



NOTICE OF MEETING

CITY OF PACIFIC GROVE
CITY COUNCIL
ERRATA SHEET



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

ERRATA SHEET

TO: HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: Sandra Kandell, City Clerk/DEI Coordinator
MEETING DATE: 02/18/2026
SUBJECT: City Council Meeting Agenda - Errata Sheet

Attached is additional information for your consideration at the **February 18, 2026** City Council Meeting:

Agenda Item	Information Provided/Corrected
8C	FY26 Q2 Interim Financial Report Link was not working correctly and is now fixed. (See attachment for ease of reference.)
11A	Service Agreement Between the City and the Elections Department as referenced in the Resolution. (See agreement attached.)
11B	Wrong attachment to agenda item. (See proposed ordinance attached.)

Attachments

8C Attachment
11A Attachment
11B Attachment

City of Pacific Grove California

Interim Budget Status Report For the Fiscal Year Ended June 30, 2026



City of Pacific Grove
300 Forest Avenue
Pacific Grove, CA 93950
www.cityofpacificgrove.org





City of Pacific Grove

Interim Financials

Fiscal Year 2025-26



Welcome Message

From the

City Manager

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Mission and Vision

- Mission: To deliver quality professional public services in the City and region
- Vision: To thoughtfully grow as an inclusive community, protecting its character

Core Values

- Leadership: Uphold the highest work ethic
- Inclusiveness: Cultivate an environment of trust
- Integrity: Safeguard public trust
- Collaboration: Promote transparent engagement
- Stewardship: Protect our natural environment

Focused Priority Areas and Goals

- Recreation: Robust and accessible activities
- Infrastructure: Maintain community assets
- Stewardship: Implement sustainable practices
- Housing: Diversity affordable opportunities

City Council Fiscal Year 2025-26

Mayor:	Nick Smith
Councilmembers:	Joe Amelio, Mayor Pro Tempore
	Cynthia Garfield
	Lori McDonnell
	Chaps Poduri
	Tina Rau
	Paul Walkingstick

The City of Pacific Grove presents its interim financials for Fiscal Year 2025-26.

This report presents the City's overall financial condition in an easy to read format for all users, focusing on major revenues and expenses by major fund type.



Matthew Mogensen
City Manager

Summary of Annual Report

This report is an interim financial update on the City's various funds, including its General, Sewer, Local Water and Cemetery funds, as presented in more detail in the City's adopted budget for FY 2025-26.



Audit Opinion / Awards for Excellence

The City has received a "clean" unmodified audit opinion for its prior audited financial reports, and a Certificate of Achievement for Excellence in Financial Reporting (COA) from the Government Finance Officers Association (GFOA). In addition, the City has received awards for excellence for its operating budget from GFOA and the California Society of Municipal Finance Officers. These awards focus on providing quality documents that are easy to understand by the public.

Social Media for the City

Website: cityofpacificgrove.org

Facebook: [CityofPacificGrove](https://www.facebook.com/CityofPacificGrove)

X/Twitter: [@PacificGrove](https://twitter.com/PacificGrove)





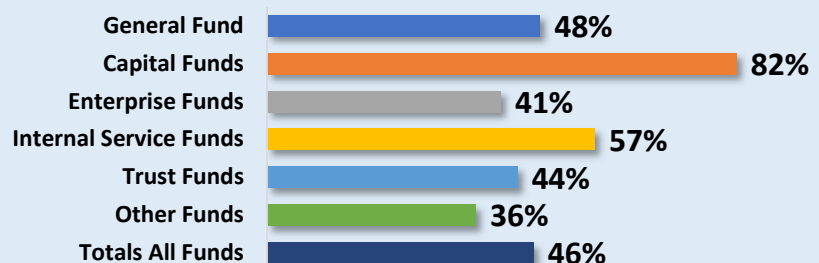
Revenues by Fund - FY 2025-26 (Unaudited)
Through December 2025
50% of Budget Year Complete

Fund	Revenues				Working Capital	
	Revised Budget	YTD	YTD % of Budget	Prior YTD	Projected Change for Fiscal Year	Projected Ending Reserves *
Main Fund - Fund 01	\$ 32,759,400	\$ 15,923,268	49%	\$ 16,159,860	\$ (1,982,147)	\$ 15,468,441
Other Funds Included	1,027,610	139,144	14%	27,119	(110,640)	61,089
General Fund	33,787,010	16,062,412	48%	16,186,979	(2,092,787)	15,529,530
Capital Projects	\$ 506,682	\$ 414,521	82%	\$ 434,475	(959,003)	1,428,690
Capital Funds	506,682	414,521	82%	434,475	(959,003)	1,428,690
Local Water Project	1,288,746	852,745	66%	904,380	263,641	(127,082)
Cemetery	580,902	239,567	41%	322,488	(267,207)	766,398
Sewer	4,099,809	1,468,432	36%	474,059	(2,157,874)	7,952,625
Golf	956,538	255,565	27%	229,922	(70,144)	881,890
Sewer Lateral Loans	3,908	2,568	66%	6,652	3,908	185,482
Enterprise Funds	6,929,903	2,818,877	41%	1,937,501	(2,227,676)	9,659,313
Employee Benefit	316,299	153,516	49%	134,210	3,599	65,661
Worker's Compensation	925,299	595,216	64%	358,640	8,351	614,952
Liability Insurance	753,944	390,950	52%	385,072	(128,223)	930,712
Internal Service Funds	1,995,542	1,139,682	57%	877,922	(116,273)	1,611,326
Library	13,141	8,555	65%	22,537	13,141	610,620
Cemetery	121,734	53,739	44%	109,019	121,734	2,411,891
Yount	8,000	-	0%	23,292	-	807,008
Trust Funds	142,875	62,294	44%	154,848	134,875	3,829,519
Library / Poetry	101,677	66,137	65%	73,994	14,277	332,397
Museum	8,073	3,998	50%	12,429	(8,927)	289,456
Public Safety	821,890	385,029	47%	381,597	(120,319)	458,245
Housing	48,956	31,273	64%	25,725	(131,927)	531,633
Streets	1,935,351	384,901	20%	747,344	(2,294,918)	(348,907)
Lighthouse	126,917	63,093	50%	68,104	(60,966)	163,206
Community Development/CDBG	41,957	13,789	33%	30,593	(241,444)	477,797
ARPA	-	-	0%	29,269	-	73,216
Downtown/Hospitality Districts	561,700	289,087	51%	291,468	-	58,804
Cable Franchise / Other	62,750	111,019	177%	97,423	(118,441)	251,833
Other Funds	3,709,271	1,348,326	36%	1,757,946	(2,962,665)	2,287,680
Totals All Funds	\$ 47,071,283	\$ 21,846,112	46%	\$ 21,349,671	\$ (8,223,529)	\$ 34,346,058

* Excludes Proposed Adjustments and Rollovers

Analysis: Q2 Revenues are slightly lower than budget primarily due to low Measure X and Golf concession receipts, both of which the majority are received in Q3.

Budgeted Revenues / YTD % of Budget - By Fund Type





Expenses by Fund - FY 2025-26 (Unaudited)
Through December 2025
50% of Budget Year Complete

Fund	Expenses					
	Revised Budget	YTD	YTD % of Projected	Purchase Orders	YTD % with POs	Prior YTD
Main Fund - Fund 01	\$ 34,741,547	\$ 15,987,637	46%	\$ 5,014,648	60%	\$ 16,238,061
Other Funds Included	1,138,250	2,614	0%	11,000	1%	12,933
General Fund	35,879,797	15,990,251	45%	5,025,648	59%	16,250,994
Capital Projects	\$ 1,465,685	\$ 368,394	25%	\$ -	25%	\$ 407,016
Capital Funds	1,465,685	368,394	25%	-	25%	407,016
Local Water Project	1,025,105	446,228	44%	260,541	69%	969,444
Cemetery	848,109	423,317	50%	21,401	52%	362,006
Sewer	6,257,683	1,378,554	22%	2,087,049	55%	1,887,527
Golf	1,026,682	698,458	68%	-	68%	425,245
Sewer Lateral Loans	-	-	0%	-	0%	-
Enterprise Funds	9,157,579	2,946,557	32%	2,368,991	58%	3,644,222
Employee Benefit	312,700	153,064	49%	-	49%	208,363
Worker's Compensation	916,948	480,016	52%	-	52%	623,812
Liability Insurance	882,167	639,502	72%	5,446	73%	642,631
Internal Service Funds	2,111,815	1,272,582	60%	5,446	61%	1,474,806
Library	-	-	0%	-	0%	-
Cemetery	-	-	0%	-	0%	-
Yount	8,000	4,000	50%	-	50%	6,637
Trust Funds	8,000	4,000	50%	-	50%	6,637
Library / Poetry	87,400	38,800	44%	13,033	59%	19,962
Museum	17,000	40,749	200%	-	200%	58,809
Public Safety	942,209	447,379	47%	128,833	61%	453,667
Housing	180,883	45,553	25%	-	25%	55,570
Streets	4,230,269	867,473	21%	608,903	35%	739,558
Lighthouse	187,883	52,946	28%	-	28%	59,156
Community Development/CDBG	283,401	15,066	5%	39,000	19%	12,615
ARPA	-	-	0%	-	0%	709,185
Downtown/Hospitality Districts	561,700	263,387	47%	-	47%	185,977
Cable Franchise / Other	181,191	62	0%	2,200	1%	97,493
Other Funds	6,671,936	1,771,415	27%	791,969	38%	2,391,992
Totals All Funds	\$ 55,294,812	\$ 22,353,199	40%	\$ 8,192,054	55%	\$ 24,175,667

Analysis: Q2 Expenses are slightly lower than budget. Individually significant items are as follows:

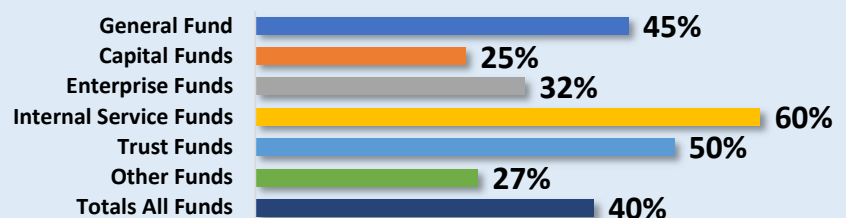
Sewer: \$2.1M CIP budget rollover with minimal expenditures in the current year.

Streets: \$1.0M CIP budget rollover with slightly lower CY expenditures compared to PY.

RMRA: \$386k CIP budget rollover with no expenditures in the current year.

Capital Projects: \$815k CIP budget rollover, expenditures are around 50% of original budget.

Budgeted Expenses / YTD % of Budget By Fund Type





General Fund Revenues - FY 2025-26 (Unaudited)
Through December 2025
50% of Budget Year Complete

Revenue Account	Revised Budget	YTD Revenues	YTD % of Budget	Year End Projection	Prior YTD Revenues	Prior YTD % of PY Actual
Property Taxes	\$ 11,022,700	\$ 6,144,359	56%	10,599,000	5,875,919	55%
Sales Taxes	6,353,575	2,372,293	37%	6,457,000	2,195,542	35%
Business License/Cannabis Taxes	1,214,530	506,880	42%	1,412,000	250,586	84%
Franchise Taxes	1,650,400	312,593	19%	1,704,000	300,113	19%
Utility User Taxes	2,183,500	893,321	41%	1,916,000	987,804	41%
Transient Occupancy Tax	7,239,984	3,354,131	46%	7,155,000	3,155,220	45%
Litter Abatement	210,000	58,625	28%	219,000	54,407	26%
Construction Permits	932,200	554,807	60%	1,735,000	374,745	36%
Zoning Enforcement	206,000	234,745	114%	575,000	84,091	39%
Plan Check Fees	606,700	317,254	52%	477,000	334,591	60%
Parking Meters	351,200	177,369	51%	329,000	182,200	50%
Water Entitlements	287,600	58,170	20%	25,000	1,391,433	86%
Interest Earned	843,002	890,222	106%	334,000	1,298,820	200%
Investment Market Value Gain/Loss	-	278,997	200%	133,000	740,000	200%
Indirect Cost Reimbursement	3,175,200	1,626,310	51%	3,175,200	1,835,219	200%
Total Major Revenues	36,276,591	17,780,076	49%	36,245,200	19,060,690	57%
Total General Fund Revenues	33,787,010	16,062,412	48%	33,756,000	23,947,210	72%

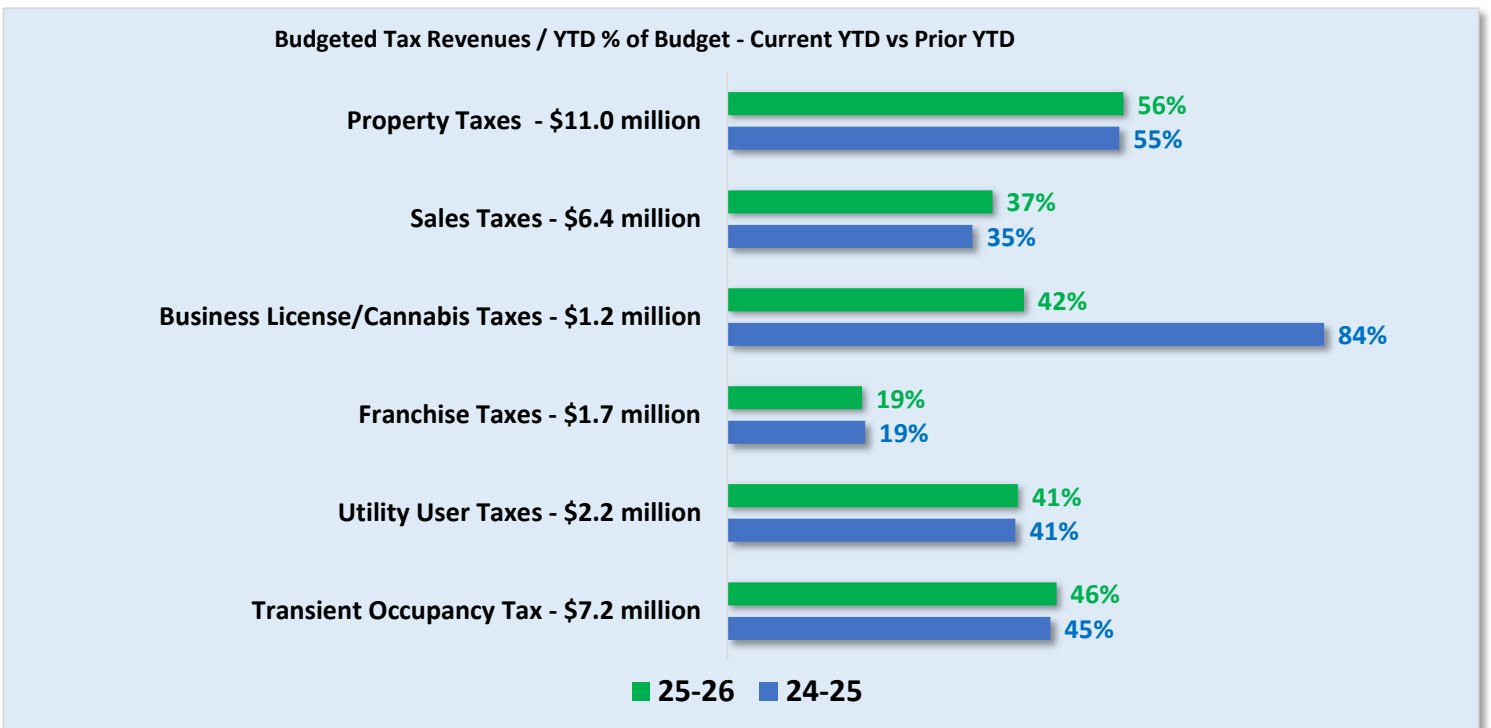
FY 2023-24 Tax Revenues	Property Taxes	Sales Taxes	BL/Other	Franchise	Hotel Taxes	Utility
	10,135,764	5,975,031	697,772	1,635,968	6,730,240	2,118,068

Analysis: Q2 Revenue is slightly lower than budget primarily due to:

1. Low Franchise Tax receipts, as quarterly payments have not yet been received,

And was offset by:

1. Investment Market Value Gain/(Loss), which is not a budgeted item due to unpredictable nature of markets.

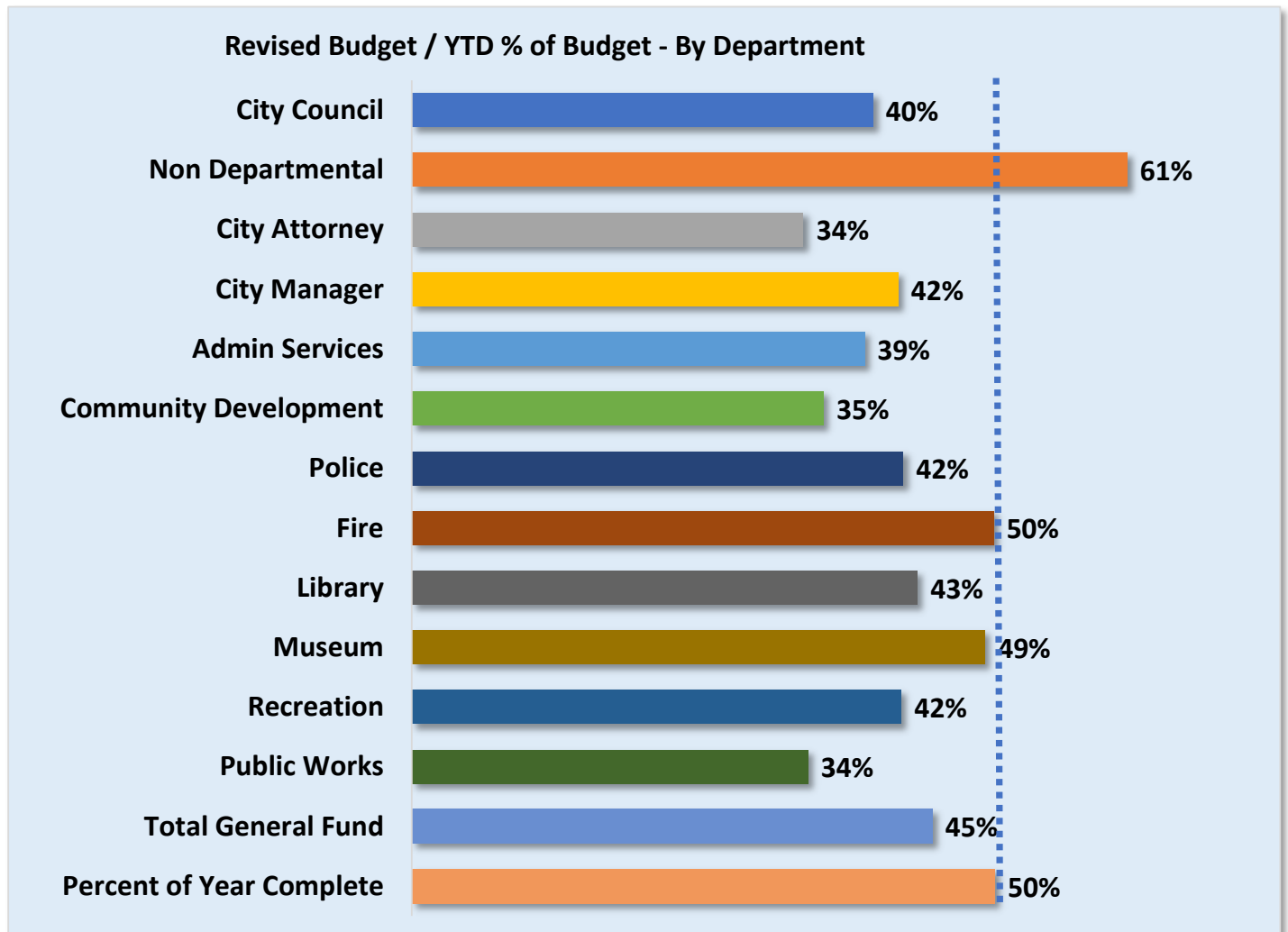




General Fund Expenses (including Transfer) by Department - FY 2025-26 (Unaudited)
Through December 2025
50% of Budget Year Complete

Department	Revised Budget	YTD Expenditures	YTD % of Budget	PY YTD % of PY Budget	Outstanding Purchase Orders	YTD % with POs	Year End Projection
City Council	\$ 276,365	\$ 109,286	40%	0%	\$ -	40%	\$ 276,000
Non Departmental	7,034,619	4,315,321	61%	0%	-	61%	7,035,000
City Attorney	915,000	307,231	34%	78%	401,764	77%	915,000
City Manager	1,651,679	688,850	42%	68%	19,196	43%	1,650,000
Admin Services	2,699,548	1,048,138	39%	59%	100,287	43%	3,900,000
Community Development	2,439,321	861,059	35%	72%	962,738	75%	2,400,000
Police	7,981,343	3,364,078	42%	56%	5,429	42%	8,000,000
Fire	3,899,497	1,945,290	50%	47%	2,885,350	124%	3,890,000
Library	1,200,659	520,931	43%	53%	9,372	44%	1,200,000
Museum	424,493	208,729	49%	55%	188,000	93%	424,000
Recreation	1,810,832	760,165	42%	66%	6,367	42%	1,871,000
Public Works	5,491,191	1,866,069	34%	76%	447,142	42%	5,311,000
Total General Fund	\$ 35,824,547	\$ 15,995,148	45%	58%	\$ 5,025,646	59%	\$ 36,872,000

Analysis: Q2 expenses are slightly lower than budgeted due to Public Works, Police, Community Development, and Admin Services operating under budget. Non Departmental is high due to a \$1.5M PERS P.O.B. payment made at the beginning of the year.

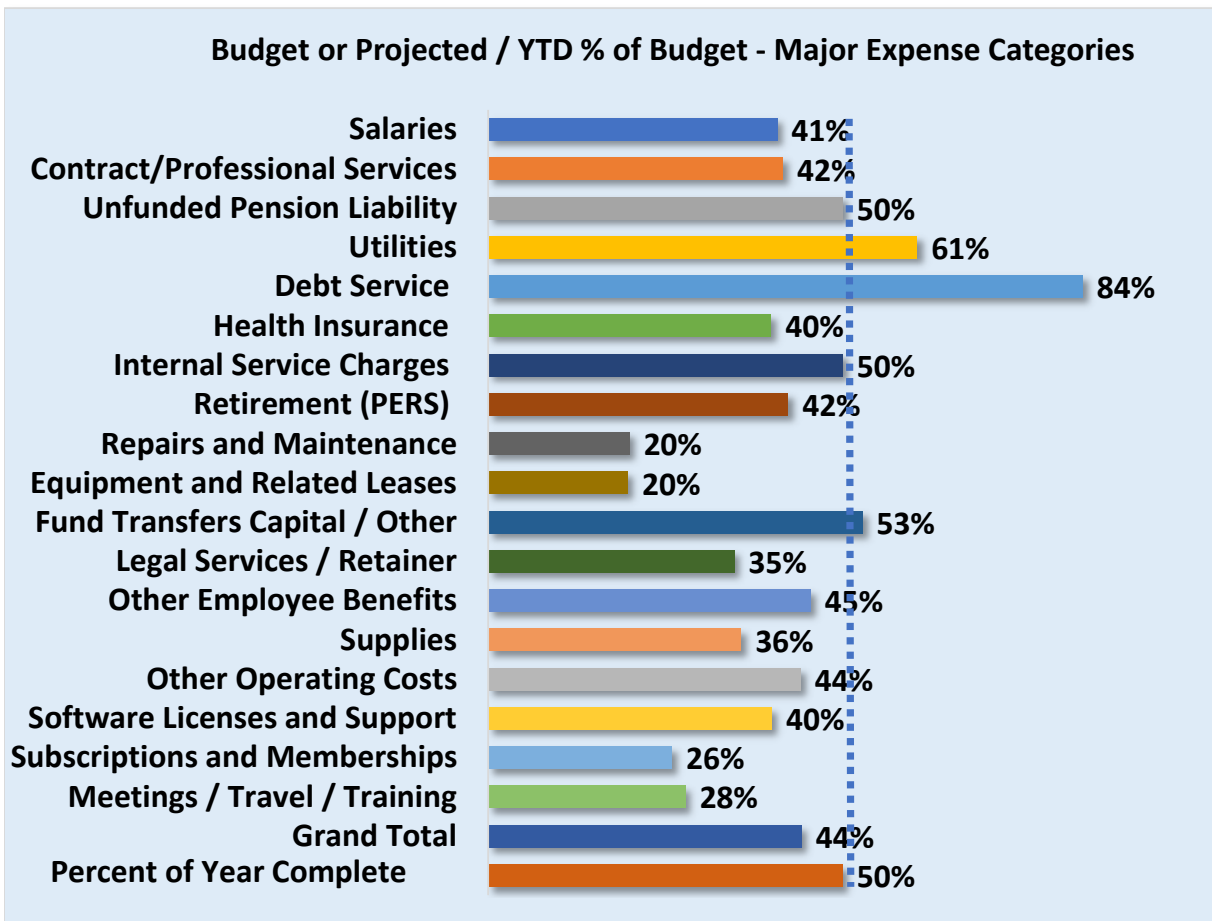




General Fund Expenditure Report - FY 2025-26 (Unaudited)
Through December 2025
50% of Budget Year Complete

Expense Line Item	Revised Budget	YTD	YTD % of Budget	Purchase Orders	YTD % with POs
Salaries	13,111,870	5,350,281	41%	-	41%
Contract/Professional Services	9,839,129	4,092,466	42%	5,179,106	94%
Unfunded Pension Liability	5,000,757	2,500,379	50%	-	50%
Utilities	2,290,053	1,386,364	61%	-	61%
Debt Service	1,965,415	1,648,530	84%	-	84%
Health Insurance	1,796,817	717,634	40%	-	40%
Internal Service Charges	1,472,000	736,000	50%	-	50%
Retirement (PERS)	1,269,249	537,344	42%	-	42%
Repairs and Maintenance	1,201,392	239,417	20%	305,482	45%
Equipment and Related Leases	1,175,071	231,503	20%	44,948	24%
Fund Transfers Capital / Other	1,150,600	607,682	53%	-	53%
Legal Services / Retainer	996,000	345,984	35%	413,869	76%
Other Employee Benefits	718,328	326,805	45%	-	45%
Supplies	623,050	222,353	36%	37,213	42%
Other Operating Costs	554,819	244,570	44%	8,273	46%
Software Licenses and Support	413,069	165,299	40%	10,510	43%
Subscriptions and Memberships	288,650	74,807	26%	-	26%
Meetings / Travel / Training	212,500	59,163	28%	-	28%
Grand Total	44,078,769	19,486,581	44%	5,999,401	58%

Analysis: Q2 expenditures are below budget primarily due to savings in Salaries and Professional Services. Debt Service represents a \$1.5M PERS P.O.B. payment made at the beginning of the year.





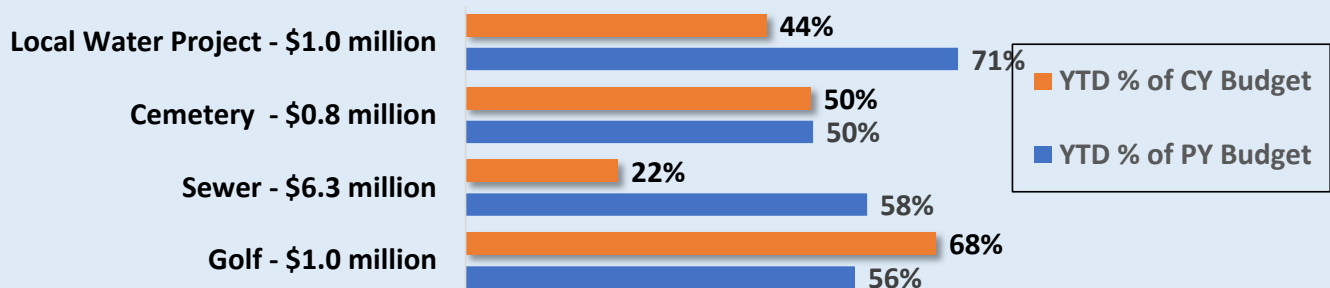
Expense Report by Object - Enterprise Funds - FY 2025-26 (Unaudited)
Through December 2025
50% of Budget Year Complete

Fund / Expense Line Item	CY BUDGET	CY Expenses	% CY Budget	PY Budget	PY Expenses	% PY Budget
Local Water Project	1,025,105	446,228	44%	1,360,925	969,444	71%
Supplies And Services	25,000	-	0%	25,000	1,467	6%
Contract Services	425,656	253,287	60%	419,476	193,570	46%
Fund Transfers	-	-	0%	350,000	175,000	50%
Indirect And ISF Charges	41,000	20,500	50%	50,000	25,000	50%
Debt Service	206,449	-	0%	206,449	-	0%
Project Utilities	327,000	171,428	52%	310,000	574,407	185%
Bad Debt Expense	-	1,013	0%	-	-	0%
Cemetery Fund	848,109	423,317	50%	720,349	362,006	50%
Services And Supplies	88,700	31,524	36%	114,650	29,790	26%
Salaries And Benefits	350,409	154,401	44%	315,699	119,387	38%
Indirect Costs And Isf Charges	169,000	84,500	50%	169,000	84,500	50%
Utilities	240,000	152,892	64%	121,000	128,329	106%
Sewer Fund	6,257,683	1,378,554	22%	3,250,050	1,887,527	58%
Debt Service	87,814	44,782	51%	89,689	43,907	49%
Other Operating Costs	356,769	32,303	9%	238,069	69,019	29%
Capital Improvements	3,206,414	304,960	10%	622,052	747,448	120%
Employee Salaries	789,214	289,785	37%	637,237	362,327	57%
Contract Services	407,000	163,530	40%	374,725	139,952	37%
Employee Benefits	211,176	77,210	37%	174,278	88,612	51%
Indirect Cost / ISF Charges	430,000	215,000	50%	423,000	211,500	50%
Maintenance Services	516,000	99,010	19%	450,000	102,896	23%
Unfunded Pension Liability	153,296	76,648	50%	141,000	70,500	50%
Utilities	100,000	75,325	75%	100,000	51,367	51%
Golf Fund	1,026,682	698,458	68%	755,057	425,245	56%
Capital Projects And Equipment	128,000	50,096	39%	108,000	16,850	16%
Services And Supplies	15,000	50	0%	30,000	-	0%
Debt Service	272,097	112,154	41%	272,057	135,955	50%
Utilities	23,019	14,413	63%	20,000	12,770	64%
Indirect Cost Allocation	20,000	10,000	50%	20,000	10,000	50%
Utilities	568,566	437,492	77%	305,000	249,670	82%
Bad Debt Expense	-	74,253	0%	0	-	0%
Grand Total	9,157,579	2,946,557	32%	6,086,381	3,644,222	60%

Analysis: Q1 Enterprise Fund Expenses are slightly higher than budget primarily due to:

1. LWP - Contract Services: Operations & Maintenance are higher than budgeted.
2. Sewer - Capital Improvements: CY expenses higher than budget due to work on PY approved projects \$2.1M budget rollover in Q2. Contract Services: \$233k Lift Station Maintenance encumbrance. Maintenance Services: \$400k Sewer Line Maintenance encumbrance.
3. Golf - Utilities: July through September are the highest water-use months.

CY Budget or Projected / YTD % of Budget - By Fund

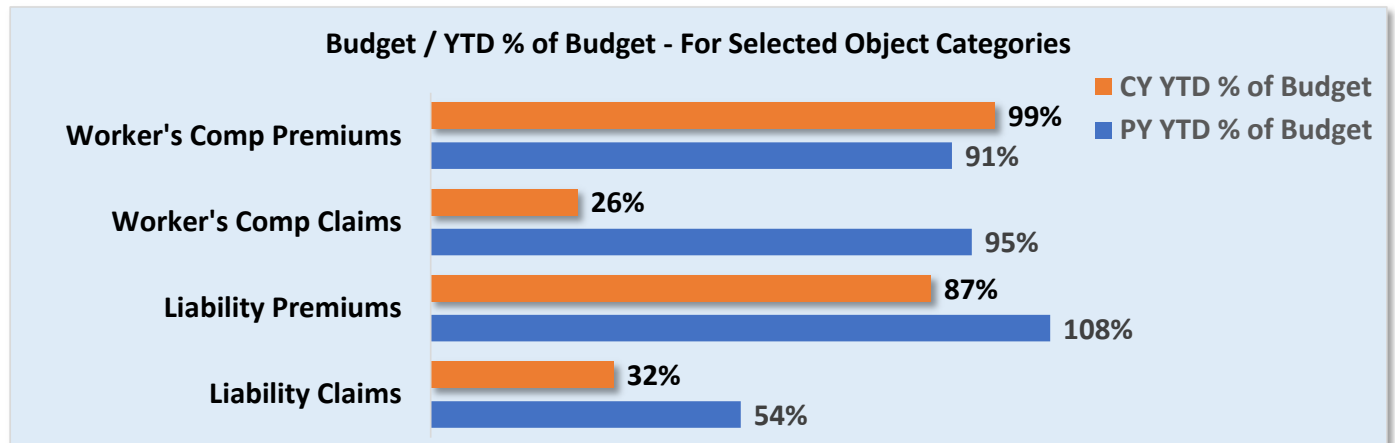
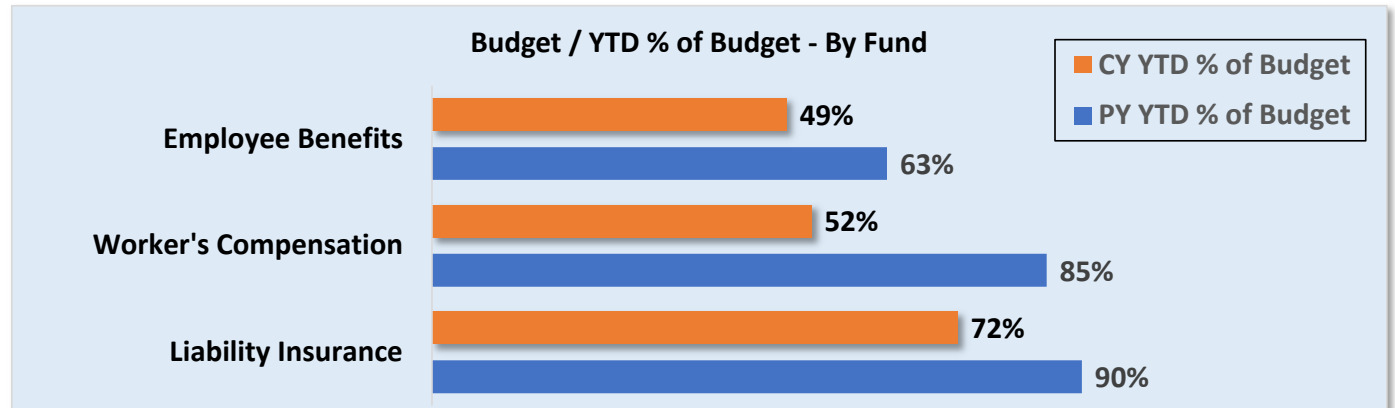




Internal Service Funds Expense Report - FY 2025-26 (Unaudited)
Through December 2025
50% of Budget Year Complete

Fund / Expense Line Item	CY BUDGET	CY Expenses	% CY Budget	PY Budget	PY Expenses	% PY Budget
Employee Benefit Fund	312,700	153,064	49%	332,000	208,363	63%
Other Costs	95,500	59,511	62%	89,000	51,835	58%
Health Benf. Reimbrmst	5,200	19,892	383%	57,000	18,956	33%
Health Insurance Cost	209,000	67,474	32%	183,000	138,061	75%
Unemployment Claims	3,000	6,187	206%	3,000	(488)	-16%
Workers Compensation	916,948	480,016	52%	735,949	623,812	85%
Services And Supplies	25,000	150	1%	25,000	6,713	27%
Salary And Benefits	72,948	36,811	50%	55,949	8,113	15%
Insurance Premiums	319,000	314,693	99%	305,000	277,919	91%
Insurance Claims	500,000	128,362	26%	350,000	331,068	95%
Liability Insurance	882,167	639,502	72%	717,003	642,631	90%
Services And Supplies	40,200	150	0%	39,200	10,820	28%
Salaries And Benefits	64,967	15,304	24%	49,803	12,870	26%
Insurance Premiums	677,000	592,065	87%	515,000	557,706	108%
Insurance Claims	100,000	31,983	32%	113,000	61,235	54%
Grand Total	2,111,815	1,272,583	60%	1,784,952	1,474,806	83%

Analysis: Q2 Internal Service Fund Expenses are higher than budget primarily due to:
Workers Compensation - Insurance Premiums: Paid up front at the beginning of the year.
Liability Insurance - Insurance Premiums: Paid up front at the beginning of the year.



Other Related Information for Insurance Funds:

Recommended Reserve Levels:	75% of outstanding liabilities for Insurance ISF Funds
Self Insured Retention Amount:	\$150,000 per occurrence (WC) / \$200,000 per occurrence (GL)
New Claims for Quarter:	↓ 2 (9 compared to 11 in same quarter of prior fiscal year)
Claims Outstanding:	↑ 2 (37 compared to 35 in same quarter of prior fiscal year)



City of Pacific Grove, California

Fund Numbers and Descriptions

General and Capital Project Funds

General Fund - Accounts for funds not accounted for and reported in another fund, including the following subfunds:

- General Fund (01)
- Civic Center (14)
- Drug Awareness (21)
- Asset Seizure (22)
- Stillwell Children's Pool (24)
- Youth Center Donation (25)
- Operating Donations (31)
- Vehicle Replacement (32)
- Storm Water (44)
- Small Business Assistance (48)
- Reiko Koo Estate Donation (93)

Capital Projects (63) - Accounts for capital projects funded fully or in part by discretionary General Fund revenues.

Enterprise Funds

Cemetery (75) - Accounts for revenue from El Carmelo Cemetery site sales and the Little Chapel lease.

Local Water Project (74) - Accounts for the reclamation plant's operation, treatment, and sale of recycled water.

Sewer (76,78) - Accounts for the City's sewer operations and maintenance (76) and provides funds for sewer lateral loans (78).

Golf Course (77) - Accounts for the concessionaire leases for the golf course, property improvement costs, and debt service.

Internal Service Funds:

Employee Benefit (70) - Accumulates contributions from departments to pay for a variety of employee benefit costs.

Workers' Compensation (71) - Accumulates contributions from departments to pay for premiums, claims and administrative costs.

Liability Insurance (72) - Accumulates contributions from departments for claims, legal costs, and insurance premiums.

Trust (Permanent) Funds

Library (85) - Retains donations and bequeaths for the benefit of Library materials and collections.

Cemetery (86) - Accounts for perpetual expenses; and preservation of burial sites, grounds, paths, roadways and structures.

Yount (90) - Supports beautification of the City and minor improvements to education or recreational facilities.

Other Funds

Library / Poetry (7,11,40) - Accounts for funds to support the promotion of poetry and library improvements and equipment.

Museum (8) - Accounts for donations designated for improvements to the City's museum of natural history.

Public Safety (12,42-45) - Accounts for funds in support of fire and police safety programs, SRO and 911 services and equipment.

Housing (15,28,36) - Accounts for affordable housing activities for residents and seniors and supports loans for affordable housing.

Streets (17-20,47) - Accounts for Gas and RMRA taxes, Measure X, and other grant funds for street maintenance and improvements.

Lighthouse (27) - Supports the operation at the Point Pinos Lighthouse including staffing, supplies, maintenance and improvements.

Community Development/CDBG (5,34,55) - Accounts for Community Development Block Grants and other department activities.

ARPA (84) - Accounts for funds received and expenditures from the American Rescue Plan Act provided by the federal government.

Downtown/Hospitality Districts (9-10) - Funds support the Chamber of Commerce and Convention/Visitor's Bureau operations.

Cable Franchise / Other (6, Other) - Funds programming on public access television (PEG) and other donations and grants, including:

- ASBS Grant (79)
- Coastal Conservancy Grant (69)
- Operating Grants (30)
- Yount Income (41)
- Strong Disbursements (46)
- Carillon Fund (03)
- Chautauqua Hall (26)
- Mcindoo Donation (92)



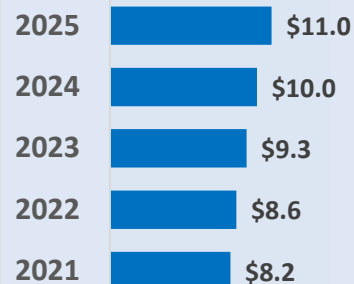
City of Pacific Grove

General Fund Revenue Overview

Information related to major revenues categories is provided within this section. All graphs are in millions.

Property Taxes

Property tax revenues are received in December and April, with a minor amount in June. Proposition 13 sets FY 75-76 assessed values as the base year, with a growth rate limited to 2% for future years. The County Assessor also reappraises each real property parcel when there are purchases, construction, or other statutorily defined changes in ownership. Proposition 13 limits the property tax to 1% of each property's full value, plus additional percentages for voter approved indebtedness. The City receives approximately sixteen cents of every dollar of property tax. Variations can result from timing differences, changes in assessed valuations, new developments and property sales during the year.



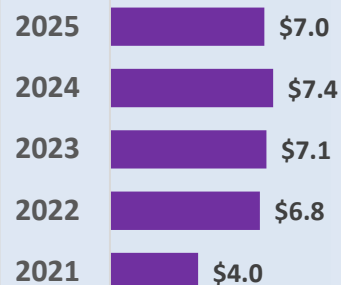
Sales Tax

Voters approved Measure A, a new 0.50% transaction and use tax. This increased the combined sales tax rate to 9.25% in October 2022. The General Fund portion of the City sales tax is comprised of a 1% Bradley-Burns statutory sales tax rate; and Measure U, a 1% transaction and use tax that was approved by voters in 2008. Restaurants and Hotels are the largest providers of sales tax to the City, followed by businesses in the building and construction category and from the County/State sales tax pool. Variances can occur annually resulting from timing differences, changes in car sales and online purchases, the two largest categories of its use tax, and from variances in tourism in the area.



Transient Occupancy Tax (TOT)

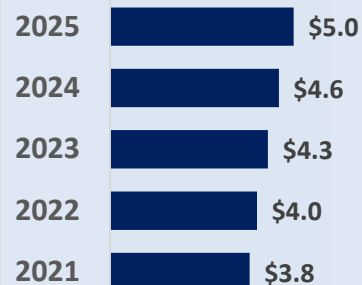
TOT is a lodging tax received on a monthly basis that is collected on overnight rental accommodation stays of 30 consecutive days or less. In 2010, the City updated its municipal code and began collecting TOT on residential or short-term rental properties (STRS). In Fiscal Year 17/18, the City approved an ordinance to reduce the number of short-term rentals, effective April 30, 2019. A one-time lottery was also conducted that eliminated 51 STR licenses to meet the ordinance's new density requirements. In November of 2018 voters approved Measure U, increasing the TOT rate to 12%. This increased tax was partially offset by Measure M, eliminating STRs outside of the Coastal and Commercial zones. Variances can be affected by timing differences and changes in room and hotel occupancy rates.



Other Taxes

The City imposes a utility users' tax on residents and businesses that utilize water, gas, electricity, telephone, and cable services. This tax is assessed at a rate of 5% of the amount charged by the utility; and it is paid by the person consuming the service. The amount of revenues received is affected by timing differences and updates to the underlying rate structures or new development projects.

The City grants franchises to utilities to construct, maintain, lay infrastructure, or operate transportation on or over streets, alleys, lanes, or other public places within the City. New franchises or their renewal are levied a tax of at least 2% if gross annual receipts from franchises within the City.



The City charges a business license tax on entities doing business within the City. The tax rate is based upon gross receipts of the previous calendar year, with a minimum annual tax of \$15 and a maximum of \$3,000. The tax is payable on July 31st of each year along with a business improvement district assessment of 35% of the tax. The amounts can vary annually due to timing differences and periodic external audits and changes in business activity.



City of Pacific Grove

Departmental Expenditure Overview / Variance Analysis

Note that expenditures for most operating departments include amounts budgeted for personnel costs, including allocations for payment of the City's unfunded pension liability, meeting and travel costs (except the City Attorney, Fire and Museum departments, operated on a contract basis), and internal service charges for support provided by other departments. In addition, most departments include allocations for utilities and contracted professional services. Note that variances for departments frequently can occur due to vacancies, timing differences in the payment for items, unexpected repairs and delays in projects, and higher than anticipated increases in costs for products and services. The departments' budgets also include the following expense categories,

General Fund

City Council – Includes annual association memberships

City Attorney – Includes the legal retainer and contract legal services

City Manager – Includes economic development and human resources programs and consultants

Administrative Services – Includes contracted technology services, bank fees, leases for equipment and cloud based services, communication / phone services, software licenses, computer equipment / support and repairs

Community Development – Includes contracted building, planning and dept legal professional services, bank fees, advertising for bidding, leases for equipment and cloud based services and software licenses

Police – Includes dept legal services, communication / phone services, bank fees, safety and computer equipment / support, vehicle fuel and dept related debt service payments and fund transfers

Fire – Includes contracted fire services, repairs, fire prevention services and dept related debt service / transfers

Library – Includes new library books, leases for equipment and cloud based services and building repairs

Museum – Includes the operation of the museum and building repairs

Public Works – Includes maintenance of buildings, equipment, grounds and trees, street cleaning, maintenance of the fleet, leases for equipment and cloud based services, supplies and services and communication charges

Recreation - Includes bank fees, advertising for recreation programs, building repair and operating supplies

Enterprise / Internal Service Funds

Local Water Project – Funds equipment and its debt service payments. This fund may exceed budget by year end due to higher than expected utility costs

Cemetery – Includes its staffing and for operating supplies

Sewer– Funds maintenance, equipment and vehicle repairs, equipment, supplies, capital and debt service

Golf – Includes operations, improvements and for its debt service.

Employee Benefit – Includes contributions for various employee benefits

Worker's Compensation / Liability Insurance – Funds claims, administration and insurance premiums

See additional details on capital expenditures for these funds in the City's separate quarterly capital project report.

Other Funds

Several of the City's funds will require mid-year adjustments due to the carryover of several capital projects from Fiscal Year 2024-25 to Fiscal Year 2025-26. These include the following funds:

- Museum (Fund 08)
- Local Streets / Roads (Fund 17)
- ARPA (Fund 84)
- RSTP / TAMC Transportation (Fund 20)
- Lighthouse (Fund 27)
- Road Maintenance RMRA (Fund 47)
- General Fund Capital Projects (Fund 63)
- Sewer (Fund 76)

SERVICE AGREEMENT FOR THE PROVISION OF ELECTION
SERVICES BETWEEN CITY OF PACIFIC GROVE AND
COUNTY OF MONTEREY ELECTIONS DEPARTMENT

JUNE 2, 2026

This Agreement, entered into this _____ day of _____ 2026, by and between CITY OF PACIFIC GROVE and County of Monterey Elections Department (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 PACIFIC GROVE (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 consolidating with the **June 2, 2026, Statewide Direct Primary Election**, requesting the Department to conduct the election for the City on said date and requesting election related services of the Department of which the City agrees to reimburse 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 as applicable.
- 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 information that shall be included in the local voter information guide 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 City to file primary arguments (300 words) and impartial analysis with the Department shall be no later than **MARCH 12, 2026**. The last day for the City to file rebuttal arguments (250 words) with the Department is **MARCH 19, 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.
- 6) The City shall be responsible for all legal notices and publications related to filing deadlines with the City.

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 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 any and all 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 **JUNE 2, 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 **JUNE 2, 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 the 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

ORDINANCE NO. 26-000

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE
AMENDING THE CALHOME REUSE EXPENDITURE BUDGET
FOR FISCAL YEAR (FY) 2025-26**

FACTS

1. The City Council approved the Fiscal Year 2025-26 Budget on June 18, 2025.
2. It is customary to amend the budget to adjust expenditures to reflect updated information since the adoption of the Fiscal Year 2025-26 Budget.
3. Staff is recommending an amendment to the Fiscal Year 2025-26 Budget to reflect an opportunity to rehabilitate and preserve housing for the fiscal year budget.
4. The City has an adopted CalHome Reuse loan program, Fund 36, that provides loans to qualifying homeowners to rehabilitate and make their single-family dwellings safe.
5. The City has received an application for a loan from this program to rehabilitate an existing owner occupied single-family dwelling in need of repairs that will make it safe and habitable, and the owner of this property has been found to meet all qualifying criteria for this program.
6. This rehabilitation project has been found to meet and comply with all the requirements of the CalHome Rehabilitation Loan Program.
7. There are sufficient funds in the CalHome Reuse fund reserves to support this budget amendment.
8. The City Council has determined it is appropriate to amend the approved budget for FY 2025-26 to increase the CalHome Reuse Fund expenditure budget, allowing for issuance of a simple interest loan for a project that will rehabilitate and make safe an owner-occupied single-family dwelling.
9. Pursuant to Charter Article 15, an amendment of the budget must be approved by ordinance.
10. A summary of the Ordinance, approved by the City Attorney, was published on February XX, 2026.
11. In the enactment of this ordinance, the City followed the guidelines adopted by the State of California and published in the California Code of Regulations, Title 14, Section 15000, et seq.
12. Enactment of this ordinance action does not constitute a “project” as defined by California Environmental Quality Act (CEQA) Guidelines Section 15378 because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE DOES
ORDAIN AS FOLLOWS:**

SECTION 1. The foregoing facts are adopted as findings of the City Council as set forth fully within the body of this ordinance.

SECTION 2. The Fiscal Year 2025/26 expenditure budget for the CalHome Reuse Program, Fund 36, is hereby amended as follows:

Fund	Beginning Expenditure Fund Balance	Available Reserves	Reserve Transfer	Ending Expenditure Fund Balance
36	\$24,000	\$273,086	\$199,000	\$223,000

SECTION 3. In accord with Article 15 of the City Charter, this ordinance shall become effective upon adoption hereof.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE this XXth day of February, 2026, by the following vote:

AYES:
NOES:
ABSENT:

APPROVED:

NICK SMITH, Mayor

ATTEST:
DATED:_____

SANDRA KANDELL, City Clerk APPROVED

AS TO FORM:

ALEX LORCA, City Attorney