



CITY OF CARMEL-BY-THE-SEA

Fiscal Year 2022-2023 Recommended Budget Revenue

Budget Workshop

17 May 2022



2022-2023 Revenue

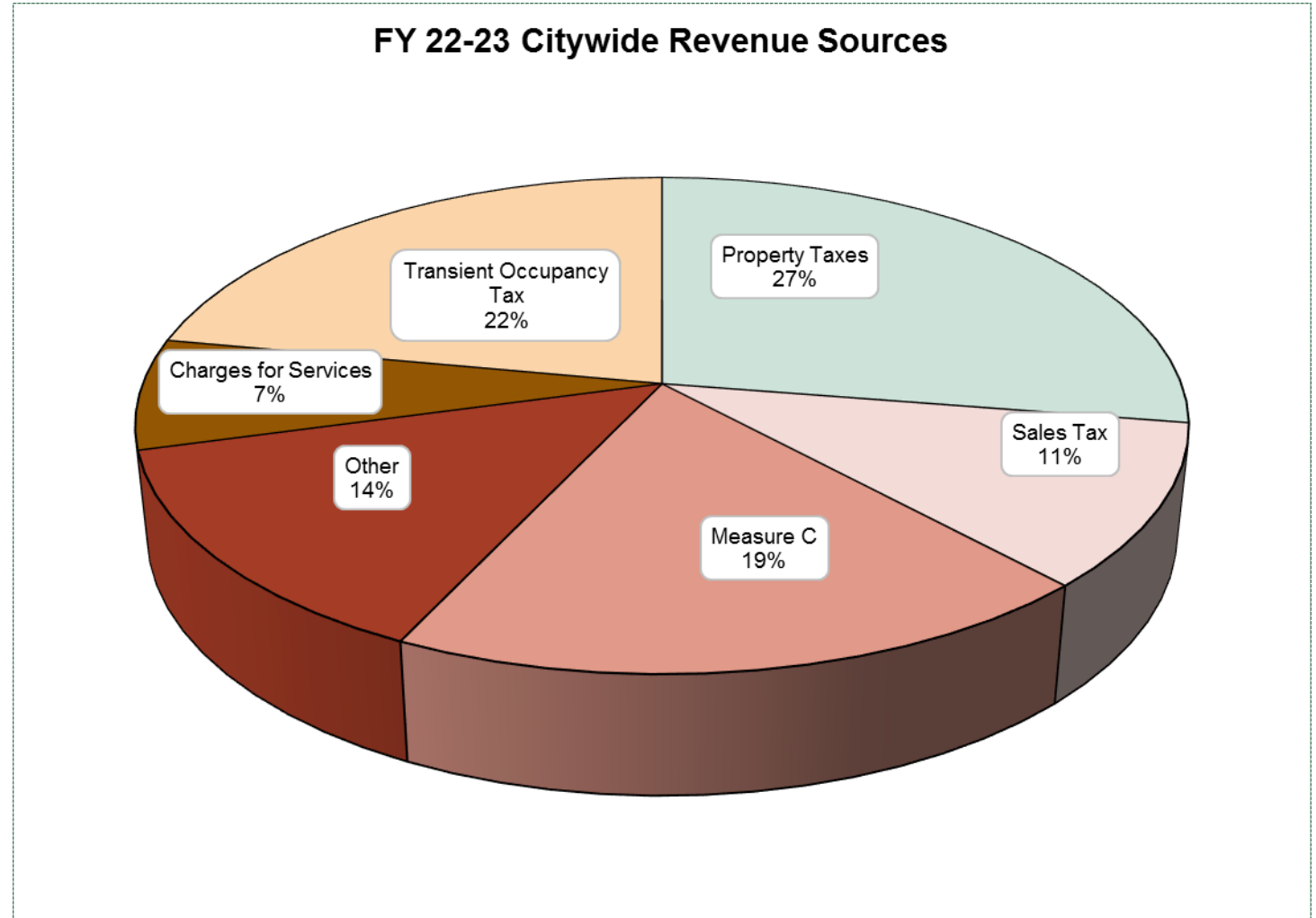
Objectives

- Discuss where the City's money comes from
- Discuss overall revenue trends
- Focus on major revenue streams
- Project revenues going forward into 2022-2023



Revenues at a Glance - \$30.26 M

Source	Budget		
Property Taxes	\$8,326,600	\$23,918,700	79%
Sales Tax	3,204,100		
Measure C	5,721,000		
Transient Occupancy Tax	6,667,000		
Other	4,154,500		
Charges for Services	2,184,800		
<i>Building</i>	<i>945,700</i>		
<i>Ambulance</i>	<i>616,000</i>		
<i>Planning</i>	<i>254,500</i>		
<i>Other Charges</i>	<i>368,600</i>		
Total	\$ 30,258,000		

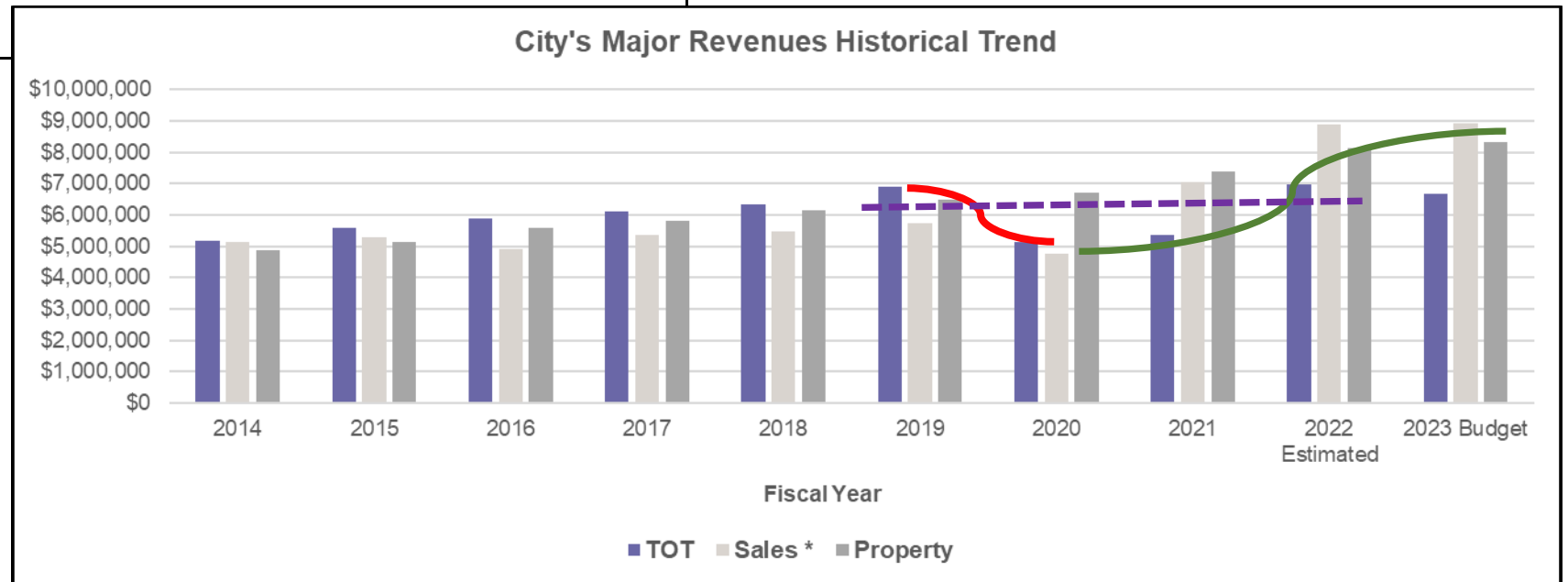




Revenues: Historical Trend

Fiscal Year Ending June 30	TOT	Sales *	Property
2014	\$5,185,880	\$5,115,880	\$4,881,534
2015	\$5,593,689	\$5,280,418	\$5,127,974
2016	\$5,890,538	\$4,897,325	\$5,598,743
2017	\$6,112,347	\$5,373,800	\$5,825,889
2018	\$6,329,074	\$5,476,123	\$6,163,959
2019	➔ \$6,882,015	➔ \$5,719,521	\$6,496,558
2020	➔ \$5,115,277	➔ \$4,766,313	\$6,690,948
2021	➔ \$5,339,285	➔ \$7,028,041	\$7,389,656
2022 Estimated	➔ \$6,972,057	\$8,895,703	\$8,142,320
2023 Budget	\$6,667,000	\$8,925,100	\$8,326,600

* Combination of Bradley Burns & Measure C 1.5%





Major Revenues - Performance

Major Revenues	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Adopted	21-22 Ammended	22-23 Proposed	Amended 22 to Proposed	Estimated 22 to Proposed
Property	6,524,330	6,690,947	7,389,656	7,657,050	8,068,908	8,326,600	3.19%	2.26%
Sales- Bradley Burns	2,652,971	2,154,961	3,020,937	2,466,109	2,966,109	3,204,100	8.02%	0.19%
Sales- Local Measure	3,079,914	2,611,802	4,007,104	4,206,660	4,706,660	5,721,000	21.55%	0.40%
Transient Occupancy Tax	6,882,015	5,115,271	5,339,285	5,333,562	6,568,562	6,667,000	1.50%	-4.38%
	19,139,229	16,572,981	19,756,982	19,663,381	22,310,239	23,918,700	7.21%	-0.38%

Sales Tax & TOT projected to soften given:

- Pandemic remains on watch
- Unknown post pandemic cycles as we evolve from a one-of-a-kind event
- Prudently taking the middle ground

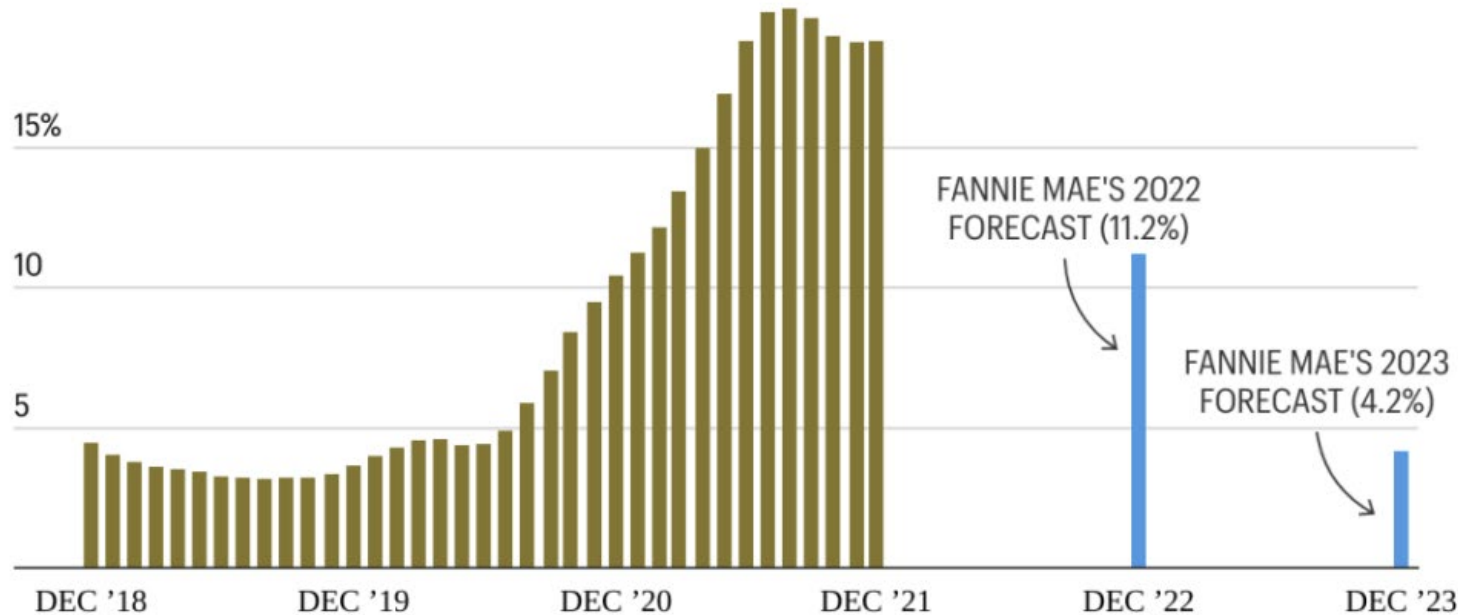
- Property Tax has shown strong growth:
 - * 22-23 proposed to increase slightly above current year and 3.2% over amended budget
- Sales Tax & and Measure C play heavily into revenue recovery:
 - * 22-23 proposed to remain level with current year but 16% above amended budget
- TOT has taken two years to recover and has only now reached 18-19 levels:
 - * 22-23 proposed at 4% under current year but 2% above amended budget



Real Estate Forecasts

U.S. home price growth

Year-over-year change in home prices



GOLD REPRESENTS ACTUAL 12-MONTH GROWTH AS MEASURED BY THE S&P CASE-SHILLER U.S. HOME PRICE INDEX. BLUE REPRESENTS FANNIE MAE'S 12-MONTH HOME PRICE FORECAST.

CHART: LANCE LAMBERT • SOURCE: S&P DOW JONES INDICES LLC; CORELOGIC

Fortune March 2022

Fortune April 2022

In their latest forecast Tuesday, Fannie Mae economists said the projected downturn “is not expected to resemble the severity or duration of the Great Recession,” but that higher mortgage rates are likely to cause home sales to decline by 7.4 percent this year and by 9.7 percent in 2023.

CoreLogic predicts that home prices are set to decelerate to a 5% rate of growth. The Mortgage Bankers Association says home prices are poised to rise 4.8%

FORTUNE



Warning Lights

Real Gross Domestic Product (GDP) decreased at an annual rate of 1.4 percent in the first quarter of 2022 (table 1), according to the "advance" estimate released by the Bureau of Economic Analysis. In the prior quarter, real GDP increased 6.9 percent.

The price index for domestic purchases increased 7.8 percent in the first quarter, compared with an increase of 7.0 percent in the fourth quarter (table 4). BEA – Last week's reporting 8.3%

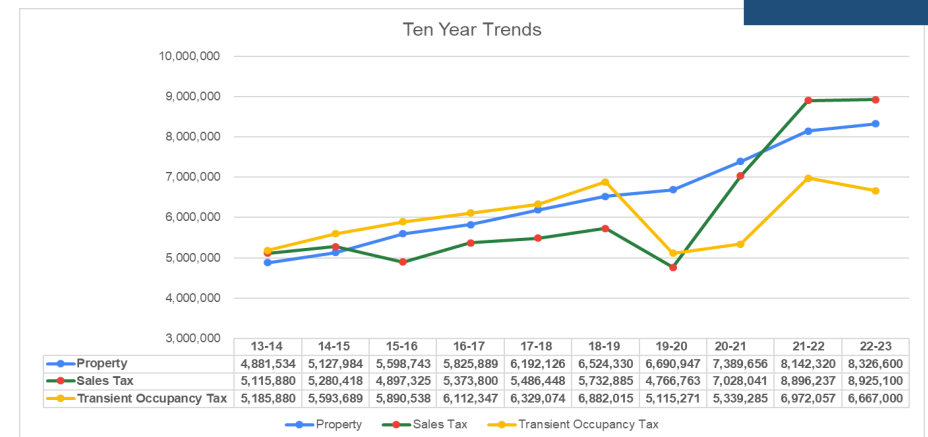
Prices for energy, agricultural commodities, and metals have spiked as a result of the invasion (Ukraine) and we expect that the situation may become more dire in Q2 2022. .. forecast reflects continued headwinds for the US economy through Q3 2022. (Conf. Board)

COVID UNKNOWNNS

Fed raises rates by half a percentage point — the biggest hike in two decades — to fight inflation (CNBC)

A Normal Supply Chain? It's 'Unlikely' in 2022.

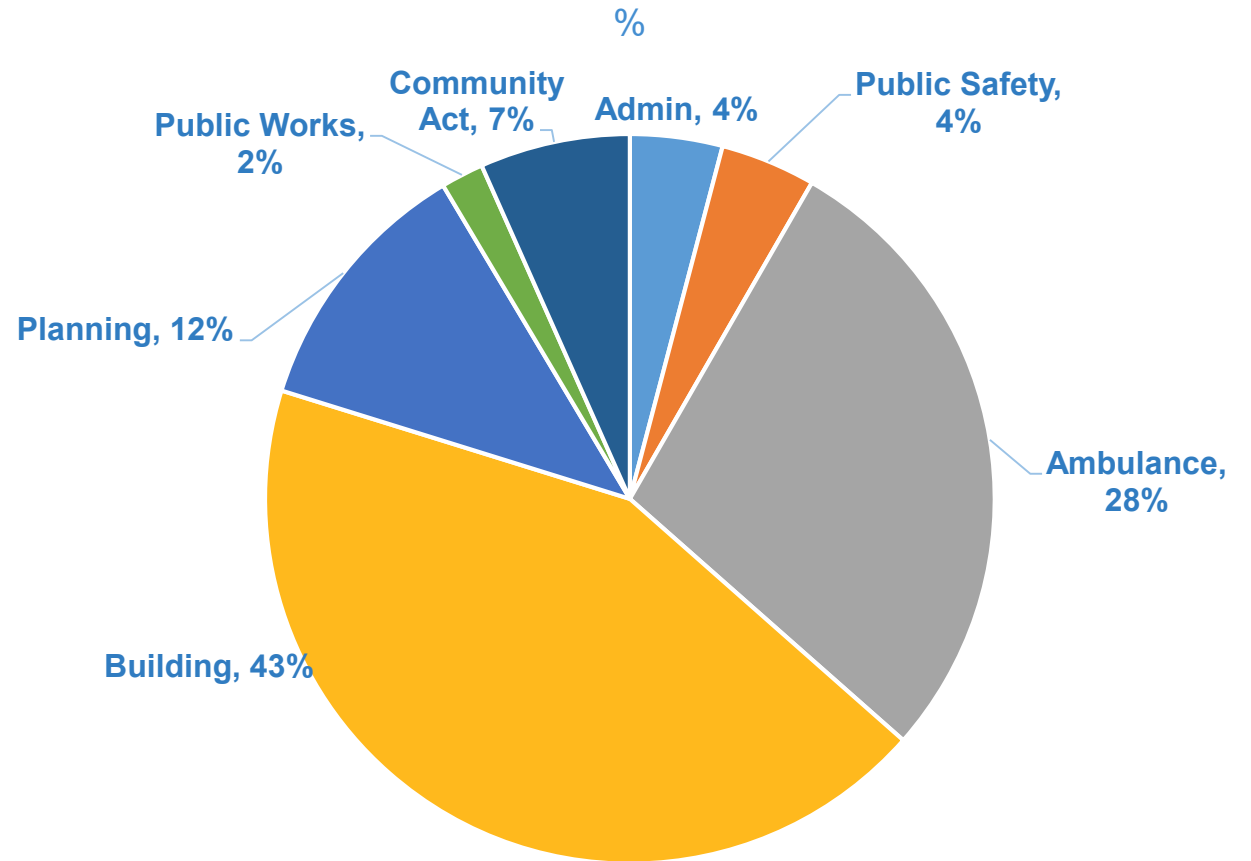
The chaos at ports, warehouses and retailers will probably persist through the year, and perhaps even longer. (New York Times)





Charges For Services - \$2.18 M

Category	FY 22-23 Budget	Percentage
Admin	\$89,500	4%
Public Safety	92,200	4%
Ambulance	616,000	28%
Building	945,700	43%
Planning	254,500	12%
Public Works	41,400	2%
Community Activities	145,500	7%
Total	\$2,184,800	100%



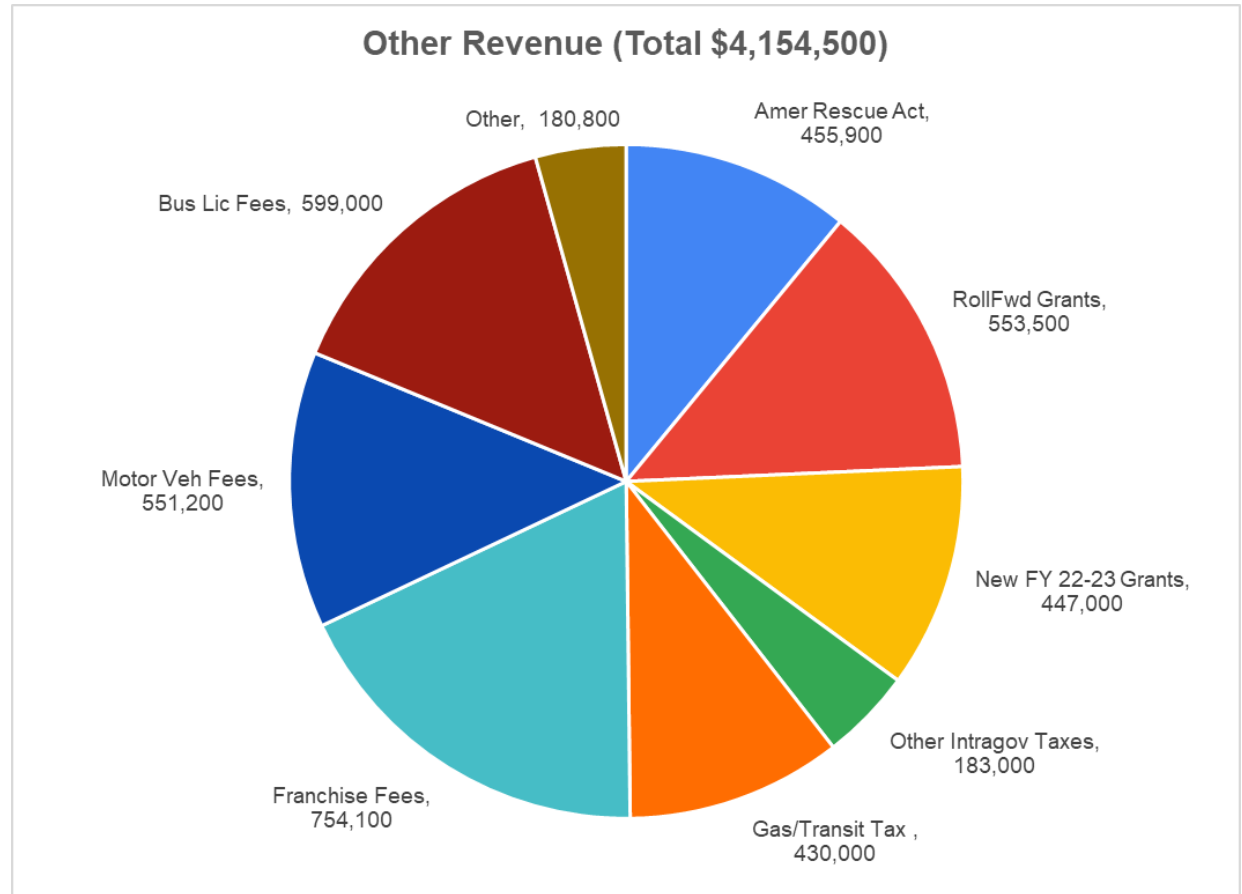
Remains stable with current year except for removing temporary outside dining fees – 3% growth over prior adopted



Other Revenue - \$4.15 M

Revenue	Amount	Gen Fund	Planning	CIP
Amer Rescue Act	455,900	455,900		
RollFwd Grants	553,500		290,000	263,500
New FY 22-23 Grants	447,000		30,000	417,000
COPS recycling	183,000	183,000		
Gas/Transit Tax	430,000			430,000
Franchise Fees	754,100	754,100		
Motor Veh Fees	551,200	551,200		
Bus Lic Fees	599,000	599,000		
Other	180,800	180,800		-
	4,154,500	2,724,000	320,000	1,110,500

Includes new grants at + \$447K as well as normal increase in intragovernmental revenue





General Revenue Outlook

- ✓ We will end FY21-22 in good form fiscally (\$2 Mil above amended budget)
- ✓ We remain diligent and cautious as our services become fully actuated and the marketplace adjusts to the eventuality of a new post pandemic normal
- ✓ What the new reality / new normal is remains to be seen:
 - Is this year's strength in sales and hotel tax a result of a reactive surge, altered travel plans & vacationing alternatives, or
 - Will trends continue unabated as an indication of permanently modified habits?
 - Fiscally we cannot weigh too heavily on either extreme
- ✓ Our tact is to remain conservative and prudently take the middle-ground



Expenditures Now Follow