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

Mayor Dave Potter, Council Members Jeff Baron, Karen Ferlito, Bobby Richards, and Carrie Theis
Contact: 831.620.2000 www.ci.carmel.ca.us

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

**CITY COUNCIL SPECIAL MEETING**
**Tuesday, March 16, 2021**
**4:00 PM**

**Governor Newsom's Executive Order N-29-20 has allowed local legislative bodies to hold public meetings via teleconference and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body. Also, see the Order by the Monterey County Public Health Officer issued March 17, 2020. The health and well-being of our residents is the top priority for the City of Carmel-by-the-Sea. To that end, this meeting will be held via teleconference and web-streamed on the City's website ONLY.**

**To attend via Teleconference; 1-208-925-0200 PIN: 943 559 466# or meet.google.com/etk-smpq-tdw**

**The public can also email comments to cityclerk@ci.carmel.ca.us. Comments must be received 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 added to the agenda and made part of the record.**

## CALL TO ORDER AND ROLL CALL

## PUBLIC APPEARANCES

**Members of the Public are invited to speak on any item that does not appear on the Agenda and that is within the subject matter jurisdiction of the City Council. The exception is a Closed Session agenda, where speakers may address the Council on those items before the Closed Session begins. Speakers are usually given three (3) minutes to speak on any item; the time limit is in the discretion of the Chair of the meeting and may be limited when appropriate. Applicants and appellants in land use matters are usually given more time to speak. If an individual wishes to submit written information, he or she may give it to the City Clerk. Speakers and any other members of the public will not approach the dais at any time without prior consent from the Chair of the meeting.**

## ORDERS OF BUSINESS

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

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

**2.** Receive a presentation on the proposed Fiscal Year 2021/22 Capital Improvement Program and Five Year Capital Improvement Plan, and provide direction to staff

## ADJOURNMENT

This agenda was posted at City Hall, Monte Verde Street between Ocean Avenue and 7th Avenue, outside the Park Branch Library, NE corner of Mission Street and 6th Avenue, 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.

**SUPPLEMENTAL MATERIAL RECEIVED AFTER THE POSTING OF THE AGENDA**

Any supplemental writings or documents distributed to a majority of the City Council regarding any item on this agenda, received after the posting of the agenda will be available for public review at City Hall located on Monte Verde Street between Ocean and Seventh Avenues during regular business hours.

**SPECIAL NOTICES TO PUBLIC**

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

# CITY OF CARMEL-BY-THE-SEA
# CITY COUNCIL
## Staff Report

**March 16, 2021**
**ORDERS OF BUSINESS**

| | |
|---|---|
| **TO:** | Honorable Mayor and City Council Members |
| **SUBMITTED BY:** | Sharon Friedrichsen - Director, Contracts and Budgets |
| **APPROVED BY:** | Chip Rerig, City Administrator |
| **SUBJECT:** | Receive a presentation on the Five Year Financial Forecast and provide direction to staff |

## RECOMMENDATION:

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

## BACKGROUND/SUMMARY:

The purpose of this agenda item is to present a high-level financial forecast that highlights the fiscal environment facing the City in the next five years. A financial forecast is a long-range financial planning tool to provide awareness of future challenges and opportunities and intended to assist decision-makers in weighing the longer-term financial consequences of short-term decisions. The forecast is intended to assess whether the City is likely to have a surplus or deficit in the fiscal year based upon projected revenues and anticipated expenditures. The consideration of the financial horizon is particularly relevant as staff embark on the development of the Fiscal Year 2021-2022 ("FY 21-22") operating and capital budget.

As shown within Attachment 1, "Five Year Financial Forecast FYE 2022-2026", revenues are projected to outpace expenditures, resulting in a budgetary surplus for fiscal years 2021-22 through 2025-26. The forecast is predicated upon the following assumptions and any change in these factors would impact the projected surplus:

1. Incremental return to pre-COVID levels of performance for major revenue sources of sales and transient occupancy taxes;
2. Staffing levels held consistent with the full-time equivalent positions contained within the Fiscal Year 2020-21 Adopted Budget;
3. No change in debt payments resulting from refinancing and/or incurring new debt;
4. Capital outlay expenses based upon 3.5% of revenues; and
5. Additional funding to address pension mitigation.

**Revenue Assumptions**

The emergency of the coronavirus pandemic in March 2020 resulted in a significant loss of revenue in Fiscal Year 2019-2020, largely as a result of stay at home orders and travel restrictions that impacted sales and transient occupancy taxes. Fiscal Year 2019-2020 revenues were $22.6 million and approximately $1.6 million less than budget. The Fiscal Year 2020-2021 budget was developed during a time of uncertainty that was characterized by high unemployment rates, economic volatility in the stock market, travel restrictions and ongoing shelter in place and social distancing protocols for restaurants and retail. Staff assumed a continued loss of sales tax and transient occupancy tax revenues due to a decline in travel and decreased consumer spending on leisure and travel-related activities. However, the consumer's willingness to travel during a global pandemic has been greater than expected and local sales tax and transient occupancy taxes are projected to exceed their respective budget targets. In addition, the City anticipates receiving new revenue that is required to be used for COVID-19 related expenses as part of the $1.9 trillion American Rescue Plan that President Biden is expected to sign on March 12, 2021.

In looking forward to Fiscal Year 2021-2022 and beyond, staff are assuming continued growth in property taxes and a phased in economic recovery and return to pre-COVID levels of performance for sales tax and transient occupancy over the next few years. The assumptions are based upon economic literature, forecasts developed for the tourism industry and in consultation with the City's sales tax consultant. The assumptions reflected within the attached forecast include:

- Property Tax: FY 21-22 property tax revenue assumes a 5% growth over the FY 20-21 Adopted Budget and 3% annual growth thereafter.

- Sales Tax: Bradley Burns and Measure C assumes a phased economic recovery and return to FY 18-19 performance in FY 23-24. After experiencing significant declines in the latter part of FY 19-20 and FY 20-21, sales tax is expected to increase by approximately 20% (Bradley Burns) and 24% (Measure C) respectively in FY 21-22. FY 21-22 assumes continued limitations on indoor dining, retail capacity and social distancing protocols that are likely to limit sales. Thereafter, sales tax growth is incremental ranging from 2-6% from FY 22-23 through FY 25-26.

- Transient Occupancy Taxes: TOT reflects incremental growth until reaching 90% of FY 18-19 performance in early 2024. FY 21-22 assumes 75% of the FY 18-19 Actual, FY 22-23 is 85% of the FY 18-19 Actual, FY 23-24 is at 90% and FY 24-25 is 95% of the FY 18-19 Actual. FY 25-26 reflects 3% growth over the FY 24-25 estimate.

- Charges for Services: Charges for services are based upon consumer demand for a variety of services, including planning and building, ambulance transports and special events, and thus more challenging to predict. The forecast builds upon the FY 20-21 Adopted Budget and assumes an annual increase of 2% for inflation.

- Other Revenues: This category includes revenues such as business license taxes, franchise fees, and intergovernmental revenue. The forecast builds upon the FY 20-21 Adopted Budget and assumes an annual increase of 2% for inflation each year.

**Expenditure Assumptions**

The loss of revenue in Fiscal Year 2019-2020 was partially mitigated by operational savings within the General Fund from salary and benefits due to vacant positions. In addition, all remaining unfinished capital projects were halted. Overall, the City closed the fiscal year with a surplus due to the prudent curtailing of expenses and utilizing Hostelry Fund balance to make up for the TOT revenue shortfall. Fiscal Year 2020-2021 is also likely to end with a surplus due to a combination of stronger than anticipated revenue, enacted spending reductions within the operating budget and debt refinancing. Expenditures include the General

Fund operating budget, capital budget, and debt service. Based upon preliminary direction provided by Council on March 2, 2021, the forecast also includes $1 million to be used for pension mitigation options. The forecast is based upon the following assumptions:

- Salary and Benefits: FY 21-22 reflects 8% growth over the FY 20-21 Adopted Budget to account for restoration of FY 20-21 voluntary reductions; thereafter reflects 5% annual growth over each prior year's budget to reflect potential increases in salaries and other benefits such as healthcare. FY 21-22 and each year thereafter is based upon the same staffing level as FY 20-21; thus, any changes in staffing levels and/or negotiated salary and benefit increases greater than 5% will impact the projected expenses.

- CalPERS UAL: The payments are based upon CalPERS actuarial dated July 2020.

- Services and supplies: FY 21-22 assumes a 5% annual inflationary increase over the FY 20-21 Adopted Budget and an additional 5% annual growth thereafter.

- Debt: Debt payment is based on debt schedules and reflects the reduced payments in FY 21-22 and FY 22-23 for the Sunset Center and the maturation of the pension obligation bond in FY 23-24. The forecast assumes no additional debt either through the issuance of new bonds, the refinancing of existing bonds or the use of lease financing for capital projects and/or vehicle purchases.

- Pension Mitigation: The forecast includes a new element to reflect preliminary direction provided by Council on March 2, 2021 to set aside funding $1 million annually for pension mitigation options, including to buffer projected UAL payments should CalPERS not achieve its goal of a 7% return on investment each fiscal year.

- Capital Outlay: In 2013, the City updated its financial policies, which included a recommendation to set capital improvement expenditures, excluding road maintenance and lease payments, at 3.5% of total revenues. The forecast for capital outlay reflects 3.5% of total revenues. It does not include funding for road maintenance in terms of the annual paving capital project. The Maintenance of Effort (MOE) requirement for the paving project is $572,000 for FY 21-22, which would bring the total capital outlay budget for FY 21-22 to approximately $1.4 million.

**Policy Discussion and Options**

The financial forecast is intended as a planning tool to assist in both short and long-term decision-making. It is developed by staff based upon historical data, year-to-date actuals, and economic and industry literature and attempts to capture various external factors that impact the City’s revenues and expenses. It should be considered a guide that is fluid and able to be updated as new factors emerge, especially in light of the changing economic environment associated with COVID-19. Based upon the current projections, staff anticipates an annual surplus whereby anticipated revenues outpace planned expenditures, primarily due to the economic rebound of some of the City’s major revenues and controlled expenditures.
However, any downturn in the revenues or, conversely, increased expenditures, would change this forecast.

The purpose of the special meeting is to receive preliminary direction from Council regarding capital expenditures. In particular, as part of the next agenda item, Council will receive a presentation regarding the proposed capital projects for the upcoming fiscal year and will be asked to provide preliminary direction regarding the prioritization of identified projects as well as any additional projects to be included within the Capital Improvement Plan.

Currently, the forecast allocates approximately $829,000 for capital outlay in FY 21-22. The $829,000 represents 3.5% of projected revenue, consistent with financial policy recommendations. Council has the discretion to change the amount allocated for capital projects. However, should the capital budget be increased it should be considered in light of other factors that will impact the forecast, namely service levels and pension liability.

First, the forecast for the City's largest expenditure, salaries and benefits associated with staffing, assumes the same staffing level as FY 20-21. Due to projected declining revenues, the FY 20-21 Adopted Budget enacted staffing reductions that totaled approximately $1.9 million compared to the FY 19-20 Adopted Budget. As the City develops a reopening plan for City facilities, the staffing levels may need to increase in order to provide services. For example, if the City reopens and maintains pre-COVID operating hours at the two branch libraries, or implements a robust capital improvement plan, then staffing may need to be augmented, which will impact the total operating budget expenditures.

Second, the operating budget assumes an increase of 5% over the FY 20-21 Adopted Budget in services and supplies for FY 21-22. However, it is likely that many of the contractual services necessary to provide critical services to the community as well as necessary costs associated with daily operations ("cost of doing business") will experience increases greater than 5%. Depending on the magnitude of the increase in some of these services, it may not be possible to absorb the impact through further reductions in other areas of the budget without impacting service levels and/or the efficiency of departmental operations.

Third, the forecast also sets aside funding to address pension liability. The City's Unfunded Accrued Liability Payment ("UAL") is projected at $24.7 million as of June 30, 2021, which reflects an increase of 120% over the last seven years. The City's annual UAL payment is expected to increase from $1.6 million in FY 20-21 to $2.5 million in FY 25-26. However, it is possible that the payments may dramatically increase if CalPERS either does not achieve its goal of 7% or reduces the discount rate. For instance, if CalPERS reduces the discount rate to 6%, the City's annual payments could increase by $900,0000. Based upon the direction provided by Council on March 2, 2021, the forecast includes $1 million annually to be used for pension mitigation options. However, Council has the discretion to allocate this proposed funding for pension mitigation strategies into other areas of the budget.

## FISCAL IMPACT:

There is no direct fiscal impact associated with receiving this report. Direction received by Council will help guide the development of the Fiscal Year 2021-2022 budget.

## PRIOR CITY COUNCIL ACTION:

Not applicable

## ATTACHMENTS:

Attachment #1-Five Year Financial Forecast FYE 2022-2026
Revised-Attachment #1-Five Year Financial Forecast FYE 2022-2026

| | | | | | | Fiscal Years | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 18-19 Adopted Budget | FY 18-19 Actual | FY 19-20 Adopted Budget* | FY 19-20 Actual** | FY 20-21 Adopted | FY 20-21 Preliminary Estimated Actual (3/1/21) | FY 21-22 Projection | FY 22-23 Projection | FY 23-24 Projection | FY 24-25 Projection | FY 25-26 Projection |
| **Revenues** | | | | | | | | | | | |
| Property | 6,368,550 | 6,496,558 | 6,573,376 | 6,663,614 | 6,822,304 | 7,419,963 | 7,163,419 | 7,378,322 | 7,599,671 | 7,827,662 | 8,062,491 |
| Sales- Bradley Burns | 2,550,650 | 2,639,607 | 2,606,100 | 2,143,020 | 1,896,796 | 1,977,994 | 2,454,109 | 2,608,704 | 2,739,274 | 2,856,869 | 2,979,958 |
| Sales- Local | 2,964,870 | 3,079,914 | 3,023,000 | 2,611,802 | 3,050,000 | 3,581,477 | 4,293,615 | 4,493,211 | 4,583,075 | 4,698,708 | 4,900,611 |
| Transient Occupancy Tax (TOT ) | 6,350,000 | 6,882,015 | 6,842,900 | 6,477,220 | 2,488,198 | 4,000,409 | 5,161,511 | 5,849,713 | 6,193,814 | 6,537,914 | 6,734,052 |
| Charges for Services | 2,040,620 | 2,521,960 | 2,487,435 | 2,139,035 | 2,080,159 | 1,651,460 | 2,121,762 | 2,164,197 | 2,207,481 | 2,251,631 | 2,296,664 |
| Other Revenues | 2,469,810 | 2,441,120 | 2,682,746 | 2,596,158 | 2,442,768 | 2,291,616 | 2,491,623 | 2,541,456 | 2,592,285 | 2,644,131 | 2,697,013 |
| **Revenue Total** | **22,744,500** | **24,061,174** | **24,215,557** | **22,630,849** | **18,780,225** | **20,922,919** | **23,686,040** | **25,035,603** | **25,915,600** | **26,816,914** | **27,670,789** |
| **Expenditures** | | | | | | | | | | | |
| Salaries/Benefits | 11,129,892 | 9,718,662 | 11,500,087 | 10,156,434 | 9,595,869 | 9,188,163 | 10,424,584 | 10,945,813 | 11,493,104 | 12,067,759 | 12,671,147 |
| CalPERS Unfunded Accrued Liability Payment | 1,064,162 | 1,026,968 | 1,434,476 | 1,351,531 | 1,598,574 | 1,598,574 | 1,833,526 | 2,054,790 | 2,205,022 | 2,359,311 | 2,460,500 |
| Services/Supplies | 7,914,036 | 8,657,484 | 8,251,667 | 8,304,641 | 7,366,461 | 7,269,328 | 7,734,784 | 8,121,523 | 8,527,599 | 8,953,979 | 9,401,678 |
| ***General Fund Operating Total*** | **20,108,090** | **19,403,114** | **21,186,230** | **19,812,606** | **18,560,904** | **18,056,065** | **19,992,894** | **21,122,126** | **22,225,725** | **23,381,049** | **24,533,325** |
| ***Debt Service*** | | | | | | | | | | | |
| Pension Bond | 701,820 | 701,220 | 699,176 | 698,056 | 698,863 | 698,863 | 700,438 | 701,080 | 0 | 0 | 0 |
| Sunset Center Bond | 507,390 | 507,390 | 508,578 | 500,334 | 508,678 | 82,228 | 156,000 | 156,000 | 503,700 | 509,100 | 499,000 |
| NGEN Radio | 28,770 | 51,663 | 36,974 | 45,791 | 36,974 | 36,974 | 36,974 | 36,974 | 0 | 0 | 0 |
| ***Debt Total*** | **1,237,980** | **1,260,273** | **1,244,727** | **1,244,181** | **1,244,515** | **818,065** | **893,412** | **894,054** | **503,700** | **509,100** | **499,000** |
| ***Pension Mitigation Total*** | | | | | | | **1,000,000** | **1,000,000** | **1,000,000** | **1,000,000** | **1,000,000** |
| ***Capital Outlay Total*** | **4,121,040** | **3,778,271** | **1,704,509** | **869,596** | **0** | **140,014** | **829,011** | **876,246** | **907,046** | **938,592** | **968,478** |
| **Expenses Total** | **25,467,110** | **24,441,658** | **24,135,466** | **21,926,383** | **19,805,419** | **19,014,144** | **22,715,317** | **23,892,427** | **24,636,471** | **25,828,741** | **27,000,803** |
| **Surplus/(Deficit)** | **(2,722,610)** | **(380,484)** | **80,091** | **704,466** | **(1,025,194)** | **1,908,775** | **970,723** | **1,143,176** | **1,279,129** | **988,173** | **669,986** |

Footnotes: *The Fiscal Year 2019-2020 Adopted Capital Outlay Budget was amended to $3.4 million.**Transient occupancy tax revenue for Fiscal Year 2019-2020 includes $5,115,271 in actual revenue and $1,361,949 of Hosterly Fund Balance.

**FY 20-21 Preliminary Estimated Actual Assumptions:** Revenues and General Fund expenditures are projected based upon year-to-date actuals. debt service reflects revised payment schedule due to the refinacing of the Sunset Center Lease Revenue Bond. Capital includes $123,000 for the fire pump at the Sunset Center and $17,014 for water filtration system at Public Works.

**FY 21-22 to FY 24-25 Projections and Assumptions**

**Revenues:** Property Tax: Assumes 5% growth over FY 20-21 Adopted in FY 21-22 and 3% annual growth thereafter. Bradley Burns and Measure C assumes phased in economic recovery and return to FY 18-19 performance in FY 23-24. TOT assumes phased in recovery until reaching 90% of FY 18-19 level in FY 23-24. Charges for Services and Other Revenues assumes 2% annual growth for inflation.

**Expenditures:** General Fund Operating: Salaries and Benefits in FY 21-22 reflects 8% growth over FY 20-21 budget to account for restoration of FY20-21 voluntary reductions; thereafter reflects 5% annual growth over each prior year's budget. FY 21-22 through FY 25-26 salaries and benefits are based on the FY 20-21 adopted budget funded positions and assumes no increase in staffing. PERS based upon CalPERS actuarial dated July 2020 with additional amount to account for investment loss due to unrealized investment discount rate. Services and supplies assumes 5% annual inflationary growth. Debt: Based on debt schedules. Pension Mitigation: Reflects preliminary direction provided by Council on 3/2/21 to set aside fudnign for pension mitigation options. Capital: Per 2013 financial policies, reflects 3.5% of revenues.

Attachment 2

| | | Fiscal Years | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **FY 18-19 Adopted Budget** | **FY 18-19 Actual** | **FY 19-20 Adopted Budget*** | **FY 19-20 Actual**** | **FY 20-21 Adopted** | **FY 20-21 Preliminary Estimated Actual (3/15/21)** | **FY 21-22 Projection** | **FY 22-23 Projection** | **FY 23-24 Projection** | **FY 24-25 Projection** | **FY 25-26 Projection** |
| **Revenues** | | | | | | | | | | | |
| Property | 6,368,550 | 6,496,558 | 6,573,376 | 6,663,614 | 6,822,304 | 7,419,963 | 7,163,419 | 7,378,322 | 7,599,671 | 7,827,662 | 8,062,491 |
| Sales- Bradley Burns | 2,550,650 | 2,639,607 | 2,606,100 | 2,143,020 | 1,896,796 | 1,977,994 | 2,454,109 | 2,608,704 | 2,739,274 | 2,856,869 | 2,979,958 |
| Sales- Local | 2,964,870 | 3,079,914 | 3,023,000 | 2,611,802 | 3,050,000 | 3,581,477 | 4,293,615 | 4,493,211 | 4,583,075 | 4,698,708 | 4,900,611 |
| Transient Occupancy Tax (TOT ) | 6,350,000 | 6,882,015 | 6,842,900 | 6,477,220 | 2,488,198 | 4,000,409 | 5,161,511 | 5,849,713 | 6,193,814 | 6,537,914 | 6,734,052 |
| Charges for Services | 2,040,620 | 2,521,960 | 2,487,435 | 2,139,035 | 2,080,159 | 1,651,460 | 2,121,762 | 2,164,197 | 2,207,481 | 2,251,631 | 2,296,664 |
| Other Revenues | 2,469,810 | 2,441,120 | 2,682,746 | 2,596,158 | 2,442,768 | 2,291,616 | 2,491,623 | 2,541,456 | 2,592,285 | 2,644,131 | 2,697,013 |
| H.R.1319 "American Rescue Plan Act of 2021" | | | | | | 717,337 | | | | | |
| **Revenue Total** | **22,744,500** | **24,061,174** | **24,215,557** | **22,630,849** | **18,780,225** | **21,640,256** | **23,686,040** | **25,035,603** | **25,915,600** | **26,816,914** | **27,670,789** |
| **Expenditures** | | | | | | | | | | | |
| Salaries/Benefits | 11,129,892 | 9,718,662 | 11,500,087 | 10,156,434 | 9,595,869 | 9,188,163 | 10,424,584 | 10,945,813 | 11,493,104 | 12,067,759 | 12,671,147 |
| CalPERS Unfunded Accrued Liability Payment | 1,064,162 | 1,026,968 | 1,434,476 | 1,351,531 | 1,598,574 | 1,598,574 | 1,833,526 | 2,054,790 | 2,205,022 | 2,359,311 | 2,460,500 |
| Services/Supplies | 7,914,036 | 8,657,484 | 8,251,667 | 8,304,641 | 7,366,461 | 7,269,328 | 7,734,784 | 8,121,523 | 8,527,599 | 8,953,979 | 9,401,678 |
| ***General Fund Operating Total*** | **20,108,090** | **19,403,114** | **21,186,230** | **19,812,606** | **18,560,904** | **18,056,065** | **19,992,894** | **21,122,126** | **22,225,725** | **23,381,049** | **24,533,325** |
| ***Debt Service*** | | | | | | | | | | | |
| Pension Bond | 701,820 | 701,220 | 699,176 | 698,056 | 698,863 | 698,863 | 700,438 | 701,080 | 0 | 0 | 0 |
| Sunset Center Bond | 507,390 | 507,390 | 508,578 | 500,334 | 508,678 | 82,228 | 156,000 | 156,000 | 503,700 | 509,100 | 499,000 |
| NGEN Radio | 28,770 | 51,663 | 36,974 | 45,791 | 36,974 | 36,974 | 36,974 | 36,974 | 0 | 0 | 0 |
| ***Debt Total*** | **1,237,980** | **1,260,273** | **1,244,727** | **1,244,181** | **1,244,515** | **818,065** | **893,412** | **894,054** | **503,700** | **509,100** | **499,000** |
| ***Pension Mitigation Total*** | | | | | | | **1,000,000** | **1,000,000** | **1,000,000** | **1,000,000** | **1,000,000** |
| ***Capital Outlay Total*** | **4,121,040** | **3,778,271** | **1,704,509** | **869,596** | **0** | **140,014** | **829,011** | **876,246** | **907,046** | **938,592** | **968,478** |
| **Expenses Total** | **25,467,110** | **24,441,658** | **24,135,466** | **21,926,383** | **19,805,419** | **19,014,144** | **22,715,317** | **23,892,427** | **24,636,471** | **25,828,741** | **27,000,803** |
| **Surplus/(Deficit)** | **(2,722,610)** | **(380,484)** | **80,091** | **704,466** | **(1,025,194)** | **2,626,112** | **970,723** | **1,143,176** | **1,279,129** | **988,173** | **669,986** |

Footnotes: *The Fiscal Year 2019-2020 Adopted Capital Outlay Budget was amended to $3.4 million.**Transient occupancy tax revenue for Fiscal Year 2019-2020 includes $5,115,271 in actual revenue and $1,361,949 of Hosterly Fund Balance.

**FY 20-21 Preliminary Estimated Actual Assumptions:** Revenues and General Fund expenditures are projected based upon year-to-date actuals. Debt service reflects revised payment schedule due to the refinancing of the Sunset Center Lease Revenue Bond. Capital includes $123,000 for the fire pump at the Sunset Center and $17,014 for water filtration system at Public Works.

**FY 21-22 to FY 24-25 Projections and Assumptions**

**Revenues:** Property Tax: Assumes 5% growth over FY 20-21 Adopted in FY 21-22 and 3% annual growth thereafter. Bradley Burns and Measure C assumes phased in economic recovery and return to FY 18-19 performance in FY 23-24. TOT assumes phased in recovery until reaching 90% of FY 18-19 level in FY 23-24. Charges for Services and Other Revenues assumes 2% annual growth for inflation.

**Expenditures:** General Fund Operating: Salaries and Benefits in FY 21-22 reflects 8% growth over FY 20-21 budget to account for restoration of FY20-21 voluntary reductions; thereafter reflects 5% annual growth over each prior year's budget. FY 21-22 through FY 25-26 salaries and benefits are based on the FY 20-21 adopted budget funded positions and assumes no increase in staffing. PERS based upon CalPERS actuarial dated July 2020 with additional amount to account for investment loss due to unrealized investment discount rate. Services and supplies assumes 5% annual inflationary growth. Debt: Based on debt schedules. Pension Mitigation: Reflects direction provided by Council on 3/2/21 to set aside funding for pension mitigation options. Capital: Per financial policies, reflects 3.5% of projected revenues.

# CITY OF CARMEL-BY-THE-SEA
# CITY COUNCIL
## Staff Report

**March 16, 2021**
**ORDERS OF BUSINESS**

| | |
|---|---|
| **TO:** | Honorable Mayor and City Council Members |
| **SUBMITTED BY:** | Robert Harary, P.E, Director of Public Works |
| **APPROVED BY:** | Chip Rerig, City Administrator |
| **SUBJECT:** | Receive a presentation on the proposed Fiscal Year 2021/22 Capital Improvement Program and Five Year Capital Improvement Plan, and provide direction to staff |

## RECOMMENDATION:

Receive a report regarding:

- Capital projects completed in FY 2020/21
- Urgent projects to potentially be funded in April 2021 (FY 2020/21)
- Proposed capital improvement projects recommended for FY 2021/22, whether or not funded at the time of Budget adoption
- Recommended FY 2021/22 capital and one-time special projects to be funded through the annual operating budget, through specialized restricted revenues, donations, volunteers and/or other sources
- Other projects and funding needs, previously considered by City Council, for the subsequent four fiscal years, to be included in the Budget as a 5-year Capital Improvement Plan
- Council guidance regarding funding priorities for Capital Improvement Projects, pension mitigation, and/or City services.

## BACKGROUND/SUMMARY:

### Capital Project Definition

While reviewing proposed capital projects, it is helpful to have a common understanding of what constitutes a "Capital Project." The Government Accounting Standard Board uses the term "capital assets" to include *"land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, historical treasures, infrastructure, and other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period."*

For the City of Carmel-by-the-Sea, staff recommends that we continue to define a Capital Project, or a Capital Outlay, as an asset with any single component or piece of equipment that **costs more than $10,000** and has an expected **useful life exceeding ten (10) years.**

Note: Some of the projects listed below, such as reports and plans, do not fall under the definition of a capital project. However, some of these reports would include recommendations for future capital projects.

Other projects and plans would not result in future capital improvements and are considered one-time special projects designed to meet regulatory requirements, address public safety needs of the community, and/or enhance operational effectiveness. Staff seeks Council direction regarding these projects so that funding may be allocated within the operating budget of the respective department.

**Strategy**

Given the projected ongoing economic impacts associated with the loss of revenue due to the COVID-19 pandemic, coupled with the increasing cost of providing City services, staff acknowledges that there may be limited funding available for capital projects for FY 2021/22. However, it is prudent for the City Council, and community at large, to understand the needs for vital infrastructure for the upcoming fiscal year, and forecast for the subsequent four years after. Having identified and prioritized projects at this time, even if projects are to be future-funded, would allow the Council to allocate funding for the most critical projects when funding does become available.

**1. Projects Completed in Fiscal Year 2020/21**

Three (3) capital improvement projects were completed in Fiscal Year 2020/21, or are anticipated to be substantially completed, by June 30, 2021.

- **Scenic Pathway Renovation, Phase 1 (Landscaping):** Major improvements can be seen today all along the pathway, thanks to dedicated Carmel Cares volunteers and their paid landscapers under the guidance of Public Works and Forestry. The prior approved budget for the Pathway Reconstruction CIP project was $230,000 before it was defunded due to the economic impact of the coronavirus and Carmel Cares began its renovation work. The next phase of the project is to replace deteriorated wooden barrier rails along the top of the bluffs and repair other hardscape improvements. No City funding is recommended for Phase 2 at this time.

- **Multi-Purpose Utility Vehicle:** Carmel Cares/Carmel Gives donated a new, multi-purpose utility vehicle (John Dere gator) and water tank to the City for more efficient and cost-effective watering and forestry operations. $22,450 Donation

- **ADA Upgrades, Year 3:** Year 3 ADA upgrades included installation of ADA-compliant partitions in the restrooms at Devendorf Park and First Murphy Park, as well as an ADA drinking fountain and bench for Piccadilly Park. $16,000.

**2. Projects for potential Funding in April 2021 (FY 2020/21)**

Three (3) capital improvement projects are important, and could proceed this Fiscal Year upon approval of the City Council. If approved, the fire pump at Sunset Center and Water Filtration System for the Public Works Yard are scheduled to be substantially completed by June 30, 2021. These projects, as well as all remaining projects in this report, are listed in Attachment #1.

- **Emergency Fire Pump Replacement at Sunset Center:** While the equipment has already been purchased for $52,962 due to an 8-week delivery timeline, we are in the process of receiving quotes for removal and installation of the new pump system. Total estimated cost, with materials, removal of the existing pump, and installation of the new equipment is **$123,000**. Ratification of the emergency purchase and award of a contract for installation is anticipated to be on the April 6, 2021 Council agenda. To ensure safety, the building should not be occupied in the interim.

- **Greenhouse Gas Emissions Forecasting:** As presented at the March 2, 2021 Council meeting, the Climate Committee is seeking consultant support to conduct a greenhouse gas emissions forecast study and evaluate the emission reduction potential of various measures to include in the City's Climate Action Plan. The fee is estimated to be **$20,000.**

- **Public Works Yard Water Filtration System:** The existing water filtration system at the Public Works Yard has already surpassed its useful life and has become increasingly unreliable and costly to repair. Replacement parts are also becoming harder to find for this obsolete system. A filtration system is required to meet the State's strict environmental water quality regulations so that we can continue daily washing of the street sweeper, and maintain other City vehicles and equipment. The non-potable water is recycled and separated from solids. Informal quotes have already been received with the lowest to date at **$17,014**.

**3. Proposed Capital Improvement Projects Recommended for FY 2021/22, Whether or Not Funded at the Time of Budget Adoption**

The following 13 proposed FY 2021/22 projects include only the most pressing needs for critical infrastructure, or are public-safety-related, and/or are linked to external funding opportunities. They are listed from most to least expensive but have not been prioritized against the other projects in this category. The forecasted available budget is not expected to cover all of these worthwhile projects. As discussed with the 5-year financial forecast, in lieu of some or all of these projects, Council has the prerogative to continue the return to prior service and staffing levels before Covid, and/or decrease pension liability, and/or provide other City programs.

Regardless of the amount of Council's allocation of FY 2021/22 funding for capital projects, infrastructure throughout the City will continue to require maintenance. The cost to repair and update City buildings and facilities in particular will also increase in the future.

- **FY 2019/20 Citywide Annual Paving Project:** This paving project, coupled with the San Carlos Street Bike Route and San Carlos Street Median Islands, (three CIP Projects) were put on hold at the 90% level in final design last spring due to the Covid-19 pandemic. Funding for the paving portion of the project is recommended for FY 2021/22; however, the Bike Route and landscaped Median Islands should be deferred and included in the 5-Year CIP.

  Based on the Pavement Management System's Pavement Condition Index ratings, this project includes resurfacing pavement along Junipero Street, between Third and Ocean Avenues, San Antonio Avenue between Fourth and Eighth Avenues, and, for the first time, introduces micro-surfacing technology along San Carlos Street between Eighth and Thirteenth Avenues.

  The City receives restricted funding from the State for street maintenance and other transportation-related projects through the Highway Users Tax Account and the Road Maintenance and Road Rehabilitation funds (RMRA) enacted as part of Senate Bill 1. As a condition of receiving these funds, the City is required to allocate a portion of its local General Fund revenues for transportation-related projects. This is known as the Maintenance of Effort (MOE) requirement, which has the objective that local funds used for street maintenance and other eligible expenses are maintained and State funds do not replace, or supplant, local funds allocated for this purpose. If the City does not meet its annual MOE requirement, it may make up the difference the following year (annual MOE of Year 1 + annual MOE of Year 2) or risk repaying back the funds to the State.

  The City also receives a portion of the voter-approved sales tax allocated for transportation safety projects (Measure X) from the Transportation Agency for Monterey County (TAMC). TAMC also has a MOE requirement that is similar to the State requirement, but also includes an annual cost index increase. The TAMC MOE is calculated at **$571,815 f**or Fiscal Year 2021/2022. The City is projected to receive $184,794 from Measure X, $95,186 from the Highway Users Tax and $68,523 from the State RMRA, or $348,503 in total. The City would be required to pay for the entire cost of the paving project, although it would be offset by the incoming revenue. In addition, the City receives an allocation of Regional Transportation Improvement Program (RSTIP) funds through TAMC every two years, which is not subject to a MOE requirement. Currently $15,311 of RSTIP funds are programmed for the Mission Street Sidewalk Repair (see narrative below.)

- **Police Radio Antenna:** This antenna is needed to meet 2013 FCC requirements for Digital Radio usage. An Urban Areas Security Initiative grant in the amount of $175,000 is anticipated in October 2021. The City's portion of the project would be **$200,000** for a combined project total of $375,000.

- **Drainage System Repairs:** The new, City-wide Drainage Master Plan identified numerous spot repairs needed for our existing, broken underground storm drain pipes, as well as significant "bottlenecks" in the drainage system which result in excess surface runoff flowing down streets and potentially onto private properties during heavy storms. Pre-Covid, the estimated cost was $200,000 to design repairs for the worst defects in our drainage system. Due to budget limitations, this year, **$100,000** is recommended to get started on design of this important, multi-year project. Construction repairs would begin in another fiscal year. At least $4M will be needed to fix the two most critical bottlenecks to significantly improve the drainage system, namely eliminating the Junipero/Mission bypass and upsizing the box culverts below Rio Road.

- **Sunset Center Hazardous Materials Testing, Remediation, and Window Repairs.** The Sunset Center Exterior Painting Project is proposed in two phases. This first phase would be to test and remediate asbestos and lead paint around the windows of the Sunset Center buildings, and repair some of the imminently-failing windows, with a cost estimate of **$60,000.** A subsequent Phase 2 would be to complete exterior repairs, and paint the exterior walls assuming the existing lead paint can be encapsulated in place. Future phase(s) maybe planned over several fiscal years.

- **Ambulance:** This capital purchase would replace the 22-year-old back up ambulance that has far exceeded its life expectancy and is no longer a reliable resource. Total cost of $275,000 may be leased/purchased at **$55,000 per year** for a total of **five (5) years.**

- **Police Dispatch Renovation:** Multiple ergonomic reports have been completed due to reported issues. Renovations at an estimated cost of **$50,000** are required to improve employee safety for this room which is occupied 24/7/365. This renovation cannot be further delayed to be part of the now, unfunded Police Building Renovation Project, as previously planned.

- **Police Vehicles C8 and C5:** A new Police vehicle C8 would replace the 2012 Expedition, and new vehicle C5 would replace the 2014 Charger. These vehicles are no longer reliable emergency response vehicles. Some, but not all, of the specialized police equipment can be salvaged from the existing vehicles and installed in the new vehicles. Total cost of $150,000 may be leased/purchased at **$30,000 per year** for a total of **five (5) years.**

- **Police Radios:** 22 new Police radios would replace the existing, hand-held radios, purchased in 2009, and are past their useful life. At $8,200 each, this capital outlay would cost a total of $180,400. Total cost may be leased/purchased at **$30,000 per year** for a total of **six (6) years.**

- **Mission Street Sidewalk Repairs:** As approved by Council, the City was allocated $15,311 from RSTP funding via TAMC to repair a significantly uneven brick sidewalk on the west side of Mission Street, between Fifth and Sixth Avenues. However, to remove and replace the entire 720 square feet of uneven sidewalk, an additional **$21,000** is required. If this project is approved, the $21,000 would reduce the $571,815 MOE amount for the annual paving project by an equivalent amount as sidewalk repairs are considered to be eligible uses of State Gas Tax and TAMC (Measure X) funds.

- **Mission Trails Nature Preserve (MTNP) Stream Stability Projects:** An engineering and environmental consultant is needed to design and obtain environmental permits for the first three (3) of eight (8) stream restoration and erosion control measures for MTNP, as recommended in the 2019 MTNP Stream Stability Report. The majority of funding for design, environmental permit acquisitions, and construction will be from the awarded California State Parks Per Capita Grant in the amount of $187,000. As this is a reimbursement-based grant, the City is required to pay for the cost of the project in advance, as well as a non-reimbursable 20% grant match of approximately $45,000, for a total cost of **$230,000**. Since construction would not begin until a new fiscal year, only a portion of the project funds are needed by the City at this time, **$20,000**, for design and permits at this time, with the remaining funds required for projected completion by December 2032.

- **ADA Upgrades, Year 4:**_Based on the results of the City's 2018 Americans with Disabilities Act Transition Plan, funding should be programmed each year to demonstrate good faith efforts to address disability obstacles across the City. A budget of $15,000 is recommended for FY 2021/22.

- **Park Branch Library Backup Generator:** The backup generator at the Park Branch Library is past its useful life and increasingly unreliable. If the generator is not replaced, at an estimated cost of **$15,000**, the generator could fail at any time, and should it fail during a storm, the result may be flooding in the library basement.

  Staff met with the Central Coast Community Energy (3CE) regarding a very low interest loan, and while this project qualifies, 3CE was requesting a more robust and costly backup generator system to upgrade the library building into a safe haven during City-wide power outages. Due to funding constraints, staff recommends moving forward on only the required replacement generator.

  **Reopening City Facilities per CDC Covid-19 Guidelines:** The City retained a consultant to review all occupied City buildings and identify physical improvements needed to meet Center for Disease Control Covid-19 Guidelines to safely reopen to the public. A report is expected soon. Tentatively, improvements to be recommended may include: plexiglass partitions between staff and the public, partitions between staff members, modifications at high contact areas, replacement doors, upgraded ventilation filters, etc. The cost is to be determined, with an initial order of magnitude estimate of **$10,000.**

**4. Recommended FY 2021/22 Projects with External Funding, Donations, Volunteers, and Carry-Overs from FY 2020/21 Budget**

The following six (6) projects and initiatives do not appear to require any further City funding at this time; however, like all capital projects, project management oversight would be needed.

- **Ocean Avenue Medians Split Rail Fence:** The Carmel Residents Association plans to donate to the City **$55,000** for installation of split rail fence along all five Ocean Avenue raised median islands, tentatively to be installed in a saw-tooth pattern along the center of each median island, subject to Planning Commission approval.

- **Wildfire Risk Assessment Plan:** The current FY 2020/21 operating budget included **$20,000** for a Wildfire Risk Assessment Plan which can possibly be implemented in conjunction with the cities of Monterey and Pacific Grove. Staff recommends that we carry over this appropriation to FY 2021/22.

- **Wayfinding Signs:** As approved at the March 2, 2021 Council meeting, TAMC will be reimbursing the City up to **$18,500** for approximately 15 wooden wayfinding signs. These signs will provide directions to various Carmel area points of interest, especially for bicyclists, pedestrians, and visitors. Staff will seek Commission and Council approvals once the design has been developed.

- **North Dunes Habitat Restoration Project:** Noticeable improvements have been made in recent years by removing invasive tree, non-native plants, and ice plant, post and cable railing, increasing the population of endangered species, etc. To continue biological monitoring and reporting of endangered and sensitive species, as well as to continue enhancements, such as new interpretive signage (which may have a funding sponsor) and/or split rail border fencing (which may be installed by Carmel Cares), the remainder of the $22,250 donation/mitigation funds provided by Ms. June Overett for removal of her nearby eucalyptus trees (approximately **$12,250**) should be carried-over into the FY 2020/21 capital projects budget.

- **Carmel Cares Projects:** Overseen and supported by Public Works, Carmel Cares has a number of potential projects under consideration for FY 2021/22. Other than Public Works staffing and equipment support from time to time, there would be essentially **no cost** to the City to proceed with the following projects:
    - *Median Minders Program*
    - *Tree Tenders Program*
    - *Pick-up Posse Program*
    - Forest Hill Park and North Dunes split rail fencing
    - Park Branch Library dumbwaiter enclosure
    - First Murphy Park observation deck and ADA improvement
    - Scenic Pathway replacement of wood barriers along the bluffs
    - City entry signs (wooden, compatible with wayfinding signs)
    - Forest Theater repairs, including gas lines to fire pits
    - Sunset Center wrought iron railings
    - MTNP - repair footbridge near Eleventh Avenue
    - Others

- **Energy Efficiency Projects:** In December 2020, Council authorized a letter to proceed to SiteLogiQ, a firm who specializes in energy efficiency evaluations. This firm completed their evaluation of most City buildings, and their report findings will be presented in an upcoming Council meeting. It is assumed that one or two "low hanging fruit" projects could begin in FY 2021/22 if **entirely funded by grants, rebates, and/or on-bill financing.**

**5. Other Projects and Funding Needs, previously considered by City Council, over the Subsequent Four Fiscal Years, to be included in the Budget as a 5-year Capital Improvement Plan**

- **Police Building Renovation Project:** $1.0 million was previously budgeted for this project. The design was completed, and construction bids were received in March 2020 with the low bid of $1.31 million, which, with a 10% contingency, would have been **$1.44M**. Although the project was unfunded due to the pandemic, the project is still necessary and should be strongly considered for funding.

- **Harrison Memorial Library Renovations:** The following three (3) projects for the Harrison Memorial Library could be considered a "package deal." Should the City invest $100,000 to paint the exterior of the library, $100,000 to paint the interior, and another $100,000 to replace all of the carpeting, then the Library Board may be satisfied that the City has met its ongoing maintenance obligation for this historic building. The concept is that a **$300,000** investment by the City would leverage up to $500,000 of private donations to the library for extensive interior renovations, including shelving, furniture, lighting, and other upgrades.

- **Water Well and Tank Removal in MTNP:** Proper, regulatory decommissioning of the water well, and physical removal of the elevated tank are needed. Otherwise, the City continues to be exposed to potential environmental or safety liability. The cost estimate is **$150,000.**

- **Sea Level Rise/Coastal Engineering Report:** This report is requested by the Climate Committee for the Committee's Climate Adaptation Plan. A consultant would be needed with an estimated fee of **$150,000**. Staff is researching if this report can be accomplished with neighboring agencies or grant opportunities.

- **Backup Generator at the Harrison Memorial Library:** Preliminary quotes were received for a new generator to predominately backup the IT servers and essential equipment in the lower level of the library. There is limited outdoor space available for the generator. The quotes were under **$60,000.** The next step would be to identify a suitable location with the Community Planning and Building Department and present the project to the Planning Commission prior to processing a building permit.

- **Scout House Renovation:** The roof reconstruction was completed last year. Only $12,280 was remaining to start the renovation design when the project was unfunded. The next step would be to retain an architect to design the renovation, including the challenging ADA aspects of the project. When funding for design is allocated (**$40,000**), construction funding ($360,000) should be allocated for the following fiscal year. The two-year total cost is estimated to be $400,000.

- **Computer Servers Resilience: $35,000** was previously allocated; however, most IT upgrades and modifications were implemented using operating budget funds. Although additional funding is needed to update and maintain our technology systems, this project could continue to be deferred.

- **San Carlos Street Bike Route and Landscaped Median Islands:** These two CIP projects were included in the design of the 2019/20 City-wide Annual Paving Project, but are recommended to be deferred. Estimated cost is **$25,000**. This amount reflects the accepted private donation of $17,000 from Barbara Livingston and her neighbors for the median islands.

- **Facility Maintenance Supplement:** The Facility Maintenance operating budget in Public Works has been insufficient to maintain the older City buildings. Of particular concern are historic buildings including Flanders Mansion, City Hall, First Murphy House, Sunset Center (within City's responsibility), Vista Lobos, and the Harrison Memorial Library. Although more is being done to implement preventative maintenance, these older facilities are deteriorating, and deferred maintenance is increasing. Repairs could be addressed more quickly by having CIP funds pre-programmed. A CIP project, or an increase in Public Works' facility maintenance operating budget, of **$25,000** is suggested.

- **Retention Schedule:** The City Clerk issued a Request for Proposal for a consultant to develop a retention schedule for an estimated fee of **$20,000**. The City needs to be retaining records according to current regulations. The City's current, adopted retention schedule was based on the State's guidelines but which are now well out of date. City records not conforming to current guidelines puts the City at potential risk. ***This project may be funded using current FY 2020/21 savings.***

- **GIS Development, Phase 2:** To increase the value and usefulness of our existing, powerful, but foundational, GIS system, **$20,000** is needed to retain the Geographic Center at Chico State University to incorporate additional, available data from external sources and City files, including the new storm drain master plan database, into the City-wide geodatabase. Funding would also help to establish initial applications to use GIS to streamline work processes between departments, such as building and encroachment permit processing.

- **Uninterrupted Power Supply System:** An estimate of **$20,000** is needed to protect our computer systems and secure the City's data from power disruptions.
- **Stormwater Ordinance:** With an estimated fee of **$15,000**, a consultant with expertise in California's strict stormwater regulations is needed to update the City's ordinance to remain in compliance with state mandates. The ordinance provisions will be further complicated by the Area of Special Biological Significance status of Carmel Bay.

**5-Year Capital Improvement Plan**

A preliminary 5-year Capital Improvement Plan will be presented during the presentation.

Although only the first fiscal year (2021/22) would be funded as part of the City Budget (if any funding is allocated), the remaining years serve as a planning tool to identify, early on, anticipated future projects. A multi-year plan also accommodates scheduling larger projects into multiple years, to allow for more projects to be underway concurrently, and to allocate construction funding only when those funds are needed. Note that the needs for infrastructure renewal and facility repairs far exceed the anticipated revenue over the subsequent four years as well.

Key projects, most of which have been previously considered by Council, for renewed consideration over the subsequent four fiscal years will also be included in the presentation at the Council meeting.

**6. Obtain Council guidance regarding priorities for Capital Improvement Projects, as well as balancing anticipated funding for the return of service levels/staffing, and/or pension liability.**

Staff is seeking Council's direction on the following issues. Note that this is just the first review and screening of potential projects. Staff will return at the April 6 meeting to refine the potential projects based on comments received on March 16, 2021.

- Tentative confirmation to proceed with three urgent projects using current FY funds
- Review and prioritization of the 13 proposed projects for FY 2021/22 CIP
- Delete projects, defer projects, and/or add projects to the FY 2021/22 CIP
- Confirmation to proceed with those 6 projects funded by others, or funds carried over from the current FY
- Review and prioritization of the 13 additional projects previously considered by Council, in the 5-Year CIP
- Delete projects, defer projects, and/or add projects to the 5-Year CIP
- Incorporating any public comments and suggestions into the CIP or 5-Year CIP
- Evaluate the necessity to retain a Project Manager, unfunded due to the pandemic, to implement these technical, design and construction-oriented, capital purchase, volunteer oversight, and other special projects.

Upon Council's tentative approval in April, the CIP document will be presented to the Planning Commission in May for a General Plan consistency review as required by State law and the City's Municipal Code.

## FISCAL IMPACT:

The 5-Year Financial Forecast was also presented to Council at the March 16, 2021 Special Meeting. The fiscal impact to the FY 2021/22 Budget for Capital Improvement Projects cannot yet be assessed until specific capital projects are selected by Council.

## PRIOR CITY COUNCIL ACTION:

None for Fiscal Year 2021/22.

## ATTACHMENTS:

Attachment #1 - Preliminary FY 2021-22 CIP List

Attachment 1

**FY 2020/21 MIDYEAR BUDGET CIP LIST**

| No. | Description | Cost Est | Location | Notes |
|---|---|---|---|---|
| 1 | Emergency Fire Pump Materials and Install | $123,000 | Sunset Center | Emergency, Council budget adjustment asap |
| 2 | Greenhouse Gas Emissions Study for Climate Action Plan | $20,000 | City-wide | Climate Committee request. Council Meeting 3/2/2021 |
| 3 | Yard Water Filtration System | $17,014 | PW Yard | Environmental Regulations |
| | **TOTAL** | **$160,014** | | |

**FY 2021/22 RECOMMENDED CIP LIST**

| No. | Description | Cost Est | Location | Notes |
|---|---|---|---|---|
| 4 | FY 2019/20 Annual Paving Project per Pavement Management System Ratings. Includes Junipero (3rd to Ocean), San Carlos (8th to 13th), San Antonio (4th to 8th) | $571,815 | City-Wide | FY 2019/20 Project, 90% designed. Defer San Carlos Median Islands and Bike Route. $571,815k Maintenance of Effort (MOE) Needed for TAMC Funds: $184,794 Measure X, $95,186 Highway Users Tax, RMRA $68,523, combined $481,503, $934k Total project cost |
| 5 | PD Radio Antennae | $200,000 | PD Station | Anticipate $175,000 Grant in October. $375,000 total |
| 6 | Design repairs of drainage pipe failures per Storm Drain Master Plan condition survey | $100,000 | City-Wide | Reduced from $200k, Design most urgent repairs |
| 7 | Hazmat Testing, Remediation & Repair Windows | $60,000 | Sunset Center | Repair worst condition windows only |
| 8 | Ambulance | $55,000 | Fire Station | $55,000 per year x 5 years = $275,000 total |
| 9 | Dispatch Renovation | $50,000 | PD Station | Employee safety |
| 10 | Replace PD Vehicles C8 (2012) and C5 (2014) | $30,000 | City-Wide | $30,000 per year x 5 years = $150,000 total |
| 11 | Police Radios (22 @ $8,200) | $30,000 | City-Wide | $30,000 per year x 6 years = $180,400 total. |
| 12 | Mission Street Sidewalk repairs | $21,000 | W side Mission | Have $15,311 from TAMC (RSTP). $21k would get us to 720 SF. Could be integrated with the Annual Paving Project as part of the MOE |
| 13 | MTNP - Design of 3 Projects per Stream Stabilization Study | $20,000 | MTNP | $187k Per Cap Grant requires 20% ($45,000) Match. Only need design and permit match in FY22 |
| 14 | ADA Upgrades per ADA Transition Plan (Year 4) | $15,000 | City-Wide | Ongoing, Federal requirement, $16k in FY21 |
| 15 | Backup Generator (sump pumps vs flooding) | $15,000 | PB Library | C3 low interest loan under review |
| 16 | Covid Re-opening Modifications | $10,000 | City-Wide | Report by Mainstream Unlimited |
| | **TOTAL** | **$1,167,815** | | |

| No. | Description | Cost Est | Location | Notes |
|---|---|---|---|---|
| | **FY 2020/21 PROJECTS - OTHER FUNDING - Also Requires City Oversight** | | | |
| **No.** | **Description** | **Cost Est** | **Location** | **Notes** |
| 17 | Ocean Avenue Split Rail Fence | $55,000 | Ocean Medians | Donation, Carmel Residents Association |
| 18 | Wild Fire Risk Assessment/Plan | $20,000 | City-Wide | Carry Over in Fire Department Ops Budget |
| 19 | Wayfinding Signs | $18,500 | City-Wide | Reimbursed by TAMC |
| 20 | North Dunes - Interpretive Signs, Fencing, and/or Biological Monitoring | $12,250 | North Dunes | $22,250 Carryover, FY21 Biology Amendment = $10,000. Rotary Club may fund Signage, split rail Need biology for FY 22 |
| 21 | Carmel Cares Projects, PW Supported: | | | Funded by Carmel Cares |
| | Forest Hill Park and North Dunes Split Rail | $0 | FHP, N Dunes | |
| | Dumbwaiter Closure | $0 | PB Library | |
| | Observation Deck, ADA | $0 | First Murphy Park | |
| | Wooden Barriers | $0 | Scenic Pathway | Subject to Coastal Commission approval |
| | City Entry Signs (And support Wayfinding Signs) | $0 | City-Wide | |
| | Forest Theater Repairs | $0 | Forest Theater | |
| | Wrought Iron Repairs | $0 | Sunset Center | |
| | Repair Footbridge at Eleventh Ave. | $0 | MTNP | |
| | | | | |
| 22 | Energy Efficiency Projects per Upcoming Report by SiteLogiQ (Long Term Savings) | $0 | TBD | Grants, on-bill financing |
| | **TOTAL** | **$105,750** | | |
| | | | | |
| | **RECOMMEND TO DEFER - IN 5-YEAR CIP** | | | |
| **No.** | **Description** | **Cost Est** | **Location** | **Notes** |
| 23 | Police Building Renovation | $1,400,000 | PD Station | Construction bids received |
| 24 | HM Library: Exterior, Interior Paint, Carpeting | $300,000 | HM Library | Possibly leverage $500,000 Donations for Interior Renovations |
| 25 | Well Decommissioning and Elevated Tank Removal | $150,000 | MTNP | Safety issue, Environmental liability |
| 26 | Sea Level Rise, Coastal Engineering Report | $150,000 | Shore | Climate Committee request, Possible multi-agency report and/or FEMA funding |
| 27 | Backup Generator for IT | $60,000 | HM Library | Quotes received |
| 28 | Scout House Renovation | $40,000 | Scout House | Roof completed |
| 29 | Computer Servers Resilience | $35,000 | City-Wide | |
| 30 | San Carlos Street Bike Route, Landscaped Medians | $25,000 | San Carlos St. | Reflects $17k Donation, 90% Designed |
| 31 | Facility Maintenance Supplement for Old Buildings | $25,000 | City-Wide | |
| 32 | Retention Schedule | $20,000 | City Hall | City Clerk RecommendationC |
| 33 | GIS Development, Phase 2 | $20,000 | City-Wide | Additional Data and Start Applications (ie Permits) |
| 34 | Uninterrupted Power Supply for IT | $20,000 | City-Wide | |
| 35 | Stormwater Ordinance Update (consultant) | $15,000 | City-Wide | Staff doesn’t have expertise nor capacity |
| | **TOTAL** | **$2,260,000** | | |