



# THE CITY OF MONTEREY

## FOR IMMEDIATE RELEASE

**DATE:** April 25, 2024

**PHONE:** (831) 646-3760

**CONTACTS:** Hans Uslar, City Manager

**E-MAIL:** uslar@monterey.gov

### **COUNCIL REVIEWS FY 2024-25 BUDGET PRIMER AT STUDY SESSION Balanced Budget Reflects Council's Fiscal Stewardship, City Plans to 'Stay the Course' to Maintain Service Levels**

Monterey, Calif. – During a Study Session on April 24, 2024, the Monterey City Council received a first look at the City's projected financial position for Fiscal Year (FY) 2024-2025. The financial report projects a balanced budget, with General Fund revenues of \$105.8 million and expenditures of \$107.7 million; and the gap between expenditures and revenues addressed with one-time savings from FY 2024-25 and salary savings from vacant positions.

The projected budget reflects the community's priorities and needs, as well as feedback received from 588 respondents from a survey on the City's public engagement platform *Have Your Say Monterey* and during three listening sessions held at the Scholze Park Center in New Monterey, Monterey Public Library, and Casanova Oak Knoll Park Center. The preliminary budget proposes to fund existing service levels and additional staffing to expand hours at the Monterey Public Library to include Monday, which would result in a six-day-a-week operation at the library.

Over the past few years, the City Council has leaned into its value driver of fiscal stewardship by making investments in its reserves, which have increased by approximately \$20 million since 2020. Reserve Funds balances projected in FY 2024-25 include the Fund for Economic Uncertainty (\$21.5 million), Sports Center Reserve (\$3.1 million), Conference Center Reserve (\$3.3 million), Pension Reserve (\$7 million), Technology Reserve (\$3 million), Library Reserve (\$500,000), and Central Public Safety Building Reserve (\$500,000). The City's investment in reserves is needed to ride out future waves of uncertainty, particularly when the State of California is facing a multibillion-dollar budget deficit and some other communities are facing budget shortfalls.

During the Study Session on April 24, the City Council expressed its support for ongoing fiscal sustainability, funding existing services, building reserves responsibly, offering fair compensation to the workforce, continuing public engagement efforts throughout the year, and finding ways to build partnerships with non-profit organizations and collect donations from the public to support the Monterey Sports Center and the City's recreation programs.

Despite the positive news for the City's budget and its fiscal health, there is a sizeable list of community needs and desires that remain unfunded. One source of City revenue which remains stable is the City's revered Neighborhood and Community Improvement Program (NCIP), which designates 16% of hotel tax revenue for neighborhood and community-wide projects.

"In the 1950s and 1960s, the City built brand-new facilities that have served the public well- fire stations, the central public safety facility, library, and community centers. Over half a century later, these facilities are not only outdated but are falling into disrepair. We must make a paradigm shift in how we spend taxpayer dollars and focus on renovating facilities that currently serve our community rather than build new projects," stated City Manager Hans Uslar. "It is my hope that the Neighborhood and Community Improvement Program Committee will support projects that repair and renovate critical infrastructure that supports our neighborhoods, such as Hilltop Park Center, Fire Station 12 in New Monterey, and Fire Station 13 in Villa Del Monte."

Recent facility assessments show that Hilltop Park Center requires over \$2.1 million in repairs, while the cost of repairs for the fire stations in New Monterey and Villa Del Monte total \$2.0 million. These projects are currently under consideration by the NCIP Committee. Alternatives to utilizing NCIP funds for these projects include reducing other City services to pay for the repairs, increase other taxes, or shutting down facilities because they are no longer inhabitable. In fact, less than twelve hours following the City Council meeting, an aging water pipe at the New Monterey Fire Station broke, causing significant flooding to the building.

"We don't have a revenue problem, we have a spending problem," Uslar explained. "We must make a paradigm shift within our spending patterns. It's unsustainable to expand services and build new projects when current infrastructure is in disrepair. Our unique NCIP program, currently funded with \$10.5M, overshadows our Capital Improvement Program funded at \$2.5M. Paradigm shifts in this case means that more and more citywide projects should be funded from the NCIP. Improvements to fire stations and community within our neighborhoods are worthy neighborhood and community improvement projects."

In addition to community centers, the library, and fire stations, there are hundreds of millions of dollars in unfunded infrastructure improvements that need to be prioritized and funded over the next several years, and we will work together to implement solutions. The City Council is scheduled to receive a report on the City's Capital Improvement Program (CIP) at its Study Session on May 29, 2024.

The videorecording of the Study Session on the budget from April 24, 2024 can be viewed on YouTube at [youtube.com/cityofmonterey](https://www.youtube.com/cityofmonterey). The final proposed budget will be presented to the City Council at its evening session on June 4, 2024 at 7:00 p.m. in the Monterey City Council Chambers, 580 Pacific Street, Monterey. More information about future City Council meetings and joining online can be found on the City's website at [monterey.gov](https://www.monterey.gov).

###