

**LINKED MINUTES OF THE CITY OF CARLSBAD SPECIAL BUDGET
COMMITTEE MEETING HELD IN THE CITY HALL PLANNING ROOM ON
MAY 1, 2026, AT 3:30 A.M.**

Present:	Jason O. Chavez	Chairman/Councilor
	Edward T. Rodriguez	Councilor
	Mark C. Walterscheid	Councilor
	Jeff Forrest	Councilor
Absent:		
Also Present:	Wendy Austin	City Manager
	Ken Ahrens	Deputy City Manager
	K.C. Cass	Chief Operating Officer
	Melissa Salcido	Finance Director
	Jessica Ponce	Budget/Grants Analyst
	Jalynn Dominguez	Open Meetings Act Manager
	Stephan Brown	Compliance Clerk

Time Stamps and headings below correspond to recording of meeting and the recording is hereby made a part of the official record.

0:01:01 **1. ROLL CALL AND DETERMINATION OF QUORUM**

Roll was called, determining the presence of a quorum.

0:01:13 **2. APPROVAL OF MEETING MINUTES – MARCH 27, 2026**

0:01:19 **MOTION**

The motion was made by Councilor Forrest and seconded by Councilor Walterscheid to approve the meeting minutes for March 27, 2026

0:01:31 **VOTE**

The vote was as follows; Yes - Chavez, Rodriguez, Walterscheid, Forrest; No - None; Absent - None; the motion carried.

0:01:46 **3. CONSIDER APPROVAL OF BUDGET ADJUSTMENT
REQUESTS**

0:01:48 **A. Firefighter Recruitment Fund – Increase Revenue, Operating,
Capital**

Mrs. Austin explained that the request is for the purchase of equipment for newly hired firefighter recruits and to purchase an industrial laundry unit to support post-incident decontamination. **Mr. Ahrens** added that this is primarily a reimbursement request, noting that the City has already spent a significant amount from the Fire Department's

fund to outfit 15 new recruits. He stated most of the requested funds would replenish those expenditures. He emphasized the need to purchase an industrial laundry unit so all personnel can properly clean their uniforms.

0:03:57 **MOTION**

The motion was made by Councilor Rodriguez and seconded by Councilor Walterscheid to approve the Budget Adjustment Request

0:04:03 **VOTE**

The vote was as follows; Yes - Chavez, Rodriguez, Walterscheid, Forrest; No - None; Absent - None; the motion carried.

0:04:17 **4. BUDGET ADJUSTMENT INCREASE AND DECREASE**

Ms. Salcido reviewed the FY 25/26 Increase/Decrease Budget adjustments with the Budget Committee.

0:18:36 **5. DISCUSSION AND APPROVAL OF THE FY 27 INTERIM BUDGET**

Mrs. Austin presented the FY27 interim budget, highlighting key funds including the General Fund, Water and Sewer Fund, and the GRT Capital Outlay Fund. She provided an overview of Gross Receipts Tax (GRT) revenues, noting that the City is forecasting approximately \$5.6 million. She explained that the \$768,000 budgeted in FY26 represents Royalties received from Oil and Gas. Councilor Walterscheid asked where the Royalties that are received from Oil and Gas are reflected. Mrs. Austin stated these royalties are reflected in the General Fund. Mrs. Austin reviewed the operating budget, which includes all non-labor and non-capital expenses, and noted that it reflects a 3% increase. She said the General Fund is projected to increase by \$964,000. She reported a 7% increase in labor costs, which includes a 5% cost-of-living adjustment (COLA) for the Police Department, a 1.5% increase for International Brotherhood of Electrical Workers (IBEW) employees totaling \$39,000, a \$400,000 safety incentive, and \$466,000 for positions added mid-year. Mrs. Austin said a 5% increase in health insurance costs is expected to add \$559,000. She further explained that the City has committed to increasing its share of Public Employees Retirement Association (PERA) contributions to the maximum level allowed by the state, consistent with other municipalities. She said this will cost approximately \$2.2 million, though it was anticipated in the previous year's budget, and will result in an estimated \$218,000 increase in taxes. Mrs. Austin also reviewed the Lodgers' Tax Advisory Board's recommendations for distributing Promotional Lodgers' Tax funding to outside agencies. Councilor Rodriguez asked about the upgrades regarding the Industrial Park on the east and west entrances on E. Greene Street. Mr. Cass explained that the project required extensive vetting to confirm City ownership of the property, which contributed to delays, and emphasized the importance of avoiding encroachment on private property. He also noted that several streets need repairs. Mrs. Austin added that \$250,000 has been allocated to a miscellaneous street maintenance and improvement fund to allow the Public Works

Department to address issues as they arise. **Mrs. Austin** stated that updates on the E. Greene Street industrial park and Orchard Lane projects were specifically requested by the budget committee. She also noted that the City's only outstanding loans are for water and sewer projects, both of which carry low interest rates. **Mrs. Austin** reviewed the incentive pay program, noting a proposed addition of a doctoral degree category. She also recommended adding a 1.5% professional certification incentive for non-union administrative employees who obtain qualifying certifications.

1:13:50 **MOTION**

The motion was made by Councilor Rodriguez and seconded by Councilor Walterscheid to approve the FY 27 Interim Budget

1:14:00 **VOTE**

The vote was as follows; Yes - Chavez, Rodriguez, Walterscheid, Forrest; No - None; Absent - None; the motion carried.

1:14:05 **6. FINANCIAL REVIEW**

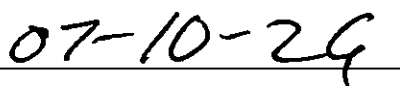
Ms. Salcido reviewed the Gross Receipts Tax and Cannabis Revenue reports.

1:30:03 **Adjourn**

With no further business, Chairman Chavez adjourned the meeting at 5:06 PM.



Jason Chavez, Chairman



Date