



CITY OF
CARPINTERIA

Town Hall

City Update: Moving Our City Forward

June 4, 2026

Michael Ramirez, City Manager

Overview

- Survey Results So Far
- Council Priorities
- Transparency & Accountability
 - Funding Decision Framework
- City Financial Overview
 - How the City Obtains Revenues
 - Community Choices for the Future
 - Top Deficit Drivers
 - Strategies for Managing a Structural Deficit
 - General Fund Revenues & Expenditures
- What's Next
- Q&A Portion by City Departments



How did City priorities rank?



- **PUBLIC SAFETY:** Maintain sheriff services, keep neighborhoods safe, and support emergency 911 response. **(AVG: 2.36)**
- **STREETS & ROADS:** Repair streets, fix potholes, maintain sidewalks, and keep emergency routes in good condition. **(AVG: 2.42)**
- **FISCAL PRIORITIES:** Retain and attract local small businesses, and maintain financial sustainability and transparency. **(AVG: 3.0)**
- **EMERGENCY PREPAREDNESS:** Reduce wildfire risk with brush management, maintain and repair storm drains to prepare for and mitigate flooding, and enhance emergency response to natural disasters. **(AVG: 3.1)**
- **PARKS & PROGRAMS:** Maintain safe and clean local parks and recreational facilities, maintain library hours, and support valued senior and youth programs. **(AVG: 3.15)**

*of 436 responses (as of 6/3/26)

What Residents love

“What do you like most about living in Carpinteria?”



*of 436 responses (as of 6/3/26)

Council Priorities

1. Enhance public outreach, education, and transparency
2. Maintain Carpinteria's small town beachside town character
3. Enhance quality of life for residents
4. Maintain fiscal sustainability of the City





Financial Transparency

- **Awards and Recognition:**

- Operating Budget Excellence Award – California Society of Municipal Finance Officers (CSMFO)
- Excellence in Financial Reporting – Government Finance Officers Association (GFOA)

- **Financial Practices:**

- Monthly Treasurer's Report
- Expenditure list (bi-monthly)
- List of agreements executed by the City Manager
- Monthly Finance Committee meetings
- Independent annual audit

- **More information:** carpinteriaca.gov/budget



Funding Decision Framework

Before allocating resources, adding staff, extending contracts, or funding new initiatives, the City evaluates:

1. Legal and Regulatory Requirements

- Is the activity required by federal, state, or local law?
- Is it necessary to maintain compliance with permits, mandates, or regulations?

2. Council Priorities and Strategic Goals

- Does the expenditure support adopted Council priorities?
- Does it advance strategic plan objectives?

3. Service Level Impacts

- What impact would approval or reduction have on community services?
- Can service levels be maintained through alternative approaches?



Funding Decision Framework

Continued

4. Operational Efficiency

- Can the work be performed more efficiently through process improvements, technology, or organizational changes?
- Are there opportunities to eliminate duplication or consolidate functions?

5. Staffing and Contracting Evaluation

- For vacancies, is the position still needed as currently structured?
- Can responsibilities be redistributed, reclassified, or contracted?
- For contracts, has the scope been reviewed and market pricing evaluated?

6. Financial Sustainability

- Is there a sustainable funding source?
- What are the long-term budget implications?



Economic and Financial Overview



Economic & Financial Overview

Key Financial Realities

1. Expenditure Growth Continues to Outpace Revenue Growth

- Structural deficit remains the City's primary long-term financial challenge.
- Public safety and other core service costs continue to increase faster than ongoing revenues.
- Salary and benefit costs remain one of the City's largest expenditure categories. Annual CPI-based adjustments contribute to ongoing cost growth, while helping the City remain competitive in attracting and retaining qualified employees.

2. Operational Efficiencies Remain Important

- Vacancies, contracts, and service delivery models are continually evaluated.
- Efficiencies extend available resources and improve service delivery.

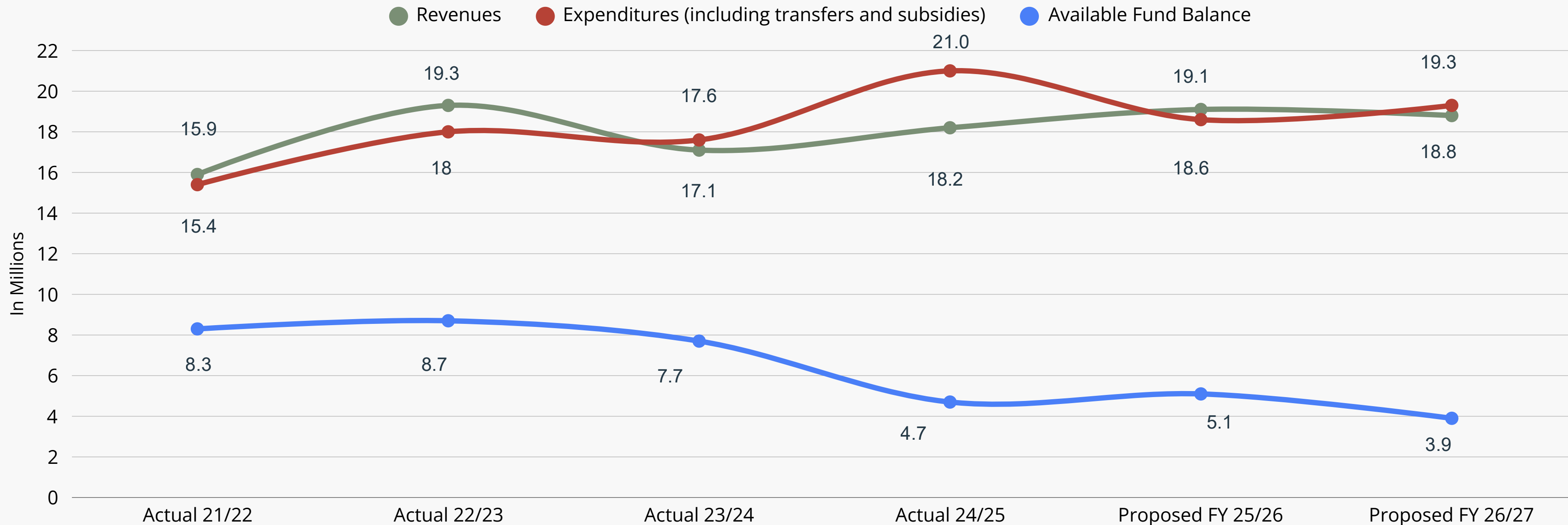
3. Revenue Growth Is Generally Incremental

- Municipal revenues are influenced by economic conditions, voter-approved tax rates, property tax regulations, and development patterns.
- Revenue growth often occurs more gradually than expenditure growth.

4. Long-Term Fiscal Sustainability Requires Ongoing Monitoring

- The Mid-Cycle Review provides an opportunity to assess trends, adjust assumptions, and make informed decisions before challenges become more significant.

Ongoing Revenues & Expenditures



Expenditures include the Sheriff's contract. The contract's current cost exceeds revenue from any single City revenue source, including each of the top three revenue categories.

Top 3 City Revenue Sources

Sales Tax



- Generated by local retail purchases by local residents and visitors
- Carpinteria's sales tax rate is 9%. Combined sales tax revenue has remained essentially flat: \$5.97M in FY23 to \$5.92M in FY25 — while cumulative inflation rose approximately 10% over the same period.
- City of Carpinteria currently receives 2.25% of all sales tax generated (General Sales Tax of Bradley Burns & Measure X).

Transit Occupancy Tax



- Generated by hotel and short-term lodging stays.
- Tied to tourism and visitor activity.
- COVID-impacted FY20, but rebounded strongly up 15.5% in FY25.
- City of Carpinteria received \$3.7M in 2025.

Property Tax



- Generated by residential and commercial property values
 - Prop 13 restrictions
 - Assessed values capped at 2%/year until sale.
- City of Carpinteria currently receives \$3.3M of property taxes a year.



City of Carpinteria Annual Budget

The top 3 City revenue sources
bring in ~86% of revenue combined

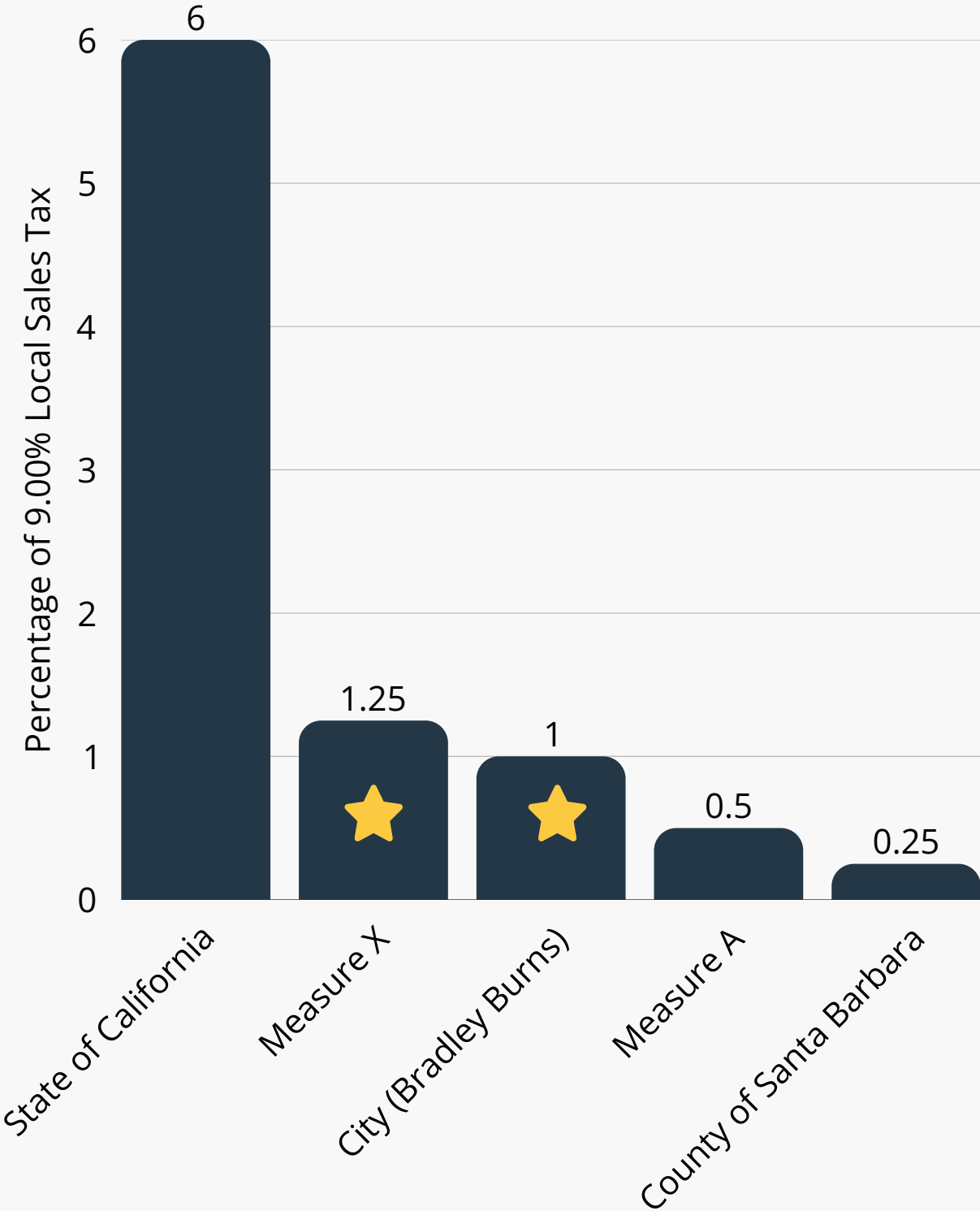
The remaining 14% is comprised of miscellaneous sources including charges for services, interest, fines and forfeitures, business licenses, permits, and grants.

****Sheriff's contract exceeds any single one of the City's top three revenue sources.**

How Much of Your **Sales Tax** Goes to the City?

Currently 9.00% in Carpinteria

Location	Percentage Received
State of California	6%
Measure X (City)	1.25%
City (Bradley Burns)	1%
Measure A	0.50%
County of Santa Barbara	0.25%
Total Sales Tax Percentage in Carpinteria	9.00%



Property Tax Revenue Distribution in Carpinteria

Top 5 Recipients of Property Tax Revenue

Location	Percentage Received	Revenue Received in FY 25/26
Carpinteria Unified School District	30.2%	\$10.5 M
Santa Barbara County General	18.9%	\$6.6 M
Education Revenue Augmentation	14.2%	\$5 M
Carpinteria-Summerland Fire Protection District	13.1%	\$4.5 M
City of Carpinteria	9.4%	\$3.3 M

Property Tax = 1% of assessed property value*
of the 1%, the City receives 9.4%

*Plus any voter-approved bonds (e.g., school or special district bonds)

In general, Prop 13 caps annual increases at 2% (until ownership change)

Community Choices for the Future

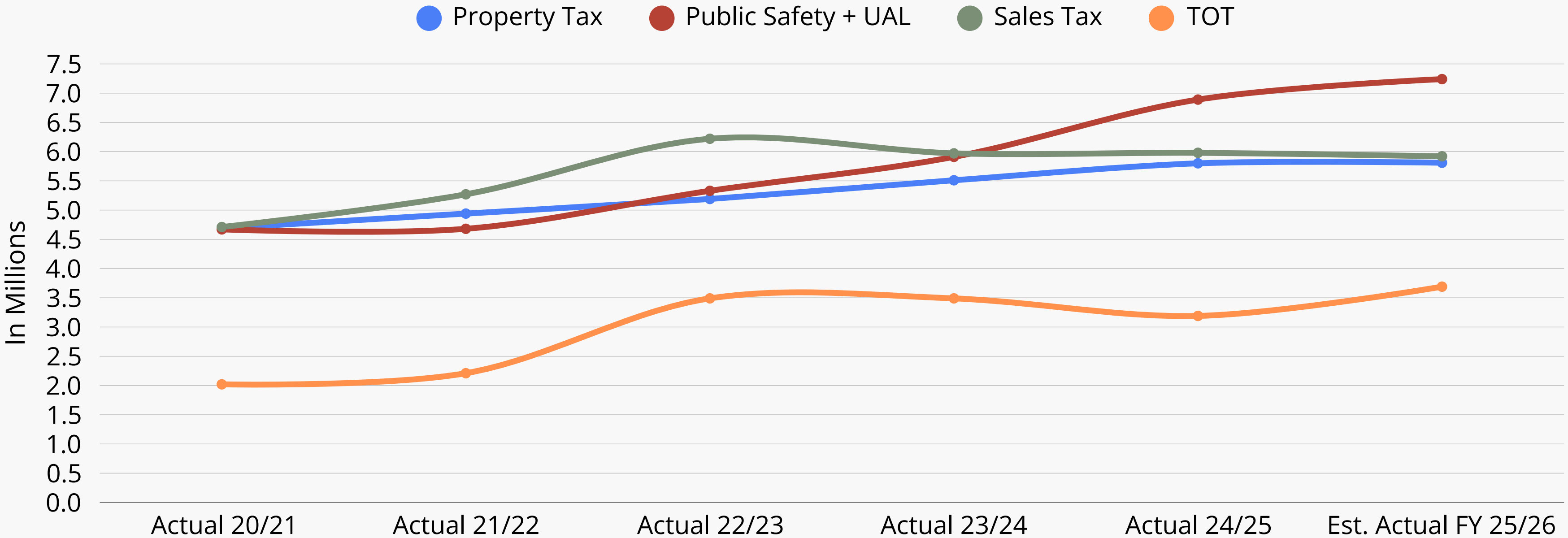
- Our community prioritizes quality of life, neighborhood character, and a smaller-scale commercial environment.
- This means:
 - No major big-box retail centers
 - Few large hotels or resort properties
 - No auto dealerships
 - Limited large-scale commercial development
- **Financial Implications:** While these choices help preserve community character, they also limit opportunities to generate additional sales tax and transient occupancy tax revenue compared with cities that have larger retail, hospitality, and auto sales sectors.

Top Deficit Drivers

Deficit Driver	Detail
Public Safety Contract (Sheriff) & UAL	City has limited direct control, as rates are set by County of Santa Barbara. Has risen ~61% from FY 21-FY25
CalPERS Pension Obligations	Contributions rose from \$686K (FY16) to \$1.36M(FY25)- a 98% increase. Net pension liability stands at \$10.6M. Employer rate now 13.05% (misc.)- actuarilly driven
Revenue Growth Limitations	Prop 13 caps property tax growth at 2% year. Sales tax is flat in real terms. No major revenue source since Measure X (2019). Growth requires voter approval.
Deferred Infrastructure Backlog	\$24M+ in streets and roads alone (2022 CIP). Without dedicated investment, costs will continue to compound. Deffered maintenance costs 4-5x more when addressed as emergency repairs
Personnel Cost Growth	Wages/benefits rising ~5% a year. City already below regional market (2021 Compensation Study). Salary freeze risk: talent loss in a tight labor market accelerates costs long-term.
Assessment District Revenue Stagnation	Districts not updated in 30 yeras. Two Prop 218 ballots failed in 2025-26. General Fund continues to subsidize for services that should be district funded.

Cost of Sheriff's Services Relative to City Revenues

Public safety cost is growing fastest of all tracked categories. Costs have grown over 60% since FY 21-25, nearly triple CPI inflation, driven by Santa Barbara County Sheriffs Contract.



Public safety costs are projected to reach \$7.1M by FY 2027

Sheriff's contract exceeds any single one of the City's top three revenue sources.



Strategies for Managing a Structural Deficit

Improve Efficiency

- Technology investments
- Competitive bidding
- Regional partnerships

Use of One-Time Resources

- Available fund balance
- Grants
- Fines

Manage Staffing Growth

- Strategic use of professional and contract services
- Strategic use of technology to create operating efficiencies
- Creation of career paths

Strategies for Managing a Structural Deficit

Adjust Service Levels

- Reduce operating hours
- Less frequent maintenance cycles
- Delayed capital projects
- Reduced programming
- Lower service standards

Encourage Economic Growth

- Support local business growth
- Tourism promotion
- New developments

Consider New Revenue Sources

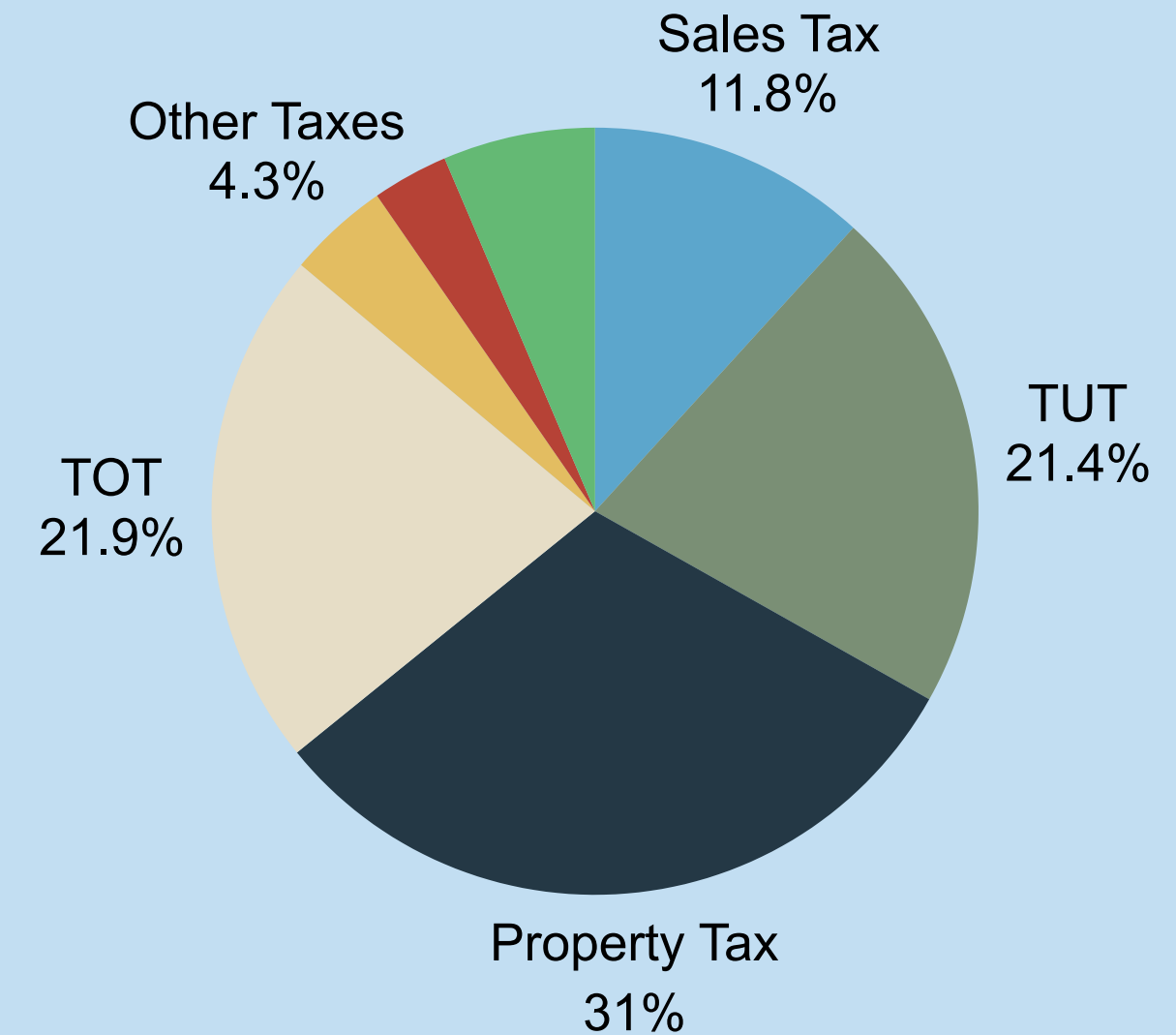
- Sales tax measures (considering)
- Transient Occupancy Tax increases (done)
- Updated assessment districts (attempted)
- Business License Tax rate restructuring
- Parcel taxes

General Fund Revenue Summary

(including Measure X)

\$ Millions	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Proposed	FY 2027 Proposed
Sales Tax- Bradley Burns 1.00%	\$2.2	\$2.2	\$2.1	\$2.2	\$2.2
Transaction & Use Tax - Measure X 1.25%	3.8	3.8	3.8	3.9	4.0
Property Tax	4.9	5.2	5.4	5.6	5.8
Transient Occupancy Tax	3.5	3.2	3.7	4.0	4.1
Other Taxes	0.8	0.8	0.8	0.8	0.8
Charges for Services	0.3	0.4	0.7	0.8	0.6
Other Revenues	2.3	1.6	1.7	1.6	1.2
Transfers-In & Subsidies	1.7	-	-	0.2	-
Total General Fund Revenues	\$19.3	\$17.1	\$18.2	\$19.1	\$18.8

FY 2027 Proposed Revenue



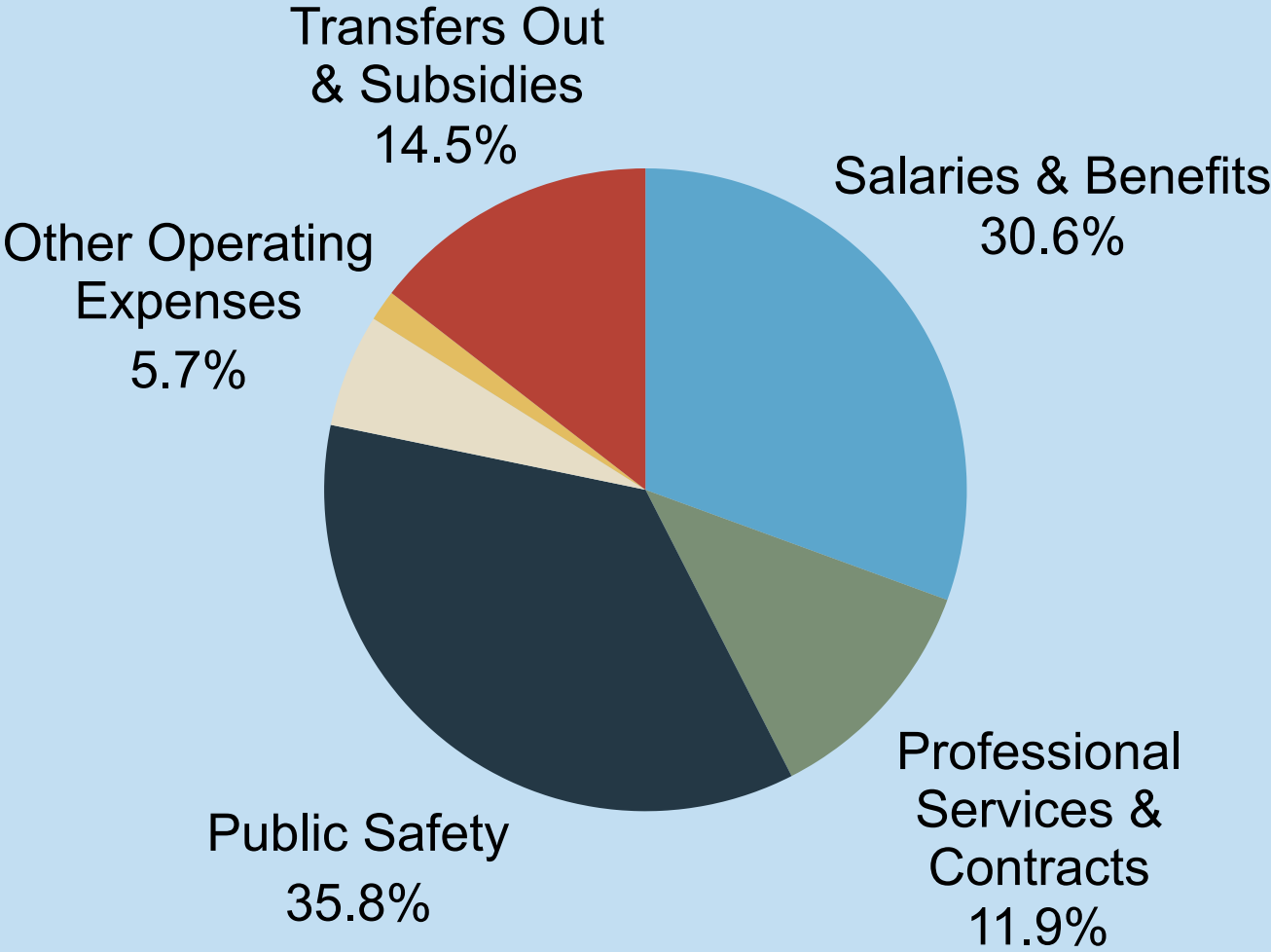
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General Fund Expenditure Summary

(including Measure X)

\$ Millions	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Proposed	FY 2027 Proposed
Salaries & Benefits	\$4.2	\$4.5	\$5.2	\$5.9	\$5.9
Professional Services & Contracts	2.2	1.7	1.7	2.5	2.3
Public Safety	5.1	6.1	6.2	6.6	6.9
Other Operating Expenses	0.7	0.8	0.8	1.0	1.1
Other Non-Operating & Capital Expenses	0.3	0.3	0.5	0.3	0.3
Transfers Out & Subsidies	5.5	4.2	6.6	2.3	2.8
Total General Fund Expenditures	\$18.0	\$17.6	\$21.0	\$18.6	\$19.3

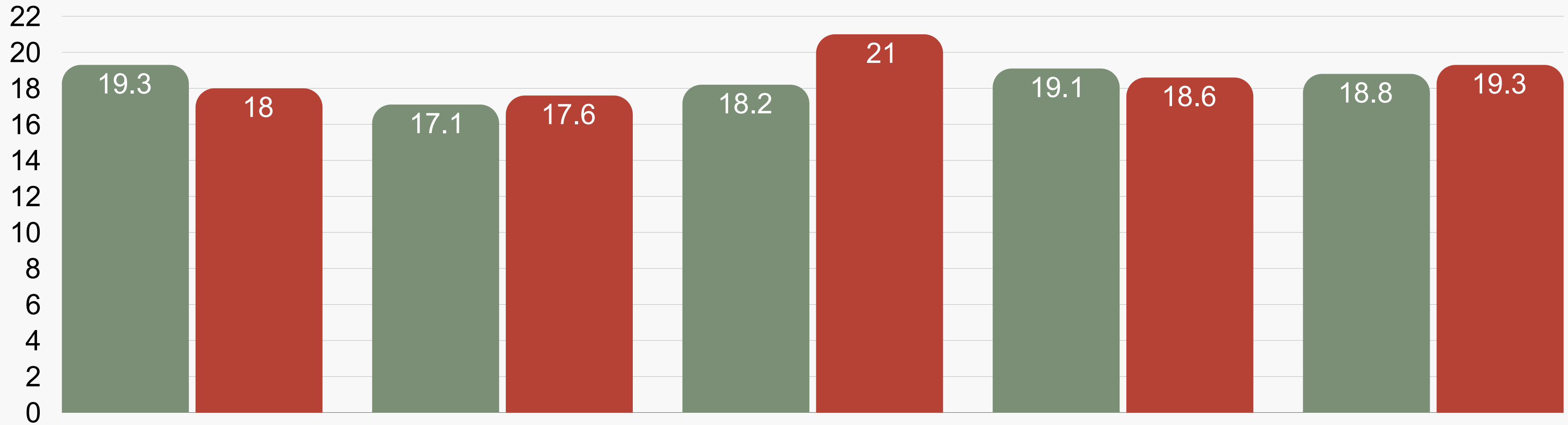
FY 2027 Proposed Expenditures



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General Fund (including Measure X) Overview

● Revenues ● Expenditures



FY 2023 Actual
Fund Balance
Increase \$1.3m

FY 2024 Actual
Fund Balance
Usage \$0.5m

FY 2025 Actuals
Fund Balance
Usage \$2.8m

FY 2026 Proposed
Fund Balance
Increase \$0.5m

FY 2027 Proposed
Fund Balance
Usage \$0.5m



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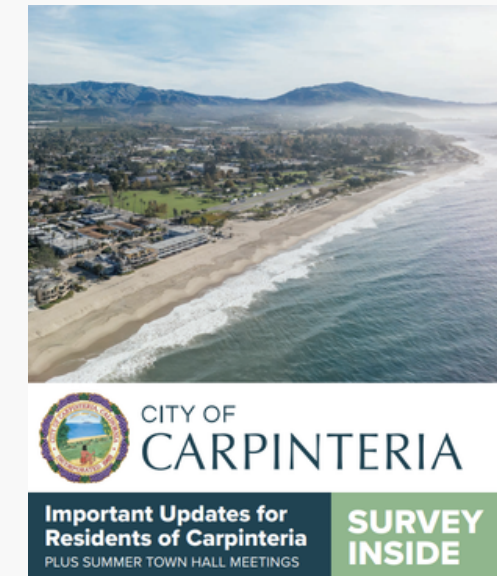
What's next?

Next Steps

- 5-Year Financial Plan
- 5-Year Capital Improvement Plan
- Asset Management Plan
- Pavement Management Plan
- Union Negotiations
- Sheriff Contract Negotiations
- 2-Year Budget & Strategic Plan

How to Get Involved or Learn More

- **Attend a City Meeting**
 - City Council held every second and fourth Monday of the month
- **Take the City Survey**
 - carpinteriaca.gov/communityinput
- **Review the City Budget and Supporting Documents**
 - Monthly Treasurer's Report
 - Expenditure list (bi-monthly)
 - List of agreements executed by the City Manager
 - Monthly Finance Committee meetings
 - Independent annual audit
 - Available at carpinteriaca.gov/budget





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Question & Answer Portion

The following supplemental slides were not shown during the Town Hall but are included to provide additional context and answer questions raised.



June 22, 2026: Council Will Make a Decision about a Potential 2026 Ballot Measure

- One option being discussed is a (0.25%) Sales Tax, generating \$700,000 annually.
- Sales tax in Carpinteria is paid by all residents & out-of-town visitors.
 - Groceries and prescriptions would be exempt.
- Directly addresses the City's structural deficit **but does not solve the challenge entirely.**

Overtime: Staffing for the Expected & Adapting to the Unexpected

Why occasional overtime costs less than permanent extra staffing



OPTION A – 7-DAY STAFFING

- Full crew on standby every weekend
- Staff often idle — no incidents occur
- Higher year-round payroll cost
- Benefits, training, equipment for added positions

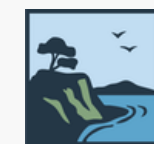


OPTION B – ADAPTIVE APPROACH

- Mon–Fri staffing covers typical demand
- On-call overtime for nights, weekends, emergencies
- City pays only when a need actually exists
- Lower total cost to taxpayers

Common overtime scenarios: Water main or leak after hours | Traffic signal outage
| Storm event or debris clearance | Facility emergency or public safety

FY25/26 overtime budget: not to exceed \$20,000 — less than one FTE



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Consultants: the right expertise, at the right time

Specialized help when needed instead of permanent overhead

SITUATION	HIRE	CONSULTANT
Needed every week, year-round	✓	
Peak surge periods only		✓
Highly specialized, rarely used		✓
Cost borne by applicant, not city		✓

WHO PAYS FOR CONSULTING SERVICES?

Applicant:

- Plan check review
- Environmental review

City:

- Communications
- Strategic planning
- Construction management
- Grant writing

The City uses consultants like a homeowner uses a plumber — specialized expertise brought in only when it's needed.

Reading the budget: same numbers, different lenses

The City's budget can be viewed by fund, department, or program — each a valid lens, each telling the same story differently. The same dollar can appear to change depending on which view you're looking at.

ALL FUNDS VIEW

Shows every dollar the City manages — including grants, fees, and restricted funds. Staffing may appear higher because it includes positions funded by outside sources.

GENERAL FUND VIEW

Shows only discretionary spending — what the City controls directly. Positions funded by fees or grants do not appear here. The "true" tax-dollar cost.

BY PROGRAM/DEPT

Shows spending by service area. A single position may appear across multiple programs if it serves more than one function.

BUDGET VIEW	WHAT YOU SEE	WHAT IT ACTUALLY MEANS
All Funds	\$125,000	Full salary — every funding source combined
General Fund	\$50,000	40% of this role funded by tax dollars
By Program (Solid Waste)	\$75,000	60% of this role funded by AB939 solid waste fees — no general fund impact