council authorizes a quorum of its membership to draft the primary argument, such drafting and approval thereof is subject to the Brown Act. In other words, a majority of members of Council must not discuss the arguments outside a public meeting. Such arguments may not exceed 300 words.

Primary arguments are typically due 14 days after the call of the election pursuant to Elections Code Section 9286(a); however, for consolidated elections, as is the case here, this deadline does not apply. Instead, the City Clerk may set the deadline based upon the election calendar provided by the County. For the November 3, 2026 Election, the Monterey County Elections Department Calendar (see **Attachment 4**) has designated August 13, 2026 as the deadline for primary arguments.

The City Clerk has prepared a City Clerk Ballot Measure Deadlines for November 3, 2026 Election (**Attachment 5**) which has deadlines in advance of the County deadlines to permit time for the City Clerk to review the Primary Arguments and file the Primary Arguments with the County.

The Primary arguments must be filed with the City Clerk by August 7, 2026 at 5 pm and the City Clerk then files the Primary Argument with the County by August 13, 2026 at 5 pm. After primary arguments are filed, the 10-day public examination period commences.¹²

If more than one primary argument for or against a measure is submitted, then the City Clerk chooses the argument to appear on the ballot based upon the priorities provided in Elections Code Section 9287 as follows:

- 1/ The legislative body, or member or members of the legislative body authorized by that body.

⁸ Cal. Elections Code Section 9222.

⁹ Cal. Elections Code Section 9605.

¹⁰ Cal. Elections Code Section 9222 and 10201.

¹¹ Cal. Elections Code Section 10403.

¹² Cal. Elections Code Section 9295.

2/ The individual voter, or bona fide association of citizens, or combination of voters and associations, who are the bona fide sponsors or proponents of the measure.

3/ Bona fide associations of citizens.

4/ Individual voters who are eligible to vote on the measure.

Based upon the direction from the City Council at its meeting on May 4, 2026, Mayor Pro Tem Bob Delves and Councilmember Hans Buder have drafted a Primary Argument in support of the proposed ballot measure which is **Attachment 6** to this Staff Report.

(2) City Attorney's Impartial Analysis

When a measure qualifies for the ballot, the city attorney, on direction of the City Council, must prepare an impartial analysis of the measure showing the effect of the measure on existing law and the operation of the measure.¹³ The impartial analysis must include a statement indicating whether the measure was placed on the ballot by the voters or by the City Council and is limited to 500 words.¹⁴ For the November 3, 2026 Election, the Monterey County Elections Department Calendar has designated August 13, 2026 as the deadline for the City Attorney's Impartial Analysis. Similar to the primary arguments, there is a 10-day public examination period after the deadline to impartial analysis.

The deadline for the City Attorney to file the impartial analysis with the City Clerk is August 7, 2026 at 5 pm and the City Clerk then files that Impartial Analysis with the County by August 13, 2026 at 5 pm.

(3) Rebuttal Arguments

The City Council may also authorize rebuttal arguments.¹⁵ Rebuttal arguments cannot exceed 250 words and may only be written by the authors of the selected primary arguments, and must be filed no later than 10 days after the final filing date for primary arguments.¹⁶ For the November 3, 2026 Election, the Monterey County Elections Department Calendar has designated August 20, 2026 as the deadline for the rebuttal arguments. Similar to the primary arguments and impartial analysis, there is a 10-day public examination period after the deadline to submit rebuttal arguments.

When an argument in favor and an argument against a measure have been selected to be printed in the voter information guide, the elections official shall send a copy of the argument in favor of the measure to the authors of the argument against the measure and a copy of an argument against the measure to the authors of the argument in favor of the measure. The author or a majority of the authors of the Primary argument relating to a city measure may prepare and submit a rebuttal argument or may authorize in writing another person or persons to prepare, submit, or sign the rebuttal argument. Elections Code Section 9285.

he Rebuttal arguments must be filed with the City Clerk by August 17, 2026 at 5 pm to permit time for review by the City Clerk who then files the Rebuttal Arguments with the County by August 20, 2026 at 5 pm. .

III. Campaign and Election Activities

This section of the Staff Report provides general guidance on campaign and election activities related to ballot measures that elected officials and staff may permissibly perform.

California law proscribes certain campaign and election activities of municipal governments and their elected and appointed officials, officers, and employees (collectively "City Officials"). As a result, it is important to pay

¹³ Cal. Elections Code Section 9280.

¹⁴ Cal. Elections Code Section 9280.

¹⁵ Cal. Elections Code Section 9285.

¹⁶ Cal. Elections Code Section 9285(a).

close attention to election-related conduct because failure to do so can result in personal civil and criminal liability. This liability could arise from impermissible authorization of expenditures of public funds, improper use of public resources, or failure to act with due care.¹⁷

While this section of the Staff Report provides a number of practical guidelines for City Officials to follow during local elections, it is not intended to universally address the specific facts of each individual act or occurrence. Thus, we recommend that questions concerning specific campaign and election conduct not specifically addressed herein be directed to the City Attorney's office.

A. General Guidelines

Laws governing the personal activities of City Officials during elections are intended to strike a balance among the duties of public officials, permissible uses of public funds, and voter protections. City Officials have free speech rights that they are entitled to exercise in their individual capacities, the use of public funds is strictly limited in the context of election activities, and voters are entitled to a fair election process that is free of undue influence.¹⁸ In recognition of these interests, a general principle emerges: City Officials may not use taxpayer-funded resources to support, oppose, or promote a candidate for public office or ballot measure. However, City Officials may act in their individual capacities to engage in political activities in limited circumstances. What follows is a more detailed discussion, separated for ease of reference into sections covering both permissible and impermissible activities.

B. Permissible Activities

The following provides a convenient summary of the most commonly encountered permissible activities that City Officials may engage in related to ballot measures and campaign activities:

1. Council May Take a Position: The City Council may take a position on a ballot measure in an open and public meeting where all perspectives may be shared;¹⁹
2. City Staff May Prepare Impartial Reports: City staff may prepare impartial staff reports and other analyses of ballot measures to assist decision-makers in determining the impact of the measure and what position to take;²⁰
3. Informational Material: City Officials acting within the scope of their duties may provide strictly informational material concerning a proposed ballot measure, but may not promote a particular position
4. City Communication Channels: City Officials may communicate about a measure through regular City communication channels (e.g., City website or newsletter), in a way that impartially emphasizes factual information, and does not use advocacy, persuasive, or argumentative language.²¹
5. Respond to Inquiries: City Officials may respond to inquiries about ballot measures in ways that provide a fair presentation of the facts about the measure and the City's view of the merits of a ballot measure including, if applicable, the City Council's position on the measure;²²
6. City Facilities: In limited circumstances, certain public facilities (like libraries and community centers) may be used for private political or campaign purposes.²³ Such public facilities may be used in this way if: the facilities are generally made available to the public for private functions; the organizers

¹⁷ Cal. Gov. Code §§ 8314, 83116, 89001, 91000, 91004; 2 Cal. Code Regs. §18901.1; Cal. Penal Code § 424; *Vargas v. City of Salinas* (2009) 46 Cal.4th 1, 36; *Stanson v. Mott* (1976) 17 Cal.3d 206, 226-27.

¹⁸ *Fort v. Civil Service Comm.* (1964) 61 Cal.2d 331, 334 (right to participate in political activities as an individual); *Stanson*, supra, 17 Cal.3d at 217 (use of public funds in election campaign can lead to an "improper distortion of the democratic electoral process").

¹⁹ *Vargas*, 46 Cal. 4th at 36-37.

²⁰ *Vargas*, 46 Cal. 4th at 36-37.

²¹ *Vargas*, 46 Cal. 4th at 34, 40

²² *Vargas*, 46 Cal. 4th at 24-25, 33.

²³ Gov. Code § 3207.

of the event comply with all standard requirements of the facilities; no public funds or resources are used to support the event; City Officials attend only in their individual and personal capacities; and the facilities are otherwise open and available for the expression of other points of view.

7. Presentation of City Position: City Councilmembers may accept invitations to present the agency's views before organizations interested in the ballot measure's effects including, if applicable, the City Council's position on the measure.²⁴

8. Off-Duty Political Activities: City Officials may engage in political activities while off-duty.²⁵ City Officials are considered to be off-duty at times when they are away from City Hall or when they are not otherwise conducting business of the City. When speaking or appearing at functions in their official capacities, City Officials are considered to be on-duty. While off-duty, City Officials may engage in political activities such as attending a political rally, participating in a campaign committee, making calls at a phone bank, performing campaign-related work, posting campaign signs, registering voters, or advocating that persons contribute or vote for or against a candidate or ballot measure.

9. Contact with City Vendors and Solicitation of Campaign Contributions: City Officials may while off-duty request a list of City vendors and may contact those vendors and solicit campaign contributions for individual candidates and ballot measures.²⁶

10. Endorsements: City Officials may make endorsements in an individual capacity. For example, a Councilmember may endorse a particular position on a ballot measure and may reference their official position; however, the endorsement cannot suggest that they are representing the City or the City Council.²⁷

C. Impermissible Activities

1. No City Funds: City Officials may not use City funds or resources to advocate for or against, a local ballot measure or candidate.²⁸

2. No Use of City Communications: City communications regarding a ballot measure may not encourage the public to adopt the agency's views, vote one way or another, or take any other actions in support of or in opposition to the measure.²⁹

3. On Duty: City Officials may not engage in political activities, such as attending campaign meetings, rallies or other campaign-related functions, distributing political materials, posting political signs, making campaign calls, or performing any other campaign-related tasks while on duty.³⁰

Note: The "on duty" restrictions developed through the evaluation of traditional City employees where it is relatively easy to determine whether City employees are acting on City time and using City resources. This evaluation is more subtle with City Councilmembers who do not have an hourly schedule. It is therefore best to evaluate Councilmembers' activities in the framework of whether they are acting in their individual capacity vs. their capacity as a Councilmember performing Council-related duties, and whether the Councilmember is using City resources when engaging in political activities.

²⁴ *Vargas*, 46 Cal. 4th at 25, 36, citing *Stanson*, 17 Cal. 3d at 221.

²⁵ *Fort*, 61 Cal.2d at 334; see also Gov. Code § 3201 & § 3203.

²⁶ Government Code § 82030; *Breakzone Billiards v. City of Torrance*, (2000) 81 Cal.App.4th 1205.

²⁷ CA FPPC Adv. Letter I-00-216.

²⁸ *Stanson*, 17 Cal. 3d at 217; *Schroeder v. Irvine City Council* (2004) 97 Cal.App.4th 174; Gov. Code § 8314; California Legislative Counsel Opinion No. 154 (09-18-80).

²⁹ *Vargas*, 46 Cal. 4th at 40.

³⁰ Government Code § 3207.

4. No City Resources: City Officials may not use City funds or resources including City office space and equipment, City phones, or City email, to advocate a position or otherwise use City funds or resources to support personal political activities.³¹
5. Not While in Uniform: City Officials who wear a City-provided or required uniform as required by their employment may not participate in any political activity while in uniform, even during off-duty time.³²
6. No City Funds To Advocate: City Officials may not use public funds for communications that expressly advocate a particular result in an election, or disseminate advocacy materials prepared by others.
7. No City Funds for Campaign Materials: City Officials may not purchase campaign materials such as buttons, stickers, posters, advertising floats, television and radio spots, and billboards.
8. No City Funds for Campaign Brochures: Producing and mailing promotional campaign brochures is also prohibited, even when those documents contain some useful factual information for the public.³³
9. No Solicitation of Contributions from City Officers or Employees: City Officials may not knowingly, directly or indirectly, solicit a contribution or donation for a political campaign from any City officer or employee, even when the City Official is off-duty.³⁴ Prohibited solicitation activities include obtaining address lists, direct solicitation, and mass mailings.
10. No Use of Authority or Influence: City Officials may not use the authority or influence of his or her official position to persuade or induce any officer or employee to take or refrain from taking any type of political action, including persuading or inducing any individual to vote, contribute, or campaign for or against a measure.³⁵
11. No Promises of Compensation: City Officials, whether on or off-duty, may not promise to provide any person with a gift, money, promotion, job, or other form of compensation in return for a contribution or vote.³⁶
12. No On-Duty Advocacy: For candidate campaigns, City Officials acting within the scope of their duties may not advocate for or against a candidate for office.³⁷

D. Conclusion And Additional References

Laws governing campaign and elections activities are complex. However, the general principles are that City Officials may not use taxpayer-funded resources to support, oppose, or promote a candidate for public office or ballot measure, but City Officials may, in limited circumstances, act in their individual capacities to engage in political activities.

³¹ Government Code § 54964; *Stanson*, 17 Cal.3d at p. 209-210.

³² Government Code § 3206.

³³ *Vargas*, 46 Cal. 4th at 24, 25, 39 n. 20.

³⁴ Government Code § 3205(a).

³⁵ Government Code § 3204.

³⁶ Government Code §§ 3204 & 3205.5; Elections Code § 18520.

³⁷ *Stanson*, 17 Cal. 3d at 206 & 220; *Governor Gray Davis Committee v. American Taxpayer's Alliance* (2002) 102 Cal.App.4th 449.

In addition to the information provided above regarding campaign and election activities relating to ballot measures, included here are two helpful references published by the Institute for Local Government which provide additional information on the above rules:

Institute for Local Government Publication: Ballot Measures and Public Agencies:

https://www.ca-ilg.org/sites/main/files/file-attachments/ballot_measures_and_public_agencies.pdf

Institute for Local Government Publication: Ballot Measure Activities & Public Resources:

https://www.ca-ilg.org/sites/main/files/file-attachments/ballot_measure_activities_2018.pdf

FISCAL IMPACT

If the ballot measure is approved by the voters at the election on November 3, 2026, the estimated annual revenue from the additional 0.375% tax would be approximately \$1,800,000. The total annual revenue at the 1.875% rate would be approximately \$9,400,000..

The City would have to pay the County of Monterey for the costs associated with including the ballot measure on the November 3, 2026, ballot and that cost is estimated between approximately \$5,000 to \$10,000.

PRIOR CITY COUNCIL ACTION

Discussion and direction at the City Council Meeting on May 4, 2026 as described above.

ATTACHMENTS

1. Resolution 2026-043
2. Redline Draft Ordinance increasing the TUT by 0.375% and extending the duration of the TUT so that it remains in effect until ended by voters of the City of Carmel-by-the-Sea.
3. Clean Draft Ordinance increasing the TUT by 0.375% and extending the duration of the TUT so that it remains in effect until ended by voters of the City of Carmel-by-the-Sea including added text for independent audit of revenue.
4. Monterey County Elections Department Calendar for November 3, 2026 Election
5. City Clerk Ballot Measure Deadlines for November 3, 2026 Election
6. Draft Primary Argument in support of Ballot Measure

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

RESOLUTION NO. 2026-043

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA ORDERING THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY OF CARMEL-BY-THE-SEA AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 3, 2026, A MEASURE INCREASING THE CITY'S CURRENT TRANSACTIONS AND USE TAX RATE FROM 1.5% TO 1.875%, EXTENDING THE DURATION OF SUCH TRANSACTIONS AND USE TAX SO THAT IT REMAINS IN EFFECT UNTIL ENDED BY VOTERS OF THE CITY OF CARMEL-BY-THE-SEA, AND APPROVING THE ORDINANCE TO BE SUBMITTED TO THE VOTERS PURSUANT TO REVENUE AND TAXATION CODE SECTION 7285.9; REQUESTING THE MONTEREY COUNTY ELECTIONS DEPARTMENT TO CONDUCT THE ELECTION AND REQUESTING CONSOLIDATION OF THE GENERAL MUNICIPAL ELECTION WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON NOVEMBER 3, 2026; DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS CONCERNING SUCH MEASURE; AUTHORIZING THE DRAFTING OF PRIMARY ARGUMENTS AND REBUTTALS CONCERNING SUCH MEASURE

WHEREAS, pursuant to Resolution No.2026-040.the City Council has called a general municipal election on Tuesday, November 3, 2026, for the purpose of electing council members as provided therein ("General Municipal Election") and requested that the Monterey County Board of Supervisors consent to the consolidation of the General Municipal Election with the Statewide General Election to be held on the same date; and

WHEREAS, pursuant to Article XIIC of the California Constitution, Section 53720 et seq. of the California Government Code, the City has the authority to levy a general tax, including, but not limited to, increasing an existing tax; and

WHEREAS, Article XIIC, Section 2, of the California Constitution requires that the election at which a general tax increase is submitted to the electorate shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body; and

WHEREAS, Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, and Section 7285.9 of the California Revenue and Taxation Code, authorizes a city to adopt a transactions and use tax ordinance, which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose; and

WHEREAS, Revenue and Taxation Code Section 7285.9 requires that any ballot measure/ordinance establishing a transactions and use tax must be approved by a 2/3 vote of all members of the City Council and by a majority vote of the qualified voters of the City voting on the ballot measure; and

WHEREAS, pursuant to Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code, the City currently has a general transactions and use tax at the rate of 1.5% which is set to expire in 2040 ("Transactions and Use Tax"); and

WHEREAS, the measure proposed by this Resolution would increase the Transactions

and Use Tax rate from 1.5% to 1.875% and extend the duration of the Transactions and Use Tax so that it remains in effect until ended by voters of the City of Carmel-by-the-Sea and the City Council desires to submit such measure to the voters of the City at the November 3, 2026, General Municipal Election which was called pursuant to Resolution No. 2026-040; and

WHEREAS, pursuant to Elections Code Section 10400, whenever two or more elections, including bond elections, of any legislative or congressional district, public district, city, county, or other political subdivision are called to be held on the same day, in the same territory, or in territory that is in part the same, they may be consolidated upon the order of the governing body or bodies or officer or officers calling the elections; and

WHEREAS, pursuant to Elections Code Section 10403, whenever an election called by a district, city or other political subdivision for the submission of any question, proposition, or office to be filled is to be consolidated with a statewide election, and the question, proposition, or office to be filled is to appear upon the same ballot as that provided for that statewide election, the district, city or other political subdivision shall, at least 88 days prior to the date of the election, file with the board of supervisors, and a copy with the elections official, a resolution of its governing board requesting the consolidation, and setting forth the exact form of any question, proposition, or office to be voted upon at the election, as it is to appear on the ballot. Upon such request, the Board of Supervisors may order consolidation. The resolution requesting the consolidation shall be adopted and filed at the same time as the adoption of the ordinance, resolution, or order calling the election; and

WHEREAS, it is desirable that the General Municipal Election to be held on November 3, 2026, be consolidated with the Statewide General Election to be held on the same date and that within the City the precincts, polling places and election officers of the two elections be the same, and that the County of Monterey Election Department canvass the returns of such General Municipal Election and that the election be held in all respects as if there were only one election; and

WHEREAS, The City Council exercises its independent judgment and finds that this adoption of this Resolution and the proposed Measure (as defined below) are not subject to environmental review under the California Environmental Quality Act ("CEQA") because this Resolution and proposed Measure are an activity that is excluded from the definition of a project by Public Resources Code sections 21065 and 21080(b)(8) and California Code of Regulations Sections 15273 and 15378(b) (the "CEQA Guidelines"). This Resolution and proposed Measure includes organizational or administrative activities of government which will not result in direct or indirect physical changes to the environment and are exempt from CEQA under CEQA Guidelines Sections 15060(c)(2) and 15061(b)(3).

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

1. Recitals. The recitals set forth above are incorporated herein by this reference.
2. Submission of Measure. Pursuant to the laws of the State of California, including, but not limited to, Elections Code Sections 9222 and 10201, the City Council, pursuant to its right and authority, does hereby order the submission to the voters of the City at the General Municipal Election to be held on November 3, 2026, which was called pursuant to Resolution No.2026-040, a ballot measure that, if approved, increases the City's current transactions and use tax rate from 1.5% to 1.875% and extends the duration of such transactions and use tax so that it remains in

effect until ended by voters of the City of Carmel-by-the-Sea with the 0.375% providing approximately \$1,887,417 annually and the 1.875% providing approximately \$9,437,087 annually in total (“Measure”). As required by Elections Code Section 13247, the abbreviated form of the Measure to appear on the ballot is specified below in Section 3.

3. Question. Accordingly, the City Council hereby orders the following question to be submitted to the voters at the General Municipal Election:

<p>Option 1</p>	<p>YES</p>	
<p>“Shall the measure providing additional funding for City of Carmel-by-the-Sea general government purposes by increasing the transaction and use tax (also known as sales tax) rate by 0.375% so that the total tax rate is 1.875%, and the 0.375% providing approximately \$1,800,000 annually and the 1.875% providing approximately \$9,400,000 annually in total, and extending the duration of such total tax so that it remains in effect until ended by voters, be adopted?”</p> <p>Option 2</p> <p>“To upgrade streets and sidewalks, address beach erosion, enhance wildfire preparedness, maintain City trees, and fund other general government purposes in Carmel-by-the-Sea, shall the measure increasing the transaction and use tax (also known as sales tax) by 0.375%, from 1.50% to 1.875%, providing approximately \$1,800,000 annually in additional revenue and \$9,400,000 annually in total revenue, and extending the total 1.875% tax until ended by voters, with independent audits and all funds benefitting Carmel-by-the-Sea, be adopted?”</p>	<p>NO</p>	

4. Proposed Measure. The proposed complete text of the Measure with the proposed Ordinance No. 2026-003 to be submitted to the voters is attached to this Resolution as Exhibit A and incorporated herein by this reference. Further, pursuant to Revenue and Taxation Code Section 7285.9, the City Council hereby approves the proposed complete text of the Measure with the proposed Ordinance No.2026-003 in the form as provided in Exhibit A and the submission thereof to the voters of the City.

5. Voter Approval Requirement. The vote requirement for this Measure to pass shall be a majority of those casting ballots on the Measure (50% plus 1).

6. Publication of Measure. The City Clerk is directed to publish a synopsis of the Measure in a newspaper of general circulation in the City of Carmel-by-the-Sea as required by applicable law.

7. Coordination. The City Clerk is authorized, instructed, and directed to coordinate with the Monterey County Elections Department to procure and furnish and all official ballots,

notices, printed matter, and all supplies, equipment, and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

8. Request for Consolidation.

a. Pursuant to the requirements of Elections Code Section 10403, the Board of Supervisors of the County of Monterey is hereby requested to consent and agree to the consolidation of the General Municipal Election with the Statewide General Election on Tuesday, November 3, 2026, for the purpose of submitting to the voters the abovementioned Measure.

b. The Monterey County Elections Department is authorized to canvass the returns of the General Municipal Election. The election shall be held in all respects as if there were only one election, and only one form of ballot shall be used. The election will be held and conducted in accordance with the provisions of law regulating the statewide elections, including, but not limited to, Elections Code Section 10418.

c. The Board of Supervisors of the County of Monterey is requested to issue instructions to the Monterey County Elections Department to take any and all steps necessary for conducting and holding the consolidated election.

d. The City of Carmel-by-the-Sea recognizes that additional costs will be incurred by the County of Monterey by reason of this consolidation and agrees to reimburse the County of Monterey for any costs.

9. Filing with County. The City Clerk shall file a certified copy of this Resolution with the Monterey County Board of Supervisors and Monterey County Elections Department.

10. Arguments and Impartial Analysis.

The City Clerk is authorized to set dates for the submission of Primary Arguments, City Attorney Impartial Analysis and Rebuttal Arguments in advance of the dates set by the County in order for the City Clerk time for review and submit these filings to the County of Monterey.

a. Primary Arguments.

i. Pursuant to Elections Code Section 9282, the City Council authorizes the Mayor and City Councilmembers to author and submit the primary argument in favor of the Measure not exceeding 300 words, accompanied by the printed name(s) and signature(s) of the author(s) submitting it, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code, and authorizes the Mayor and City Councilmembers i, to submit a rebuttal argument to the argument against the Measure pursuant to Section 10(c) f time permits or, in the alternative, the rebuttal argument shall be submitted by the Mayor and Mayor Pro Tem

ii. A primary argument in favor or against the Measure shall not exceed 300 words in length and shall be accompanied by the printed name(s) and signature(s) of the author(s) submitting it, or, if on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers who is the author of the argument, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code. Primary arguments shall be accompanied by the Form of Statement to Be Filed By Author(s) of Argument. Submittals of primary arguments are to be delivered to the City Clerk no later than 5:00 p.m. on August 7, 2026, and may be changed or withdrawn up and until such date and time.

iii. In the event that more than one argument in favor or against the foregoing Measure is timely submitted, then consistent with Elections Code Section 9287, the City Clerk shall select the argument to be included with the ballot materials, giving preference and priority first, to arguments submitted by member(s) of the City Council, and second, to individual voters, or bona fide associations of citizens, or a combination thereof, in the order set forth in Elections Code Section 9287.

b. City Attorney Impartial Analysis. The City Council directs the City Clerk to transmit a copy of the Measure to the City Attorney. Pursuant to Elections Code Section 9280, the City Attorney shall prepare an impartial analysis of the Measure not exceeding 500 words showing the effect of the Measure on existing law and the operation of the Measure. The analysis shall include a statement indicating whether the Measure was placed on the ballot by a petition signed by the requisite number of voters or by the City Council. In the event the entire text of the Measure is not printed on the ballot, nor in the voter information portion of the voter information guide, there shall be printed immediately below the impartial analysis, in no less than 10-point type, the following: "The above statement is an impartial analysis of Ordinance or Measure _____. If you desire a copy of the ordinance or measure, please call the election official's office at (insert phone number) and a copy will be mailed at no cost to you." The City Attorney impartial analysis shall be delivered to the City Clerk by 5:00 p.m. on August 7, 2026.

c. Rebuttal Arguments.

i. Pursuant to Section 9285 of the Elections Code of the State of California, rebuttal arguments shall be permitted for the Measure.

ii. When the City Clerk has selected the primary arguments for and against the Measure (not exceeding 300 words each), which will be printed and distributed to the voters, the City Clerk shall send a copy of an argument in favor of the Measure to the authors of any argument against the Measure and a copy of an argument against the Measure to the authors of any argument in favor of the Measure immediately upon receiving the arguments.

iii. The author or a majority of the authors of an argument relating to a city measure may prepare and submit a rebuttal argument not exceeding 250 words or may authorize in writing any other person or persons to prepare, submit, or sign the rebuttal argument. A rebuttal argument may not be signed by more than five authors.

iv. The rebuttal arguments shall be filed with the City Clerk, signed, with the printed name(s) and signature(s) of the author(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers, by 5:00 p.m. on August 17, 2026. The rebuttal arguments shall be accompanied by the Form of Statement to Be Filed By Author(s) of Argument. Rebuttal arguments shall be printed in the same manner as the direct arguments. Each rebuttal argument shall immediately follow the direct argument which it seeks to rebut.

v. The provisions of Section 10(c) shall apply only to the election to be held on November 3, 2026, and shall then be repealed.

d. Printing. The City Clerk shall cause the City Attorney's impartial analysis, and duly selected arguments, to be printed and distributed to voters in accordance with State law regarding the same.

11. Notice of Election. Notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

12. Conduct of Election as Provided by Law. In all particulars not recited in this Resolution, the General Municipal Election shall be held and conducted as provided by law for holding municipal elections.

13. Implementation. The City Clerk and City Administrator are authorized to take all actions as necessary to effectuate the purposes of this Resolution and the election. The City Administrator is authorized to execute all documents and to perform all other necessary City acts to enter into a service agreement for the provision of election services with Monterey County Elections Department. The City Administrator is authorized to make any typographical, clerical, and non-substantive corrections and such other revisions as may be required by the California Department of Fee and Tax Administration to this Resolution and its exhibits/attachments.

14. Printing of Measure. The City Council of the City of Carmel-by-the-Sea hereby requests that the Monterey County Elections Department print the attached full Measure text as provided in Exhibit A exactly as filed or indicated on the filed document in the voter information guide for the November 3, 2026 Statewide General Election.

15. Environmental Compliance. The City finds that the adoption of this Resolution and the proposed Measure are not subject to environmental review under the California Environmental Quality Act ("CEQA") because this Resolution and proposed Measure are an activity that is excluded from the definition of a project by Public Resources Code sections 21065 and 21080(b)(8) and California Code of Regulations Sections 15273 and 15378(b) (the "CEQA Guidelines"). This Resolution and proposed Measure includes organizational or administrative activities of government which will not result in direct or indirect physical changes to the environment and are exempt from CEQA under CEQA Guidelines Sections 15060(c)(2) and 15061(b)(3).

16. Effective Date. This Resolution shall take effect immediately following passage and adoption by the Carmel-by-the-Sea City Council.

17. Severability. The City declares that, should any provision, section; paragraph, sentence or word of this Resolution be rendered or declared invalid by any final court action in a court of competent jurisdiction, or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences and words of this Resolution shall remain in full force and effect.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this ____ day of ____ 2026, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Dale Byrne, Mayor

Nova Romero, MMC, City Clerk

EXHIBIT A

ORDINANCE NO. 2026-003

AN ORDINANCE OF THE CITY OF CARMEL-BY-THE SEA, CALIFORNIA, INCREASING THE CITY'S CURRENT TRANSACTIONS AND USE TAX RATE FROM 1.5% TO 1.875% AND EXTENDING THE DURATION OF SUCH TRANSACTIONS AND USE TAX SO THAT IT REMAINS IN EFFECT UNTIL ENDED BY VOTERS

WHEREAS, pursuant to Article XIIC of the California Constitution, Section 53720 et seq. of the California Government Code, the City has the authority to levy a general tax; and

WHEREAS, Article XIIC, Section 2, of the California Constitution requires that the election at which a general tax increase is submitted to the electorate shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body; and

WHEREAS, Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, and Section 7285.9 of the California Revenue and Taxation Code, authorizes a city to adopt a transactions and use tax ordinance, which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose; and

WHEREAS, pursuant to Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code, the City currently has a general transactions and use tax at the rate of 1.5% which is set to expire in 2040 ("Transactions and Use Tax"); and

WHEREAS, this Ordinance would increase the Transactions and Use Tax rate from 1.5% to 1.875% and extend the duration of the Transactions and Use Tax so that it remains in effect until ended by voters; and

WHEREAS, by Resolution No. 2026-043,, the City Council of the City of Carmel-by-the-Sea submitted this Ordinance to the voters at the General Municipal Election to be held in the City of Carmel-by-the-Sea on November 3, 2026 ("General Municipal Election"); and

WHEREAS, by Resolution No. 2026-043, the City Council has approved this Ordinance pursuant to Section 7285.9 of the California Revenue and Taxation Code; and

WHEREAS, the General Municipal Election was also a regularly scheduled general election for members of the Carmel-by-the-Sea City Council.

NOW THEREFORE, ON THE BASIS OF THE FOREGOING, THE PEOPLE OF THE CITY OF CARMEL-BY-THE-SEA, DO HEREBY ORDAIN AS FOLLOWS:

18. **AMENDMENT TO SECTION 3.28.170:** Section 3.28.170 (entitled "Imposition") of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

"A transactions and use tax is hereby imposed as a general tax on the gross receipts of any retailer from the sale of all tangible personal property sold at retail

in the City, and upon the sales price of tangible personal property stored, used or otherwise consumed in the City as further set forth below. The revenue from the Transaction and Use Tax shall be subject to the City's annual independent financial audit."

19. **AMENDMENT TO SECTION 3.28.210:** Section 3.28.210 (entitled "Transactions Tax Rate") of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

"For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated area of the City at the rate of 1.875% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City on and after the operative date of the ordinance codified in this article and remaining in effect until repealed by the voters of the City of Carmel-by-the-Sea."

20. **AMENDMENT TO SECTION 3.28.230:** Section 3.28.230 (entitled "Use Tax Rate") of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

"An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of the ordinance codified in this article for storage, use or other consumption in the City at the rate of 1.875% of the sales price of the property and remaining in effect until repealed by the voters of the City of Carmel-by-the-Sea . The sales price shall include delivery charges when such charges are subject to sales or use tax regardless of the place to which delivery is made."

21. **AMENDMENT TO SECTION 3.28.310:** Section 3.28.310 (entitled "Termination Date") of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

"The authority to levy the taxes imposed by this article shall remain in effect until repealed by the voters of the City of Carmel-by-the-Sea ."

22. **COUNCIL AUTHORITY TO AMEND:** The City Council has the right and authority to amend this Ordinance, to further its purposes and intent (including but not limited to amendment for more efficient administration as determined by the City Council), in any manner that does not increase a tax rate, or otherwise constitute a tax increase for which voter approval is required by Article XIII C of the California Constitution, pursuant to Section 9217 of the California Elections Code.

23. **SEVERABILITY:** Should any section, subsection, paragraph, sentence, clause, or phrase of this ordinance be declared unconstitutional or invalid for any reason, such declaration shall not affect the validity of the remaining portions of this ordinance.

24. **DATE OF ADOPTION; EFFECTIVE DATE:** Pursuant to Elections Code Section 9217, this Ordinance shall be considered adopted on the date that the City Council declares that the voters of the City of Carmel-by-the-Sea have approved the Ordinance by a vote of no less than a majority of the votes cast by the electors voting at the General Municipal Election held on Tuesday, November 3, 2026, and shall go into effect ten (10) days thereafter. Following a declaration by the City Council that this Ordinance was approved by a majority of the voters,

as set forth in Elections Code Section 9217, the Mayor is hereby authorized to approve that this Ordinance was adopted on the date that the City Council declared that the voters of the City of Carmel-by-the-Sea approved the Ordinance, by signing where indicated below.

25. **APPROVAL OF ORDINANCE:** The City Council hereby approves this Ordinance pursuant to Section 7285.9 of the California Revenue and Taxation Code and authorizes the Mayor to sign as to the City Council’s approval thereof.

26. **PUBLICATION:** The Clerk shall cause this ordinance to be published in the manner required by law.

27. **ENVIRONMENTAL REVIEW:** The City finds that this Ordinance is not subject to environmental review under the California Environmental Quality Act ("CEQA") because the Ordinance is an activity that is excluded from the definition of a project by Public Resources Code sections 21065 and 21080(b)(8) and California Code of Regulations Sections 15273 and 15378(b) (the "CEQA Guidelines"). The proposed Ordinance includes organizational or administrative activities of government which will not result in direct or indirect physical changes to the environment and are exempt from CEQA under CEQA Guidelines Sections 15060(c)(2) and 15061(b)(3).

PASSED, APPROVED AND ADOPTED BY THE PEOPLE OF THE CITY OF CARMEL-BY-THE-SEA at the General Municipal Election held on November 3, 2026.

APPROVED,

Mayor

ATTEST:

Nova Romero, MMC
City Clerk

ORDINANCE NO. XXX**AN ORDINANCE OF THE CITY OF CARMEL-BY-THE SEA, CALIFORNIA, INCREASING THE CITY'S CURRENT TRANSACTIONS AND USE TAX RATE FROM 1.5% TO 1.875% AND EXTENDING THE DURATION OF SUCH TRANSACTIONS AND USE TAX SO THAT IT REMAINS IN EFFECT UNTIL ENDED BY VOTERS**

WHEREAS, pursuant to Article XIIC of the California Constitution, Section 53720 et seq. of the California Government Code, the City has the authority to levy a general tax; and

WHEREAS, Article XIIC, Section 2, of the California Constitution requires that the election at which a general tax increase is submitted to the electorate shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body; and

WHEREAS, Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, and Section 7285.9 of the California Revenue and Taxation Code, authorizes a city to adopt a transactions and use tax ordinance, which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose; and

WHEREAS, pursuant to Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code, the City currently has a general transactions and use tax at the rate of 1.5% which is set to expire in 2040 ("Transactions and Use Tax"); and

WHEREAS, this Ordinance would increase the Transactions and Use Tax rate from 1.5% to 1.875% and extend the duration of the Transactions and Use Tax so that it remains in effect until ended by voters; and

WHEREAS, by Resolution No. _____, the City Council of the City of Carmel-by-the-Sea submitted this Ordinance to the voters at the General Municipal Election to be held in the City of Carmel-by-the-Sea on November 3, 2026 ("General Municipal Election"); and

WHEREAS, by Resolution No. _____, the City Council has approved this Ordinance pursuant to Section 7285.9 of the California Revenue and Taxation Code; and

WHEREAS, the General Municipal Election was also a regularly scheduled general election for members of the Carmel-by-the-Sea City Council.

NOW THEREFORE, ON THE BASIS OF THE FOREGOING, THE PEOPLE OF THE CITY OF CARMEL-BY-THE-SEA, DO HEREBY ORDAIN AS FOLLOWS:

SECTION 1. AMENDMENT TO SECTION 3.28.170: Section 3.28.170 (entitled “Imposition”) of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

“A transactions and use tax is hereby imposed as a general tax on the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City ~~for a period of 20 years~~, and upon the sales price of tangible personal property stored, used or otherwise consumed in the City as further set forth below.”

SECTION 2. AMENDMENT TO SECTION 3.28.210: Section 3.28.210 (entitled “Transactions Tax Rate”) of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

“For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated area of the City at the rate of ~~one and one-half percent~~ 1.875% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City on and after the operative date of the ordinance codified in this article ~~for a period of 20 years following the effective date of the tax~~ and remaining in effect until repealed by the voters of the City of Carmel-by-the-Sea ~~and shall then be terminated.~~”

SECTION 3. AMENDMENT TO SECTION 3.28.230: Section 3.28.230 (entitled “Use Tax Rate”) of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

“An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of the ordinance codified in this article for storage, use or other consumption in the City at the rate of 1.875% ~~one and one-half percent~~ of the sales price of the property ~~for a period of 20 years following the effective date of the tax, and remaining in effect until repealed by the voters of the City of Carmel-by-the-Sea~~ and shall then be terminated. The sales price shall include delivery charges when such charges are subject to sales or use tax regardless of the place to which delivery is made.”

SECTION 4. AMENDMENT TO SECTION 3.28.310: Section 3.28.310 (entitled “Termination Date”) of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

“The authority to levy the taxes imposed by this article shall remain in effect until repealed by the voters of the City of Carmel-by-the-Sea ~~expire 20 years from the operative date, unless extended by the voters.~~”

SECTION 5. COUNCIL AUTHORITY TO AMEND: The City Council has the right and authority to amend this Ordinance, to further its purposes and intent (including but not limited to amendment for more efficient administration as determined by the City

Council), in any manner that does not increase a tax rate, or otherwise constitute a tax increase for which voter approval is required by Article XIII C of the California Constitution, pursuant to Section 9217 of the California Elections Code.

SECTION 6. SEVERABILITY: Should any section, subsection, paragraph, sentence, clause, or phrase of this ordinance be declared unconstitutional or invalid for any reason, such declaration shall not affect the validity of the remaining portions of this ordinance.

SECTION 7. DATE OF ADOPTION; EFFECTIVE DATE: Pursuant to Elections Code Section 9217, this Ordinance shall be considered adopted on the date that the City Council declares that the voters of the City of Carmel-by-the-Sea have approved the Ordinance by a vote of no less than a majority of the votes cast by the electors voting at the General Municipal Election held on Tuesday, November 3, 2026, and shall go into effect ten (10) days thereafter. Following a declaration by the City Council that this Ordinance was approved by a majority of the voters, as set forth in Elections Code Section 9217, the Mayor is hereby authorized to approve that this Ordinance was adopted on the date that the City Council declared that the voters of the City of Carmel-by-the-Sea approved the Ordinance, by signing where indicated below.

SECTION 8. APPROVAL OF ORDINANCE: The City Council hereby approves this Ordinance pursuant to Section 7285.9 of the California Revenue and Taxation Code and authorizes the Mayor to sign as to the City Council's approval thereof.

SECTION 9. PUBLICATION: The Clerk shall cause this ordinance to be published in the manner required by law.

SECTION 10. ENVIRONMENTAL REVIEW: The City hereby determines that this Ordinance is not in-and-of-itself a "project" pursuant to the California Environmental Quality Act, Public Resources Code section 21000 et seq., including without limitation California Code of Regulations, Title 14, Sections 15378(b)(4) and 15061(b)(3), as it can be seen with certainty that there is no possibility that the adoption of the ordinance itself may have a significant effect on the environment. This Ordinance relates to a transactions and use tax and relates to the creation of City funding mechanisms and City fiscal activities, which does not involve any commitment to any project which may result in a potentially significant physical impact on the environment.

PASSED, APPROVED AND ADOPTED BY THE PEOPLE OF THE CITY OF CARMEL-BY-THE-SEA at the General Municipal Election held on November 3, 2026.

APPROVED,

Mayor

ATTEST:

Nova Romero, MMC
City Clerk

ORDINANCE NO. 2026-003**AN ORDINANCE OF THE CITY OF CARMEL-BY-THE SEA, CALIFORNIA, INCREASING THE CITY'S CURRENT TRANSACTIONS AND USE TAX RATE FROM 1.5% TO 1.875% AND EXTENDING THE DURATION OF SUCH TRANSACTIONS AND USE TAX SO THAT IT REMAINS IN EFFECT UNTIL ENDED BY VOTERS**

WHEREAS, pursuant to Article XIIC of the California Constitution, Section 53720 et seq. of the California Government Code, the City has the authority to levy a general tax; and

WHEREAS, Article XIIC, Section 2, of the California Constitution requires that the election at which a general tax increase is submitted to the electorate shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body; and

WHEREAS, Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, and Section 7285.9 of the California Revenue and Taxation Code, authorizes a city to adopt a transactions and use tax ordinance, which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose; and

WHEREAS, pursuant to Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code, the City currently has a general transactions and use tax at the rate of 1.5% which is set to expire in 2040 ("Transactions and Use Tax"); and

WHEREAS, this Ordinance would increase the Transactions and Use Tax rate from 1.5% to 1.875% and extend the duration of the Transactions and Use Tax so that it remains in effect until ended by voters; and

WHEREAS, by Resolution No. 2026-043,, the City Council of the City of Carmel-by-the-Sea submitted this Ordinance to the voters at the General Municipal Election to be held in the City of Carmel-by-the-Sea on November 3, 2026 ("General Municipal Election"); and

WHEREAS, by Resolution No. 2026-043, the City Council has approved this Ordinance pursuant to Section 7285.9 of the California Revenue and Taxation Code; and

WHEREAS, the General Municipal Election was also a regularly scheduled general election for members of the Carmel-by-the-Sea City Council.

NOW THEREFORE, ON THE BASIS OF THE FOREGOING, THE PEOPLE OF THE CITY OF CARMEL-BY-THE-SEA, DO HEREBY ORDAIN AS FOLLOWS:

SECTION 1. AMENDMENT TO SECTION 3.28.170: Section 3.28.170 (entitled "Imposition") of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

"A transactions and use tax is hereby imposed as a general tax on the gross receipts of any retailer from the sale of all tangible personal property sold at retail

in the City, and upon the sales price of tangible personal property stored, used or otherwise consumed in the City as further set forth below. The revenue from the Transaction and Use Tax shall be subject to the City's annual independent financial audit.

SECTION 2. AMENDMENT TO SECTION 3.28.210: Section 3.28.210 (entitled "Transactions Tax Rate") of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

"For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated area of the City at the rate of 1.875% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City on and after the operative date of the ordinance codified in this article and remaining in effect until repealed by the voters of the City of Carmel-by-the-Sea."

SECTION 3. AMENDMENT TO SECTION 3.28.230: Section 3.28.230 (entitled "Use Tax Rate") of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

"An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of the ordinance codified in this article for storage, use or other consumption in the City at the rate of 1.875% of the sales price of the property and remaining in effect until repealed by the voters of the City of Carmel-by-the-Sea . The sales price shall include delivery charges when such charges are subject to sales or use tax regardless of the place to which delivery is made."

SECTION 4. AMENDMENT TO SECTION 3.28.310: Section 3.28.310 (entitled "Termination Date") of Article IV of Chapter 3.28 of Title 3 of the Carmel-by-the-Sea Municipal Code is hereby amended in its entirety as follows:

"The authority to levy the taxes imposed by this article shall remain in effect until repealed by the voters of the City of Carmel-by-the-Sea ."

SECTION 5. COUNCIL AUTHORITY TO AMEND: The City Council has the right and authority to amend this Ordinance, to further its purposes and intent (including but not limited to amendment for more efficient administration as determined by the City Council), in any manner that does not increase a tax rate, or otherwise constitute a tax increase for which voter approval is required by Article XIII C of the California Constitution, pursuant to Section 9217 of the California Elections Code.

SECTION 6. SEVERABILITY: Should any section, subsection, paragraph, sentence, clause, or phrase of this ordinance be declared unconstitutional or invalid for any reason, such declaration shall not affect the validity of the remaining portions of this ordinance.

SECTION 7. DATE OF ADOPTION; EFFECTIVE DATE: Pursuant to Elections Code Section 9217, this Ordinance shall be considered adopted on the date that the City Council declares that the voters of the City of Carmel-by-the-Sea have approved the Ordinance by a vote of no less than a majority of the votes cast by the electors voting at the General Municipal

Election held on Tuesday, November 3, 2026, and shall go into effect ten (10) days thereafter. Following a declaration by the City Council that this Ordinance was approved by a majority of the voters, as set forth in Elections Code Section 9217, the Mayor is hereby authorized to approve that this Ordinance was adopted on the date that the City Council declared that the voters of the City of Carmel-by-the-Sea approved the Ordinance, by signing where indicated below.

SECTION 8. APPROVAL OF ORDINANCE: The City Council hereby approves this Ordinance pursuant to Section 7285.9 of the California Revenue and Taxation Code and authorizes the Mayor to sign as to the City Council’s approval thereof.

SECTION 9. PUBLICATION: The Clerk shall cause this ordinance to be published in the manner required by law.

SECTION 10. ENVIRONMENTAL REVIEW: The City finds that this Ordinance is not subject to environmental review under the California Environmental Quality Act ("CEQA") because the Ordinance is an activity that is excluded from the definition of a project by Public Resources Code sections 21065 and 21080(b)(8) and California Code of Regulations Sections 15273 and 15378(b) (the "CEQA Guidelines"). The proposed Ordinance includes organizational or administrative activities of government which will not result in direct or indirect physical changes to the environment and are exempt from CEQA under CEQA Guidelines Sections 15060(c)(2) and 15061(b)(3).

PASSED, APPROVED AND ADOPTED BY THE PEOPLE OF THE CITY OF CARMEL-BY-THE-SEA at the General Municipal Election held on November 3, 2026.

APPROVED,

Mayor

ATTEST:

Nova Romero, MMC
City Clerk

MONTEREY COUNTY ELECTIONS DEPARTMENT

ATTACHMENT 4

November 3, 2026, General Election Calendar

SOS General Election Key Dates: <https://www.sos.ca.gov/elections/upcoming-elections/general-election-november-3-2026/key-dates-deadlines>

ACTION ITEM	APPLIES TO	DATES	
Signatures In-Lieu of Filing Fee Period Cal. Const. art. VI, §16(d)(1); ELEC §8106(b)(3)	Supreme and Appellate Courts	May 18, 2026	July 16, 2026
Amended Candidate Intention Statement GOV §§ 85200, 85400, 85401, 85600, 85601	Candidates running for statewide office or State Assembly	June 16, 2026	
County Holiday -- Office Closed Juneteenth		June 19, 2026	
State Initiative and Legislative Measure Qualification Deadline ELEC §9033; Cal. Const. art. II, §8(c)	Last day for an initiative measure and for the Legislature to adopt a constitutional amendment, bond measure or other legislative measure to qualify for the ballot.	June 25, 2026	
Candidate Statement Period for State Voter Information Guide (Date Designated by SOS)	Candidates for Statewide Office	June 25, 2026	July 15, 2026
School and Special District Vacancies Last day for the governing bodies of local jurisdictions to call an election to fill a vacancy GOV §1780; EDC §5091	School and Special Districts	June 26, 2026	
Consolidation of School Elections County Superintendent of Schools shall notify the governing boards of all school districts under their jurisdiction that a consolidated election is required to be held EDU §5323, 5340	County Superintendent of Schools	June 26, 2026	
Cities to publish election notice, if any city is consolidating an election ELEC §12101, 12111	Cities	June 29, 2026	July 13, 2026
Statement of Election Facts, Notice of Election, and District maps due to the elections official ELEC §10509, 10522, 10524	County Elections Department	July 1, 2026	
Adopted school resolutions due to Superintendent EDU §5322	School Districts	July 3, 2026	
County Holiday -- Office Closed Independence Day (Observed)		July 3, 2026	
County Superintendent to deliver resolutions and formal notice to call an election to the county elections official EDU §5324, 5325	County Superintendent of Schools	July 6, 2026	
Publication of Notice of Election Includes the date of election, offices to be filled, where nomination papers are available, and deadline for filing forms ELEC §§12109, 12112; GOV §6061; EDU §5363	County Elections Department	July 6, 2026	August 5, 2026
Last day for the remaining council to call an election to fill a vacancy. City Clerk shall immediately publish Notice of Election ELEC §§12101, 12102; GOV §36512	Cities	June 29, 2026	July 13, 2026

Filing Period of Declaration of Candidacy/Nomination Papers *Candidate Statement of Qualifications due at the time of filing ELEC §§13, 100, 104, 333, 8020, 8028, 8040, 8041, 8061, 8067, 10220, 10224-10227, 10407, 10510-10516, 10602, 10705, 13107, 13307-13308; CCP §2015.5, GOV §§87200-87201	City, School, and Special Districts	July 13, 2026	August 7, 2026 ATTACHMENT 4
Candidate Statements in the County Voter Information Guide *Candidates for State Assembly must agree to accept the voluntary expenditure limits on their Candidate Intention Statement ELEC §§ 13307.5, 13307.7; GOV § 85601(c)	Top-two candidates for voter-nominated offices and local run-off candidates for general election.	July 13, 2026	August 7, 2026
Filing Period of Declaration of Candidacy Period in which a justice of the Supreme or Appellate Court, who must stand for retention at the general election, may file a declaration of candidacy with the Secretary of State Cal. Const. art. VI, ELEC §§ 8103, 8105, 8201	Supreme and Appellate Courts	July 17, 2026	August 15, 2026
Semi-Annual Campaign Statement Deadline (Period: * -- 06/30/22) GOV §§84200(a), 84218	All Committees	July 31, 2026	
Last day to <u>request a different ballot designation</u> than the one used for the Primary Election CA CCR., Title 2 §20711(e); ELEC §13107(h)	Top-two candidates for voter-nominated offices and local run-off candidates for general election.	July 28, 2026	
497 24-hour Contribution Report	Filed by state and local committees making or receiving contributions of \$1,000 or more 90 days before election.	August 5, 2026	
Last day for run-off candidates to file and pay for Candidate Statement of Qualifications ELEC §§13307(a)(2), 13307.5, 13307.7; GOV §§ 85601(c)	Top-two candidates for voter-nominated offices and local run-off candidates for general election.	August 7, 2026	
Last day to file a Local Measure ELEC §10403	Local Jurisdictions	August 7, 2026	
Last day to file a Tax Rate Statement for Bond Measures ELEC §§9400, 9401	Local Jurisdictions	August 7, 2026	
Candidate Filing Period Closes ELEC §§8020, 10224, 10510, 10603(b)	All Offices	August 7, 2026	
Elections official will designate letters for local measures after 5:00 p.m. ELEC §13116	County Elections Department	August 7, 2026	
Last day for run-off candidates to file and pay for Candidate Statement of Qualifications ELEC §13307(a)(2)	Top-two candidates for voter-nominated offices and local run-off candidates for general election.	August 7, 2026	
Extended Candidate Filing Period ELEC §§8022, 8024, 10516	Offices for which no eligible incumbent files nomination papers by August 7	August 8, 2026	August 12, 2026
10-day public review period of local measure on the ballot ELEC §§9190, 9295, 9380, 9509, 13313	All Jurisdictions	August 8, 2026	August 17, 2026

Period to file <u>Primary Arguments</u> in favor of or against local ballot measures ELEC §§9162-9164, 9281-9283, 9286, 9315-9316, 9501-9502, 9600-9601	Local Jurisdictions (not to exceed 300 words)	August 8, 2026	August 13, 2026 ATTACHMENT 4
Public review period of Candidate Statement of Qualifications ELEC §§9190, 9295, 9380, 9509, 13313	All Candidates	August 8, 2026	August 17, 2026
Last day to withdraw Candidate Statement of Qualifications for offices that closed on the 88th day ELEC §13307(a)(3)		August 10, 2026	
"Write-In Candidacy" Filing Period Against Incumbent Judge Runing Unopposed Ends ELEC §§8203, 8600-8605	Judicial Candidates	August 12, 2026	
Extended Candidate Filing Period Closes ELEC §§8022, 8024	Offices for which no eligible incumbent files nomination papers by August 7	August 12, 2026	
Last day to submit party endorsements for voter-nominated offices to be published in voter information guide ELEC §13302(b)	Qualified Political parties	August 12, 2026	
Public review period of Candidate Statement of Qualifications ELEC §§9190, 9295, 9380, 9509, 13313	Candidate Statements of Qualifications filed during the extended period	August 13, 2026	August 23, 2026
Last day to withdraw "Candidate Statement of Qualifications" ELEC §13307(a)(3)	Candidate Statements of Qualifications filed during the extended period	August 13, 2026	
Randomized alphabet drawing for ballot placement (order of names on the ballot) ELEC §§13111-13113	Secretary of State/County Elections Department	August 13, 2026	
Last day to file <u>Primary Arguments</u> in favor of or against local ballot measures ELEC §§9162-9164, 9281-9283, 9286, 9315-9316, 9501-9502, 9600-9601	Local Jurisdictions (not to exceed 300 words)	August 13, 2026	
Last day to file Impartial Analysis regarding local ballot measures ELEC §9160, 9163, 9280, 9313, 9314, 9500	County Counsel and/or City Attorneys (not to exceed 500 words)	August 13, 2026	
10-day public review period for arguments ELEC §§9190, 9295, 9380, 9509, 13313	All Jurisdictions	August 14, 2026	August 24, 2026
Period to file <u>Rebuttal Arguments</u> in favor of or against local ballot measures ELEC §§9163-9164, 9167, 9281-9286, 9316-9317, 9502, 9504, 9600-9601	Local Jurisdictions (not to exceed 250)	August 14, 2026	August 20, 2026
Last day to file <u>Rebuttal Arguments</u> in favor of or against local ballot measures. ELEC §§9163-9164, 9167, 9281-9286, 9316-9317, 9502, 9504, 9600-9601	Local Jurisdictions (not to exceed 250)	August 20, 2026	
10-day public review period for rebuttals ELEC §§ 9190, 9295, 9380, 9509, 13313	All Jurisdictions	August 21, 2026	August 31, 2026
Certified List of State Candidates ELEC §§8148, 8149, 13111	Secretary of State	August 27, 2026	
County Holiday -- Office Closed Labor Day		September 7, 2026	

"Write-In Candidacy" Filing Period ELEC §§8600-8605, 8606	Any qualified person (not applicable to voter-nominated offices)	September 7, 2026	October 20, 2026 ATTACHMENT 4
1st Pre-Election Statement (Period: 07/01/26 - 09/19/26) GOV §§84200.5, 84200.8, 84218	Each candidate listed on the ballot must file either Form 460 or Form 470	September 24, 2026	
Ballots mailed to each voter ELEC §§3000.5, 3001	Any registered voter may obtain a ballot by mail	October 5, 2026	October 27, 2026
Last day to <u>Register to Vote</u> 52 U.S.C §§20301, 20501; ELEC §§300, 321, 2102, 2170, 3102	Any eligible citizen	October 19, 2026	
Last day to file a "Write-In Candidacy" ELEC §§8600-8606	Write-In Candidates	October 20, 2026	
Conditional Voter Registration ELEC §§2170-2173; CCR 2 §20021(b)(1)	Any citizen or registrant eligible to register to vote (at Elections Office, Satellite Locations, and Polling Places on Election Day)	October 20, 2026	November 3, 2026
2nd Pre-Election Statement (Period: 09/20/26 - 10/17/26) GOV §§84200.5, 84200.8, 84218	All committees must file this report	October 22, 2026	
Certified List of State Write-In Candidates	Secretary of State	October 23, 2026	
Last day to receive a request for a ballot via mail. After this date, any registered voter may pick one up in-person until election day ELEC §3001	Any registered voter may obtain a ballot by mail	October 27, 2026	
FINAL DAY TO VOTE ELEC §§1000, 1001, 1100, 1200, 14212	Voters may voter in person at any polling location, including the County Elections Department and Satellite Offices, from 7:00am to 8:00pm	November 3, 2026	
Last day for county elections office to receive ballots in the mail that are postmarked with the election date. ELEC §§3017, 3020; Assembly Bill 37	County Elections Department	November 10, 2026	
County Holiday -- Office Closed Veterans' Day		November 11, 2026	
County Holiday -- Office Closed Thanksgiving Day		November 26, 2026	
County Holiday -- Office Closed Day After Thanksgiving		November 27, 2026	
Deadline to certify the election ELEC §15372	County Elections Department	December 3, 2026	

CARMEL-BY-THE-SEA
BALLOT MEASURE RELATED DEADLINES FOR THE NOVEMBER 3, 2026 ELECTION

ACTION ITEM	APPLIES TO	LAST DAY/TIME TO FILE WITH CITY CLERK	LAST DAY FOR CITY CLERK TO FILE WITH COUNTY
Last day to adopt a Resolution adopting ballot measure(s) language for the Nov. 3rd Election	Carmel City Council	July 7, 2026	August 7, 2026
Send Ballot Measure notice to the Pine Cone to be published on July 17th	City Clerk	July 14, 2026	
Public Review Period of Carmel Ballot Measure(s)	Public/everyone	July 17 - 27, 2026	
Last day to file Primary Arguments in favor of or against Carmel ballot measure(s)	Public/everyone	August 7, 2026 at 5:00 p.m.	August 13, 2026
Last day for City Attorney to file Impartial Analysis regarding Carmel Ballot Measure(s)	City Attorney	August 7, 2026 at 5:00 p.m.	August 13, 2026
Public Review Period for Primary Arguments and the City Attorney's Impartial Analysis	Public/everyone	August 8 - 17, 2026	
Last day to file Rebuttal Arguments in favor of or against Carmel ballot measures	Public/everyone	August 17, 2026 at 5:00 p.m.	August 20, 2026
10-day public review period for rebuttals (posted on City's website)	Public/everyone	August 18 - 27, 2026	

Draft Primary Argument in Support of Transaction and Use (Sales) Tax Ballot Measure

A transaction and use tax is a sales tax applied to most purchases of goods, food, and beverages. In a tourist destination like Carmel-by-the-Sea, a substantial portion of this tax is paid by visitors.

Sales taxes fund a variety of things, mostly at the State and County Level. California law limits the LOCAL sales tax rate in Carmel to 1.5%, which is available entirely for local uses. A recent change in State Law, however, allows cities like Carmel-by-the-Sea to increase our local share by 0.375% to a total of 1.875%. Doing so would add just 19 CENTS to a \$50 lunch bill, while generating an additional \$1.88 Million in sorely needed revenue for our local city government.

If, as voters, we do not approve this local tax increase, another adjacent jurisdiction, such as Monterey County, may seek to permanently claim this limited taxing authority. Approving this measure now, ensures that these locally generated funds remain under local control and are available to upgrade our infrastructure and enhance overall service levels.

Funds generated by this tax increase can be put to good use immediately. Beyond the rising costs of almost everything, our City's infrastructure is old, overused, and, unfortunately,

has been allowed to deteriorate. The current City Council estimates the cost to correct this deferred maintenance at over \$100 Million, and we believe the need to address it is urgent and important. We've already changed our Guiding Budget and Financial Policies to strictly limit operational spending, thereby increasing funds available for infrastructure rehabilitation. But that's just a start. To make real and meaningful progress, we simply need more revenue. This SMALL tax increase will be a BIG help.

Join us. Vote yes on measure Z.



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

June 2, 2026
ORDERS OF BUSINESS

TO: Honorable Mayor and City Council Members

SUBMITTED BY: Brian Pierik, City Attorney

APPROVED BY: Brandon Swanson, Acting City Administrator

SUBJECT: Consider Resolution 2026-044 Approving First Amendment to Acting City Administrator At-Will Employment Agreement

RECOMMENDATION:

Motion to Adopt Resolution 2026-044 Approving First Amendment to Acting City Administrator At-Will Employment Agreement (**Attachment 1**).

BACKGROUND / SUMMARY:

On December 2, 2025, the City and the Acting City Administrator entered into an Acting City Administrator At-Will Employment Agreement (“Agreement”). Resolution 2025-102 with the attached Agreement is **Attachment 2** to this Staff Report.

Section 4 of the Agreement provides that the Term of the Agreement shall commence on December 23, 2025 and shall continue for a period of not to exceed six (6) months.

During the Agreement period, the Acting City Administrator successfully performed the duties and responsibilities of the position, and City Council expressed their desire for him to permanently serve as City Administrator.

The Acting City Administrator has decided that he wants to return to his previous position with the City as the Assistant City Administrator, so it is necessary for the City to begin a recruitment for a City Administrator.

Since the recruitment of a City Administrator will likely take several months, the Parties have agreed to extend the Term of the Agreement to December 31, 2026, or until the

date a City Administrator is sworn into office, whichever is earlier. The salary and benefits for the Acting City Administrator shall remain the same as set forth in the Agreement. A First Amendment to Acting City Administrator At-Will Employment Agreement is attached as Exhibit A to the Resolution (**Attachment 1**).

FISCAL IMPACT:

The annual salary of the Acting City Administrator based upon the Acting City Administrator At-Will Employment Agreement is \$254,392.00 and benefits as set forth in that Agreement will continue through the end of the Term of the First Amendment to Acting City Administrator At-Will Employment Agreement.

PRIOR CITY COUNCIL ACTION:

On December 2, 2025, the City Council approved the Acting City Administrator At-Will Employment Agreement.

ATTACHMENTS:

- 1. Resolution 2026-044
- 2. Acting City Administrator At-Will Employment Agreement

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

RESOLUTION NO. 2026-044

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA RESOLUTION APPROVING FIRST AMENDMENT TO ACTING CITY ADMINISTRATOR AT-WILL EMPLOYMENT AGREEMENT

WHEREAS, on December 2, 2025, the City and the Acting City Administrator entered into an Acting City Administrator At-Will Agreement (“Agreement”); and

WHEREAS, Section 4 of the Agreement provides that the Term of the Agreement shall commence on December 23, 2025 and shall continue for a period of not to exceed six (6) months; and

WHEREAS, during the Agreement period, the Acting City Administrator successfully performed the duties and responsibilities of the position, and City Council expressed their desire for him to permanently serve as City Administrator; and

WHEREAS, the Acting City Administrator has decided that he wants to return to his previous position with the City as the Assistant City Administrator so it will be necessary for the City to begin a recruitment for a City Administrator; and

WHEREAS, since the recruitment of a City Administer will likely take several months, the Parties have agreed to extend the Term of the Agreement to December 31, 2026 or until the date a City Administrator is sworn into office, whichever is earlier.

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

1. Approve the First Amendment to the Acting City Administrator At-Will Employment Agreement with Brandon Swanson attached hereto as Exhibit A.
2. Authorize Mayor Dale Byrne to execute the First Amendment to the Acting City Administrator At-Will Employment Agreement.

3. This Resolution shall take effect immediately following adoption by the City Council of the City of Carmel-by-the-Sea.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 2nd day of June 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Dale Byrne, Mayor

Nova Romero, MMC, City Clerk

EXHIBIT A

FIRST AMENDMENT TO ACTING CITY ADMINISTRATOR

AT-WILL EMPLOYMENT AGREEMENT

This First Amendment to Acting City Administrator At-Will Employment Agreement (“First Amendment”) is entered into by the City of Carmel-by-the-Sea (“City”) and Brandon Swanson (“Acting City Administrator”), hereafter collectively referred to as “Parties”.

RECITALS

1. December 2, 2025, the City and the Acting City Administrator entered into an Acting City Administrator At-Will Agreement (“Agreement”).
2. Section 4 of the Agreement provides that the Term of the Agreement shall commence on December 23, 2025 and shall continue for a period of not to exceed six (6) months.
3. During the Agreement period, the Acting City Administrator successfully performed the duties and responsibilities of the position, and City Council expressed their desire for him to permanently serve as City Administrator.
4. The Acting City Administrator has decided that he wants to return to his previous position with the City as the Assistant City Administrator so it will be necessary for the City to begin a recruitment for a City Administrator.
5. Since the recruitment of a City Administrator will likely take several months, the Parties have agreed to extend the Term of the Agreement to December 31, 2026 or until the date a City Administrator is sworn into office, whichever is earlier.

FIRST AMENDMENT TO AGREEMENT

WHEREFORE, the Parties hereby agree as follows:

1. Recitals: The Parties agree that the foregoing Recitals are true and correct and are hereby incorporated by reference as though set forth in full.
2. Term: The Parties agree to extend the Term of the Agreement to December 31, 2026 or until the date a City Administrator is sworn into office, whichever is earlier. Upon mutual written agreement executed by the Parties, this Term may be extended if a City Administrator has not been sworn into office by December 31, 2026.

3. Assistant City Administrator: When a City Administrator is sworn into office, the Acting City Administrator will be reinstated to his position as the Assistant City Administrator by reinstating his Assistant City Administrator At-Will Employment Agreement which was in effect on December 22, 2025.
4. Provisions of Agreement: All provisions of the Agreement shall remain in full force and effect except as modified by this First Amendment.
5. Modifications: Any modifications to this First Amendment shall be effective only if in writing and signed by both of the Parties hereto.

This First Amendment is entered into this 2nd day of June 2026.

City of Carmel-by-the-Sea

By: _____
Dale Byrne, Mayor

Brandon Swanson

Attest:

Nova Romero, City Clerk

Approved as to Form:

Brian Pierik, City Attorney

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

RESOLUTION NO. 2025-102

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA APPROVING ACTING CITY ADMINISTRATOR AT-WILL EMPLOYMENT AGREEMENT WITH BRANDON SWANSON

WHEREAS, Chip Rerig has served as the City Administrator for the City of Carmel-by-the-Sea since March 1, 2016; and

WHEREAS, Chip Rerig will be retiring from the City effective December 31, 2025, and his last day in the office at City Hall will be December 22, 2025; and

WHEREAS, due to the upcoming retirement of Chip Rerig, the City Council needs to appoint an Acting City Administrator; and

WHEREAS, Brandon Swanson served as the Director of Community Planning and Building for the City of Carmel-by-the-Sea from January 2021 through February 2025, where he was responsible for overseeing a multi-division department responsible for planning, building, and code compliance; and

WHEREAS, Brandon Swanson from February 2024 to present has served as the Assistant City Administrator where his duties have included supporting the City Administrator by coordinating with department directors to resolve organizational issues, managing day-to-day city operations, and overseeing a range of city services and programs. Brandon's duties have also included assisting with budget development and monitoring, preparing council agenda materials, coaching administrative staff, and serving as Acting City Administrator when needed; and

WHEREAS, from February 2024 until February 2025, Brandon Swanson served as both the Director of Community Planning and Building and the Assistant City Administrator until February 2025 when Anna Ginette was appointed as the Director of Community Planning and Building; and

WHEREAS, during his service for the City of Carmel-by-the-Sea, Brandon Swanson has developed a strong understanding of the operations of the City and, in coordination with Chip Rerig and City Staff, has provided support to the City Council in fulfilling the goals of the City; and

WHEREAS, in his various roles with the City, Brandon Swanson has developed an in-depth familiarity with the community and its residents through extensive public engagement and service.

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

1. Approves the Acting City Administrator At-Will Employment Agreement with Brandon Swanson attached hereto as Exhibit A.

Resolution No. 2025-102
Page 2 of 2

2. Authorizes Mayor Dale Byrne to execute the Acting City Administrator At-Will Employment Agreement With Brandon Swanson.

3. This Resolution shall take effect immediately following adoption by the City Council of the City of Carmel-by-the-Sea with a start date for the Agreement to be December 23, 2025.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 2nd day of December, 2025, by the following vote:

AYES: Councilmembers Baron, Buder, Delves, Dramov, and Mayor Byrne


NOES: None

ABSENT: None


ABSTAIN: None

APPROVED:

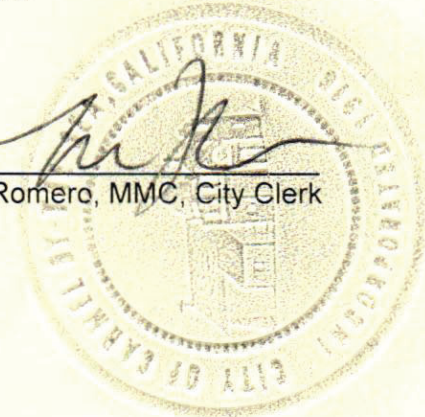
ATTEST:



Dale Byrne, Mayor



Nova Romero, MMC, City Clerk



ACTING CITY ADMINISTRATOR AT-WILL EMPLOYMENT AGREEMENT

1. Employment

This Acting City Administrator At-Will Employment Agreement (Agreement) is entered into by and between the City of Carmel-by-the-Sea (City) and Brandon Swanson (Acting Administrator). Under this Agreement, the City offers, and Acting Administrator accepts, employment as Acting City Administrator of the City. Acting Administrator shall be an at-will employee, and serve at the pleasure of the City Council of Carmel-by-the-Sea (City Council). The City and Acting Administrator may be collectively referred to herein as the “Parties”.

2. Duties

Acting Administrator shall perform those duties and have those responsibilities that are commonly assigned to a City Administrator of a city in California, and as further set forth in the City’s Municipal Code (CMC) including, but not limited to, CMC Chapter 2.08 (City Administrator). Acting Administrator shall perform such other legally permissible and proper duties and functions consistent with the office of City Administrator as the City Council shall from time to time assign. Acting Administrator shall have the authority to appoint an Acting Assistant City Administrator.

3. Devotion to City Business

Acting Administrator’s position is full-time. Acting Administrator shall not engage in any business, educational, professional, charitable, or other activities that would conflict or materially interfere with performance of his duties as Acting City Administrator, except as may be specifically authorized or requested by the City Council. Acting Administrator shall not engage in any employment other than as the Acting City Administrator for the City unless approved by the City Council.

4. Term

The term of this Agreement shall commence on December 23, 2025 and shall continue for a period not to exceed six (6) months. Upon successful completion of the duties of this position during that 6 month term, the City Council will enter into good faith negotiations to consider permanently appointing the Acting Administrator as City Administrator, unless during such time this Agreement is terminated by either party in accordance with the provisions set forth in Section 6 of this Agreement. The Parties acknowledge that Acting Administrator is an at-will employee, who serves at the pleasure of the City Council.

5. City Council Commitments

A. As provided 2.08.070 (Internal Relations), the City Council and its members shall deal with the administrative services and department heads of the City only through the Acting Administrator, except for the purpose of inquiry, and neither the City Council nor any member thereof shall give orders or instructions to any subordinates of the Acting Administrator. The Acting Administrator shall take orders and instructions from the City Council only when it is

Acting City Administrator At-Will Employment Agreement

sitting in a duly convened meeting, and no individual Council member shall give any orders or instructions to the Acting Administrator.

B. No member of the City Council will order the appointment or removal of any person to any office or employment under the supervision and control of Acting Administrator.

C. Neither the City Council nor any of its members shall interfere with the execution of the powers and duties of the Acting Administrator as specified in the CMC, this Agreement, or any other lawfully adopted and authorized document.

6. Termination of Employment and this Agreement; General Release; Severance

A. Acting Administrator serves at the pleasure of the City Council and nothing in this Agreement shall be interpreted to prevent, limit or otherwise interfere with the right of City to terminate the services of Acting Administrator with or without cause. There is no express or implied promise to Acting Administrator for any form of continued employment.

B. If the City terminates this Agreement (thereby terminating Acting Administrator's employment) without cause, as determined by the affirmative votes of four of the members of the City Council at a regular or special meeting of the City Council, and if Acting Administrator signs, delivers to the City Council, and does not revoke, the General Release Agreement ("Release Agreement") attached hereto as Exhibit A, City shall pay Acting Administrator a lump sum equal to one (1) month's pay, effective from the start of this contract. Additional cash severance shall be as provided by City Municipal Code Section 2.08.050 C. All such lump sum payments are to be computed at the highest salary received during service as Acting City Administrator, plus health (medical, dental, and vision) benefits ("Severance").

C. If City terminates this Agreement (thereby terminating Administrator's employment) with cause, as determined by the affirmative votes of four of the members of the City Council at a regular or special meeting of the City Council, Administrator shall not be entitled to any additional compensation or payment, including Severance, but shall be entitled only to accrued Base Salary and vacation pay, and any other accrued and unused benefits according to their terms. ("Accrued Salary and Benefits").

D. As used in this Agreement, "cause" is "willful misconduct" which includes the following:

- (1) Conviction of, or plea of guilty or nolo contendere to, any crime or offense (other than minor traffic violations or similar offenses) which, in the determination of the City Council, is likely to have a materially adverse impact on the City or the Acting Administrator's reputation;
- (2) Uncured failure of Acting Administrator to observe or perform any of his duties and obligations:

Acting City Administrator At-Will Employment Agreement

- (3) Conviction of any crime involving an “abuse of office or position,” as that term is defined in Government Code Section 53243.4, or of moral turpitude;
- (4) Uncured repeated failure to carry out a directive or directives of the City Council made by the City Council at a properly noticed and held meeting; and
- (5) Any grossly negligent action or inaction by Acting Administrator that materially and adversely: (a) impedes or disrupts the operations of City or its organizational units; (b) is detrimental to employees or public safety; or (c) violates City’s properly-established rules or procedures.
- (6) Dishonesty or fraud including any act of dishonesty, fraud, misrepresentation, or falsification by the Administrator in connection with the performance of his official duties, including but not limited to the intentional misuse of City funds, property, records, or confidential information, or the intentional submission of false or misleading statements to the City Council, City employees, or the public.
- (7) Breach of this Agreement
- (8) Unlawful harassment, discrimination, or retaliation as defined by applicable Federal and/or California law or by the City’s adopted policies.

E. The City Council agrees that, prior to termination of Acting Administrator based on the grounds stated in Section 6 D (2) and Section 6 D (4), the Council will provide Acting Administrator a written notice of the basis for its dissatisfaction with Acting Administrator (“Notice”). Acting Administrator shall have fifteen (15) days from the date of Notice in which to “cure” the issues raised in the Notice received from Council. Determination of whether Acting Administrator has satisfactorily “cured,” and whether termination is still warranted, shall be at the discretion of the City Council.

F. If, during the term of this Agreement, including any extensions, Acting Administrator dies, Acting Administrator’s estate shall receive Accrued Salary and Benefits, but shall not be entitled to any additional compensation or payment.

G. Acting Administrator may resign from his employment at any time, upon giving forty-five (45) days written notice to the City Council. In the event of resignation, Acting Administrator shall be entitled only to accrued Base Salary and vacation pay, and any other accrued and unused benefits according to their terms. (“Accrued Salary and Benefits”).

H. If the City Council terminates this Agreement without cause, then the City Council, in its discretion, may reinstate the Acting Administrator to his position as the Assistant City Administrator by reinstating his current Assistant City Administrator At-Will Employment

Acting City Administrator At-Will Employment Agreement

Agreement in effect as of December 22, 2025. If the Acting Administrator resigns from the position of Acting Administrator, then the Acting Administrator will be reinstated to his position as the Assistant City Administrator by reinstating his current Assistant City Administrator At-Will Employment Agreement in effect as of December 22, 2025.

7. Base Salary

A. Acting Administrator's initial annual Base Salary shall be \$254,392.00 (Two Hundred and fifty-four thousand and three hundred and ninety dollars) Said amount shall be payable in the same manner and on the same schedule as that of other City employees. Adjustments in Acting Administrator's Base Salary may be effective at any time at the sole discretion of the City Council.

B. Whenever a cost of living adjustment or other non-merit based salary increase is provided to other At-Will employees, the City Council shall consider whether it is reasonable and appropriate to grant a similar increase to the Acting Administrator Base Salary upon the written request of the Acting Administrator.

C. Acting Administrator's Base Salary merit adjustments approved by the City Council from time to time pursuant to this Agreement shall not require an amendment to this Agreement to be effective and shall be approved by a City Council resolution.

D. If the City Council reduces the Base Salary or any other financial benefit of the Acting Administrator in a percentage that is greater than the average reduction of all managers, such action shall constitute a termination of this Agreement without Cause, and Acting Administrator shall be entitled to payment of Severance as specified in Section 6 B. Benefits.

8. Benefits

A. Deferred Compensation. City agrees to provide a Section 457 deferred compensation program which will be administered by CalPERS or Nationwide (whichever Acting Administrator chooses), and to pay into such program for Acting Administrator's benefit, \$23,500 annually, payable in equal monthly installments.

B. Pension. CITY is a member of the Public Employees Retirement System (PERS) in the PERS plan in which it participates on behalf of other City employees. Acting Administrator is a "PEPRA" employee hired on or after January 1, 2013 (non-Classic Member) and does not qualify for pension reciprocity as stated in California Government Code Section 7522.02 (c). Acting Administrator's CALPERS benefits are consistent with CITY policy under the 2% at 62 Formula under the CALPERS plan. For the purposes of determining a retirement benefit, final compensation for members covered under PEPRA shall be determined by the average of the final three years of the member's salary. Final retirement compensation is determined by CALPERS.

C. Retiree Health Coverage. City shall also provide Acting Administrator with the same limited retiree health coverage as set forth in City Resolutions affecting other At-Will employees.

Acting City Administrator At-Will Employment Agreement

D. Health and Medical Benefits Insurance. City shall provide Acting Administrator with the same health plans (medical, dental, and vision) which are provided to other City employees. City shall pay the same premium amounts for all plans that it pays for other At-Will employees as is determined by the City Council.

E. Life Insurance and Accidental Death/Dismemberment. City shall provide Acting Administrator with the same life insurance and accidental death dismemberment insurance benefits that are provided to other City employees, and shall pay that portion of the employee and dependent rate or premium as is determined by the City Council for all At-Will employees.

F. Physical Examination. Each calendar year, City shall provide Acting Administrator with an executive physical examination, at a cost not to exceed One Thousand Dollars (\$1,000.00) by a qualified physician or medical facility, of Acting Administrator's choice, within reasonable proximity to City.

G. No Car Allowance/Use of Personal Vehicle. Acting Administrator's duties require him to be available and to respond to the demands of City business at all times and outside of regular business hours, including weekends. City shall not pay Acting Administrator a monthly car allowance, but shall reimburse Acting Administrator for any mileage driven in his personal vehicle at the standard mileage rate, as determined by the Internal Revenue Service. The reimbursement for mileage shall not include miles commuting to and from the City, and if Acting Administrator travels from his home to some other destination, then there must first be a deduction for the normal commute miles before calculating the mileage reimbursement.

H. No Housing Allowance. City shall not pay Acting Administrator a housing allowance.

I. Equipment. Acting Administrator will either use a cell phone provided by the City, with monthly cellular fees paid by the City consistent with City policy, or his personal cell phone, for City business. Acting Administrator will determine which option to exercise. In the event Acting Administrator elects to use his personal cell phone for city business, Acting Administrator will provide City with any city related texts or email messages upon request of City. City shall not pay for the purchase, installation, and maintenance of compatible computer equipment (hardware, software and internet access) for Acting Administrator at his residence. City will provide a City owned laptop computer to Acting Administrator.

J. Business and Professional Expenses. City recognizes that Acting Administrator may incur expenses of a non-personal, job-related nature that are reasonably necessary to Acting Administrator's service to City. City agrees to either pay such expenses in advance or to reimburse the expenses, so long as the expenses are incurred and submitted according to City's normal expense reimbursement procedures or such other procedure as may be designated by the City Council. To be eligible for reimbursement, all expenses must be supported by documentation meeting City's normal requirements and must be submitted within time limits established by City.

City agrees to pay the professional dues and subscriptions on behalf of Acting Administrator which are necessary for Acting Administrator's continuation or full participation in international, national, regional, state, or local associations and organizations necessary and

Acting City Administrator At-Will Employment Agreement

desirable for Acting Administrators continued professional participation, growth and advancement, or for the good of the City, in an amount not to exceed Three Thousand Five Hundred Dollars (\$3,500.00) per year.

K. Travel Expenses. City agrees to pay Acting Administrator's travel and subsistence expenses for official travel, meetings, and occasions reasonably necessary to continue Acting Administrator's professional development, and for Acting Administrator's reasonable participation in necessary official and other functions for the City; including, but not limited to, national, regional, state, and local conferences, and governmental groups and committees on which Acting Administrator serves as a member. Notwithstanding the above, the City Council shall have discretion to determine the number of conferences and meetings for which the City will reimburse Acting Administrator for attending each year.

L. Educational Incentive Program. Acting Administrator shall be eligible to participate in the City's Educational Incentive Program. Within a reasonable period, City Acting Administrator will obtain ICMA certification, at City's expense.

M. Vacation, Sick, Executive, and Bereavement Leave.

Vacation Leave. Acting Administrator shall accrue vacation leave at the rate of 120 hours/year. Vacation leave will be accrued at the same rate as other At-Will employees based on years of service as shown in the At-Will Compensation and Benefits Plan. Acting Administrator may accrue up to twice his annual allotted amount of vacation. Acting Administrator may "sell back" vacation at the same rate as other At-Will employees (currently 80 hours per fiscal year). Upon termination or resignation from employment, Acting Administrator shall be paid for all accrued and unused vacation time based on the Acting Administrator's base salary at the time of payment, unless reinstated as Assistant City Administrator, in which case all accruals will remain in place.

Sick Leave. Acting Administrator shall accrue eight (8) hours per month of sick leave, subject to the Carmel-by-the-Sea Municipal Code Sections 2.52.660 through 2.52.685. Acting Administrator may convert the equivalent amount of sick leave to retirement credit in accordance with PERS rules and regulations.

Management (Executive) Leave. Acting Administrator shall be entitled to 96 hours of management leave per year. Acting Administrator will be pro-rated for hours of management leave to hire date for the current fiscal year. The Non-Accruable leave shall only be used in the fiscal year in which it was provided and will be replenished at the beginning of each fiscal year. Non-Accruable hours are not available for liquidation at any time or for payoff at termination, retirement or dismissal pursuant to Municipal Code Section 2.52.650.

Bereavement Leave. Acting Administrator shall be entitled to use bereavement leave as per City policy (currently 24 hours) each fiscal year for serious illness, disability, or death in the Acting Administrator's immediate family.

N. Holidays. Consistent with other City employees, Acting Administrator shall receive paid holidays annually as approved by City Council (currently 12 days).

Acting City Administrator At-Will Employment Agreement

O. General Leave. Acting Administrator shall also receive eight (8) hours of General Leave on July 1 of each year. General Leave does not roll over from year to year, and shall have no cash value.

P. Other Benefits. Acting City Administrator will receive the same economic benefits as other employees in the City's current At-Will Compensation and Benefits Plan (Plan), as it may be amended by the City from time to time, unless otherwise provided by this Agreement, in which case this Agreement will govern.

Q. COBRA The City agrees to extend to the Acting Administrator the right to continue health insurance as may be required by and pursuant to the terms and conditions of the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA). The City agrees to pay the Acting Administrator 's COBRA coverage for six months, or until he either secures full-time employment or obtains other health insurance, whichever occurs first, up to a maximum of six months. The Acting Administrator shall notify the City within five days of securing new full-time employment or insurance.

9. Abuse of Office or Position

If Acting Administrator is convicted of a crime involving an abuse of his office or position, all of the following shall apply: (a) if Acting Administrator is provided with administrative leave pay pending an investigation, Acting Administrator shall be required to fully reimburse City such amounts paid; (b) if City pays for the criminal legal defense of Acting Administrator (which would be in its sole discretion, as it is generally not obligated to pay for a criminal defense), Acting Administrator shall be required to fully reimburse City such amounts paid; and (c) if this Agreement is terminated, any Severance Pay and Severance Benefits related to the termination that Acting Administrator may receive from City shall be fully reimbursed to City or shall be void if not yet paid to Acting Administrator. For purposes of this Section, abuse of office or position means either: (1) an abuse of public authority, including waste, fraud, and violation of the law under color of authority; or (2) a crime against public justice or of moral turpitude.

10. Enforcement of this Agreement

The prevailing party in any action brought to enforce this Agreement or to resolve any dispute or controversy arising under its terms and conditions, shall be entitled to payment of his or its reasonable attorneys' fees and costs.

11. Indemnification

The City shall defend, hold harmless and indemnify Acting Administrator against any tort, professional liability claim or demand, or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Acting Administrator's duties as City Acting Administrator. If City compromises or settles any such claim or suit, City shall pay the amount of any settlement, or if the claim results in a judgment against Acting Administrator, City shall pay any such judgment. This indemnification does not apply to any act, action or omission arising out of the gross negligence, willful misconduct on the part of Acting Administrator, or acts of Acting Administrator outside the scope of his duties. The provisions of this Section shall survive the termination of this Agreement.

Acting City Administrator At-Will Employment Agreement

12. Notices

Any notices to be given hereunder by either party to the other in writing may be effected either by personal delivery, mail, or email. Mailed notices shall be addressed to the Parties as set forth below, but each party may change his/her/its address by written notice given in accordance with this Section. Notices delivered personally or by email will be deemed communicated as of actual receipt. Mailed notices will be deemed communicated and received as of three (3) calendar days following the date of mailing.

CITY: City of Carmel-by-the-Sea Mayor
P.O. Box CC
Carmel-by-the-Sea, CA 93921

ACTING ADMINISTRATOR Brandon Swanson
Address on file with City

13. Conflict With Municipal Code

The City Municipal Code, personnel ordinances, resolutions, rules and policies shall apply to Acting Administrator in the same manner as applied to other At-Will employees. However, in the event of a conflict between the provisions of this Agreement and the Municipal Code, the Municipal Code shall govern.

14. Entire Agreement

This Agreement represents the entire agreement between the Parties and supersedes any and all other agreements, either oral or in writing, between the Parties with respect to the employment of Acting Administrator by City, and contains all of the covenants and agreements between the Parties with respect to that employment. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by either party, or by anyone acting on behalf of either party, which are not embodied herein, and that no other employment agreement, statement, or promise not contained in this Agreement shall be valid or binding upon either party.

15. Modifications

Any modifications to this Agreement shall be effective only if in writing and signed by both of the Parties hereto.

16. Effect of Waiver

The failure of either party to insist upon strict compliance with any of the terms, covenants, or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

Acting City Administrator At-Will Employment Agreement

17. Partial Invalidity

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

18. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

19. Government Code Provisions

- A. Pursuant to Government Code section 53260, in the event City provides Acting Administrator with a cash settlement related to the termination of this Agreement, the cash settlement shall not exceed the lesser of (1) an amount equal to the monthly salary of Employee multiplied by 18 or (2) an amount equal to the monthly salary of Acting Administrator multiplied by the number of months left on the unexpired term of the Employment Agreement.
- B. Pursuant to Government Code sections 53243 and 53243.3, in the event City provides paid leave salary to Acting Administrator pending an investigation into Acting Administrator, Acting Administrator shall fully reimburse City for any paid leave salary if Acting Administrator is convicted of a crime involving an abuse of his office or position.
- C. Pursuant to Government Code sections 53243.1 and 53243.3, in the event the City provides funds for Acting Administrator's legal criminal defense, Acting Administrator shall fully reimburse City for any such funds if Acting Administrator is convicted of a crime involving an abuse of his office or position.
- D. Pursuant to Government Code sections 53243.2 and 53243.3, in the event the City provides Acting Administrator with a cash settlement related to Acting Administrator's termination, Acting Administrator shall fully reimburse City for any such cash settlement if Acting Administrator is convicted of a crime involving an abuse of his office or position.
- E. Pursuant to Government Code section 53243.4, "means (a) an abuse of public authority, including, but not limited to, waste, fraud, and violation of the law under color of authority, or (b) a crime against public justice, including, but not limited to, a crime described in Title 5 (commencing with Section 67), Title 6 (commencing with Section 85), or Title 7 (commencing with Section 92) of Part 1 of the Penal Code.

This Agreement is entered into this 3rd day of December 2025

Exhibit A**GENERAL RELEASE AGREEMENT**

This General Release Agreement (“Release Agreement”) is entered into by and between _____ (“ Acting Administrator ”) and City of Carmel-by-the-Sea _____ (“City”), in light of the following facts:

- A. Acting Administrator’s employment with City concluded on _____.
- B. Certain disputes have arisen between City and Acting Administrator
- C. City and Acting Administrator each deny any liability whatsoever to the other.
- D. City and Acting Administrator wish to fully and finally resolve any and all disputes they may have with each other,
- E. Acting Administrator is hereby informed that he has twenty-one (21) days from receipt of this Agreement to consider it. City hereby advises Acting Administrator to consult with his legal counsel before signing this Agreement.
- F. Acting Administrator acknowledges that for a period of seven (7) days following the signing of this Agreement (“Revocation Period”), he may revoke the Agreement. This Agreement shall not become effective or enforceable until the day the Revocation Period has expired.
- G. Acting Administrator acknowledges that the Salary Payment referenced in paragraph 1 of this Agreement represents all compensation, including salary, accrued benefit balances and reimbursed expenses, due and payable to him through the date of employment termination. Acting Administrator also acknowledges that City has made this Salary Payment without regard to whether he signs this Agreement. The Salary Payment does not constitute consideration for this Agreement.
 - 1. Receipt of Salary Payment. Acting Administrator hereby acknowledges receipt of a check or checks for all compensation owing to him, including salary, accrued benefit balances and reimbursed expenses (“Salary Payment”) from City.
 - 2. Severance. Within five (5) days following Acting Administrator’s signing, delivering to the City, and not revoking this Agreement, City shall pay Acting Administrator the gross amount provided for in Section 6.B. of the attached Employment Agreement, less applicable deductions, and shall provide the month of medical benefits as provided in that same Section 6.B. Acting Administrator acknowledges that the Severance is in excess of all amounts due and owing him as a result of his employment by City.
 - 3. General Release. In consideration of the Severance to be paid and provided to and other good and valuable consideration, Acting Administrator hereby releases and discharges City and its past and present City Council Members, employees, representatives and agents, from all

rights, claims, causes of action, and damages, both known and unknown, in law or in equity, concerning and/or arising out of his/her employment by City which heshe now has, or ever had, including but not limited to any rights, claims, causes of action or damages arising under Title VII of the Civil Rights Act of 1964, the Vocational Rehabilitation Act of 1973, the Employee Retirement Income Security Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Older Workers Benefits Protection Act, the Family and Medical Leave Act of 1993, the Domestic Partners Act of 2003, the California Labor Code, the Private Attorneys General Act of 2004, the California Moore-Brown-Roberti Family Rights Act, the California Unruh Civil Rights Act, the California Fair Employment and Housing Act, any other federal, state, or local employment practice legislation, or any federal or state common law, including wrongful discharge, breach of express or implied contract, or breach of public policy.

Acting Administrator hereby waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of California. Acting Administrator understands and acknowledges the significance and consequences of this specific waiver of Section 1542. Section 1542 of the Civil Code of California states as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

Notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of City and its past and present City Council Members, employees, representatives and agents, Acting Administrator expressly acknowledges that this General Release is intended to include in its effect, without limitation, all claims which he does not know or suspect to exist in his favor.

Acting Administrator further acknowledges that he has read this General Release and that he understands that this is a general release, and that he intends to be legally bound by the same.

4. Fees and Costs. Acting Administrator and City agree that in the event of litigation relating to this Release Agreement, the prevailing party shall be entitled to recover his/its reasonable attorneys’ fees and costs.

Dated:

By: _____
Mayor, City of Carmel-by-the-Sea

Dated:

By: BRANDON ACTING
ADMINISTRATOR

EXHIBIT A

ATTACHMENT 2

Approved As To Form:

By: _____

Date: _____

Attest:

By: _____

Date: _____