

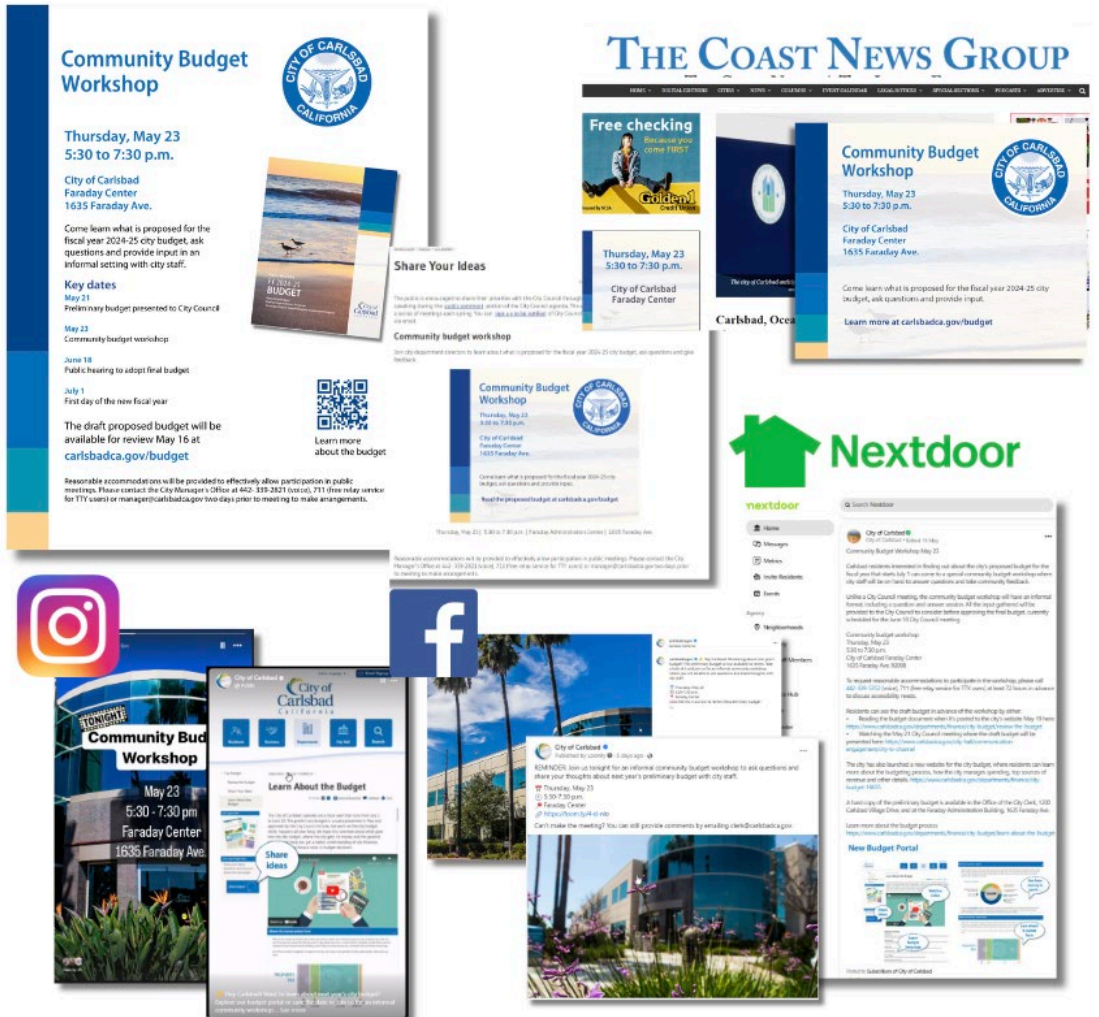
Fiscal Year 2024-25 Budget Community Workshop Summary

The City of Carlsbad held a public workshop May 23, from 5:30 to 7:30 p.m., at the Faraday Administration Center, to provide an opportunity for community members to learn about the proposed Fiscal Year 2024-25 city budget, ask questions of staff and provide feedback.

Workshop promotion

City staff promoted the workshop through the following channels:

- News release
- Print ad in the Coast News
- Digital ad on the Coast News website
- Social media posts
- Email newsletters
- City website and calendar
- NextDoor post
- Fliers at city libraries and other facilities
- Announcements during City Council meetings



Attendance

16 community members attended all or part of the workshop

13 provided verbal comments or questions

1 provided written comments

Information shared

City staff presented the same budget overview that had been presented to the City Council May 21, 2024. The presentation was broken up into two parts to allow community members to ask questions and provide comments about halfway through the meeting and again toward the end of the meeting.

Summary of questions and comments

Question: What is the plan is to make the high school safer to cross the street? My daughter attends CHS and got hit by a car at Chestnut and Highland Drive. Could high schools have crossing guards? Could there be more patrolling during school times?

Answer: The Police Department evaluates the crossing guard program every year and works with the city's transportation staff to assess needs. Typically, crossing guards are not provided at high schools because of the age of the students. However, the Police Department is providing more patrols at high schools, and if anyone notices a specific area in need, they should call the non-emergency line at 442-339-2197 so the Police Department can address the needs.

Question: The budget has increased an average of 7% over the last 10 years. We also need to increase revenue. Why was staff cut in economic development when that generates revenue?

Answer: Economic development is a top City Council priority. The city's economic development efforts are provided through a comprehensive program not an individual staff person. The city continues to have a full-time economic development manager with significant experience in the field who works with staff from throughout the city and a team of consultants to implement the program. The eliminated position focused on innovation and economic development, with about half of the position's time spent on the city's economic development program. Based on City Council direction during the presentation of the preliminary budget, the final budget presented to the City Council June 18 will reflect a reassignment of one full time senior program manager, who had previously worked in the Office of Innovation & Economic Development, to the city's economic development program. This will leave the city with two full time managers permanently assigned to the economic development program, more than the 1.5 full time equivalent positions assigned previously.

Question: Could Carlsbad leverage having a lower sales tax rate than surrounding cities to attract more economic activity?

Answer: Yes. That could attract more shoppers to Carlsbad, however staff are not aware of any data showing whether that strategy would generate significant additional revenue. It is something that could be explored.

Question: Is TOT in line with other competing cities, or could that be increased?

Answer: Carlsbad's hotel tax rate is slightly below the region's average. In October 2023, city staff presented information requested by the City Council regarding a potential TOT increase. Several hotel operators and others in the tourism industry expressed concern about increasing the rate, given that they were still managing the effects of the COVID-19 pandemic and higher across the board costs. The City Council did not give staff direction to further explore a TOT increase.

Question: Is there a possibility of bringing one or both libraries back to seven days per week? Sundays are more useful than evening hours and morning hours.

Answer: The city regularly evaluates our services to make sure we are meeting the community's needs in a way that makes the best use of taxpayer resources. Following the complete library closures due to the COVID-19 pandemic, the city gradually added back library hours and services, but we opted not to re-open Dove and Cole on Sundays (the Library Learning Center has always been closed Sundays). The reason for not re-opening on Sundays because it is much less cost-effective to open for just four hours than for a full day. Instead, we opted to add an extra six hours during the week at no additional cost by opening an hour early. Another consideration was changes in how people are utilizing library services. Since the COVID-19 pandemic, use of the library's digital resources has increased significantly, and our offerings continue to expand.

Question: If someone who lives in another city buys a car in Carlsbad, which city gets the sales tax revenue? Are there any other goods that are similar to cars in this way?

Answer: Sales tax on cars is charged at the rate in effect where the car is registered not where it is purchased. So, for example, if someone from Vista buys a car in Carlsbad, that person would pay Vista's sales tax rate of 8.25%, not Carlsbad's rate of 7.75%. Carlsbad would get the proportion of the sales tax normally allocated to the city, and Vista would get the extra 0.5%. The proportion of sales tax that goes to the city is only a small fraction of the sales tax revenue generated in its borders. Most of that revenue goes to fund state and county government services. Carlsbad gets 1 percentage point or 13% of the 7.75% generated. That means for a \$100 purchase, the total sales tax is \$7.75 and the city keeps \$1.00 of that sales tax to fund city services.

Comment: I am in favor of increasing the hotel tax more than sales tax. Carlsbad has a lot to offer to tourists.

Question: Why is the city proposing to spend \$600,000 for an upgrade to library book check out technology instead of spending that money on capital improvement projects that are being delayed? What is the benefit of the library project?

Answer: The project is needed to update the Radio Frequency Identification System, called RFID for short, which tracks all the library's books and other materials in an electronic inventory and automatically sorts materials upon return. The current system is so old that replacement parts are no longer available. Without a system like this, it would be very time consuming to check books in and out and manage the overall collection. Likewise, if it were to fail before a replacement were ready, it would cost a significant amount of staff time and greatly decrease the level of service for library users. It's important to keep in mind that many of the Capital Improvement Program projects have different funding sources than the library, which primarily uses General Fund money. For example, road improvement projects often use gas tax revenue. Water projects use money from water rates. For this reason, it's hard to swap out one project for another.

Question: The Carlsbad Village Association was looking forward to city being very innovative, so it concerns me that the Chief Innovation Officer is proposed to be eliminated. Were all other cost reduction options fully explored before making personnel cuts?

Answer: Yes. In the last few budget cycles, the city cut 2% and 3% respectively from ongoing operating expenses, which totals about \$5 million a year. Having already cut operating costs, the next step was to look at personnel costs. Our goal was to focus on reductions that would have the least effect on our core

city services, and that's how we chose the positions. Innovation continues to be a city priority, and eliminating positions is always a very difficult decision.

Question: What is the project for the billiards room at the Senior Center, and why is it needed?

Answer: The project will add controlled access to the room where billiards is played at the Senior Center. The system will include electronic key cards that are linked to the city's software that manages other memberships like the Senior Center fitness center and pool memberships. The Senior Center has had problems with people (not pool players) interrupting games and otherwise causing disturbances in this part of the facility. Creating a controlled access system will allow people to enjoy the billiards room without frequent interruptions and distractions.

Question: What is a narcotics safe system?

Answer: Fire Department personnel often need to administer various medications when providing emergency medical services. The city uses a digital system to ensure narcotics are stored securely. This system is aging and needs to be replaced with newer technology, so it continues to meet the needs of our fire personnel charged with managing controlled substances.

Question: Is the IT Department getting 17 more people?

Answer: No. A total of six positions will be moved within the Administrative Services Branch from Innovation & Economic Development to the IT Department. This is a reorganization of how city data and GIS mapping services are provided but does not represent an increase in overall staffing.

Question: Why do we plan to cut the DEI manager position? It creates the perception that diversity and inclusion are not important.

Answer: Similar to economic development, the DEI program continues to be a priority and will continue. Moving forward staff in the city's HR Department, many of whom have professional certificates in DEI, will manage the ongoing implementation of the City Council approved work plan and all areas of EIDB. Belonging and inclusion both on an internal and external level is a continued focus of our many programs. When considering which positions to bring forward for elimination, the goal was to minimize impacts to public facing services and impact positions or programs with legal, risk, liability or compliance implications.

Question: What is the intent of "just in time" CIP process? What will be the long-term impact? Won't you have more off-cycle budget increases coming forward because of it?

Answer: This only applies to certain types of projects. Critical infrastructure projects will not be included. It is intended for projects that are more discretionary in nature. Instead of allocating construction funding at the very beginning of a project, City Council will do this once the project is ready for construction. The 15-year Capital Improvement Program forecast will continue to show projected construction costs so there are no surprises. It's just the official act of appropriating the funding that will happen later. One of the reasons for the change is to provide greater transparency in our fund balances. When money has been appropriated to a project that is not scheduled to happen for 10 years, the fund balance will look much smaller. By keeping money in the fund balance, the City Council and the public will have a better understanding of the total amount of money available for projects.

Question: What is going on with workers comp? Are these legitimate claims? Should there be investigations? Is the city not providing a safe environment?

Answer: The city has a very intense safety program to keep staff safe. Many of the increases in claims are due to changes in laws about what qualifies as a workers compensation claim and increases in medical costs. Agencies throughout the nation are facing similar increases.

Question: I live in La Costa. We have many older things that aren't near city's expectations, because we were annexed from the county. How do I go about talking to someone to get these things changed? How can I add projects to the list?

Answer: You can bring forward infrastructure needs at any time, by making a comment at a City Council meeting, contacting city staff or talking with City Council members. The city prioritizes projects based on a variety of factors, including considering the age of the infrastructure and its overall condition. But that doesn't mean priorities can't be shifted if a new need comes up.

Question: Talking about general fund forecast, there is still a trending down, are we looking at a deficit in FY30? Are we doomed due to inflation?

Answer: We focus on a five-year planning horizon because further out than that becomes less accurate. And, forecasts change on a daily basis based on what's going on with the economy and other factors. It's not uncommon to see decreasing surpluses in the out years. Our projected deficit is now showing up in fiscal year 2031. This gives us time to make adjustments and strategic decisions about the budget so that we don't get to a point where we are projecting a deficit within that five-year window.

Question: What are we doing about the train tracks in the Village? And regarding the billiard room, do we have a Carlsbad foundation where someone could donate something like that?

Answer: The city doesn't control the railroad, but we are working with regional partners, SANDAG and NCTD, on a project to lower the tracks through the Village and Barrio. We have advanced some feasibility studies and have submitted a federal request to fund the design and environmental review. In terms of foundation funding, the city has many groups that help fund programs and services, like the Friends of the Library and Friends of Leo Carrillo Ranch.

Question: You have made 110 new hires in the last few years, a lot in IT or data management. Previously this was contracted out. Full time staff come with benefit costs. Why doesn't the city focus more on contracting out services? The library is closed on Sundays, and we have hired a lot of people for the homelessness program that were grant funded and now the city has to pay the cost. The Point in Time count numbers show the number of homeless people has increased by 85% so obviously something is not working.

Answer: We regularly compare the cost to provide services in house vs contracting them out. In the case of our IT Department, the technical support desk was outsourced several years ago and more recently brought back in house. The city has also centralized IT services, moving several IT staff working in departments back to the IT Department. This was done for efficiency and to improve overall service. These were not new positions to the city, just moved from one department to another.

We continue to outsource several services. For example, contractors maintain the landscaping on road medians, provide many of our camp programs and other services that are very competitive in the marketplace (which drives down costs).

We do not fund positions with grant funds, but some positions are funded through restricted funds, meaning funds that can only be used for a certain purpose. Specifically, we did not fund positions with COVID relief funding.

In terms of the effectiveness of the city's efforts to reduce homelessness and its effects on the community, the most recent Point in Time count showed increases throughout the region and higher increases in North County. The count is one measure we look at, but it does not provide a complete picture. We also measure the number of people we have transitioned into housing, the number of people who have received services, the number of encampment cleanups and other outcomes of our efforts. Homelessness is a very complex issue, and addressing our community's concerns remains a top priority. We report progress regularly to the public and the City Council. Our next update is scheduled for June 25, 2024.