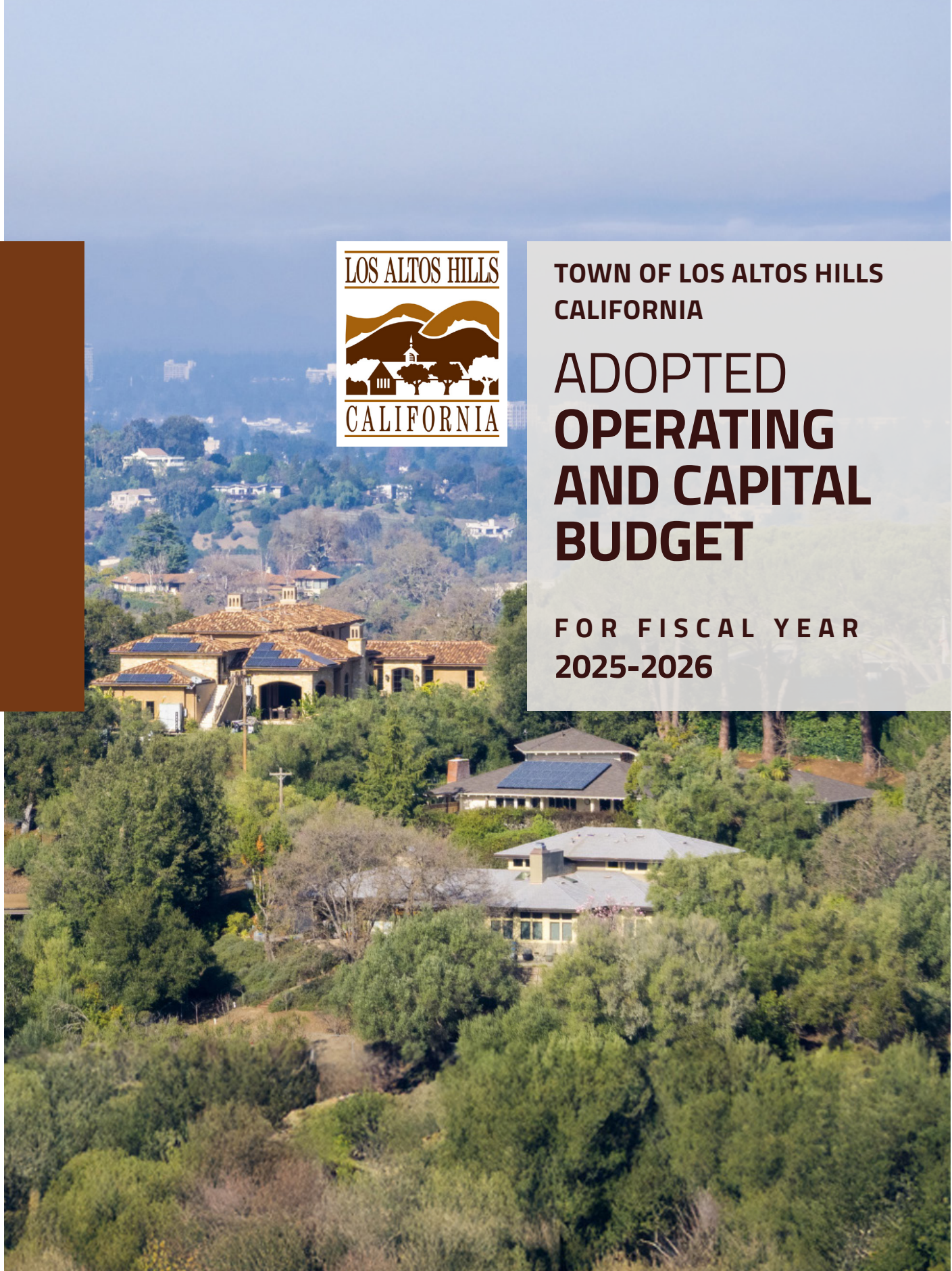




**TOWN OF LOS ALTOS HILLS
CALIFORNIA**

**ADOPTED
OPERATING
AND CAPITAL
BUDGET**

**FOR FISCAL YEAR
2025-2026**



LOS ALTOS HILLS



CALIFORNIA

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TABLE OF CONTENTS

CITY MANAGER'S BUDGET MESSAGE	5	Cost Allocation	59
BUDGET PROCESS	21	2025-26 City Council Goals	61
TOWN INFORMATION	29	General Administration	65
FINANCIAL AND PERSONNEL ALLOCATION SUMMARIES	41	Finance & Administrative Svcs	82
Funds Overview	42	Public Safety	93
Town Wide Financial Summary	45	Community Development	98
General Fund	46	Community Services	110
Sewer Fund	48	Public Works	121
Department Spending	49	GUIDE TO FIVE YEAR CIP	135
Personnel Allocations	50	CAPITAL IMPROVEMENT PLAN SUMMARY AND FUNDING SOURCES	139
DEPARTMENT BUDGETS	53	TOWN POLICIES	177
Department Overview	54	APPENDIX	205



LOS ALTOS HILLS

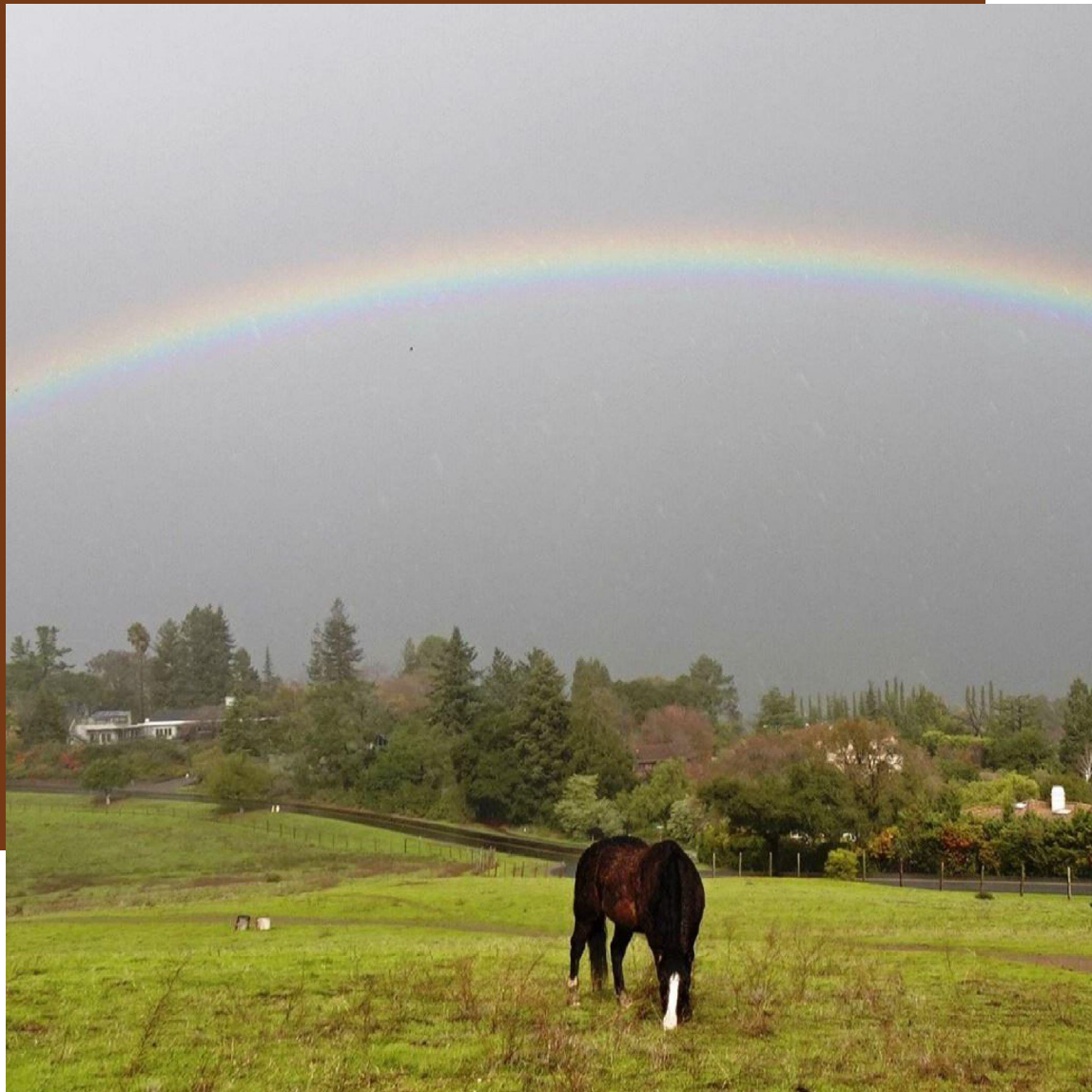


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City Manager's Budget Message



City Manager's Budget Message

To the Residents of the Town of Los Altos Hills, Honorable Mayor, and Members of the City Council:

It is my pleasure to present the FY 2025-26 Operating Budget and the FY 2026–30 Five-Year Capital Improvement Plan for the Town of Los Altos Hills. This marks the second year of the Town's two-year operating budget, originally adopted for FY 2024–26.

The two-year budget structure provides a long-range planning framework while allowing for mid-cycle updates. This year's revisions reflect updated revenue projections, operational needs, and Council direction. The FY 2025-26 Budget is scheduled for formal adoption on June 26, 2025.

The budget serves not only as a financial and operational plan but also as a tool for advancing the City Council's two-year strategic goals. These goals—first outlined in the 2024 Work Plan and updated during the 2025 goal-setting session—guide investments in infrastructure, service delivery, staffing, and community resilience. While the first year of the two-year budget focused on operations, the second year shifts more attention to capital planning and long-term initiatives.

I am pleased to report that the FY 2025-26 Adopted Budget is structurally balanced—ongoing revenues are sufficient to fund ongoing operating expenditures without relying on one-time resources. Excluding transfers for capital improvement projects, General Fund revenues are \$18.5 million and expenditures are \$18.2 million. However, the budget includes the planned use of reserves, specifically from the Facilities Replacement Reserve, to support select capital improvement projects. Core priorities remain: enhancing service levels, retaining staff, improving efficiency, supporting technology, complying with state mandates (such as Housing Element and CEQA-related updates), and promoting safety and resilience.

Despite continued economic uncertainty, the Town maintains a strong financial position, bolstered by healthy reserves and sound fiscal management. This budget meets today's needs while continuing to fund the Town's long-term priorities with fiscal responsibility.

2025 and 2026 City Council Work Plan

The City Council's two-year Work Plan outlines the Town's strategic priorities and is intended to guide decision-making and resource allocation through FY 2025-26. The Work Plan is organized into four broad categories:

- > Maintaining Quality of Life and Community Character
- > Promoting Public Safety
- > Increasing Effective Service Delivery and Governance
- > Protecting and Maintaining Infrastructure

These categories represent the Council's focus areas and reflect where time, staff effort, and funding will be directed over the coming year.

The FY 2025-26 Budget aligns with this framework and advances a wide range of initiatives:

- > **Maintaining Quality of Life and Community Character:** The Town is continuing the Housing Element amendment process while investing in community engagement, water conservation efforts, and public outreach through events and publications.
- > **Promoting Public Safety:** Initiatives include emergency preparedness, upgrades to emergency communication systems such as a Town-wide sound study and ALERT SCC, updates to the fire hazard

severity zone maps, and wildfire risk reduction through defensible space strategies and hazard mitigation work.

- > **Increasing Effective Service Delivery and Governance:** Projects include permitting system upgrades (TRAKiT), cost-of-service and user fee studies, an impact fee analysis, policy and process improvements, and continued updates to financial and administrative systems.
- > **Protecting and Maintaining Infrastructure:** Major efforts include the remodel of the Heritage House, improvements to the Corporation Yard, roadway and pathway upgrades, stormwater system enhancements, and ongoing sewer processing and conveyance negotiations with partner agencies. Additional projects focus on utility undergrounding, broadband expansion, energy efficiency upgrades at Town facilities, and replacement of aging fleet and equipment.

Some projects are long-term and ongoing, while others are new to this Work Plan cycle, with many expected to reach key milestones by FY 2025-26. The Plan is reviewed regularly to ensure progress remains on track and aligned with available resources. Mid-year updates and a year-end summary help the Council adjust priorities as community needs evolve.

A copy of the most current Council Work Plan, including project-level detail, is available at

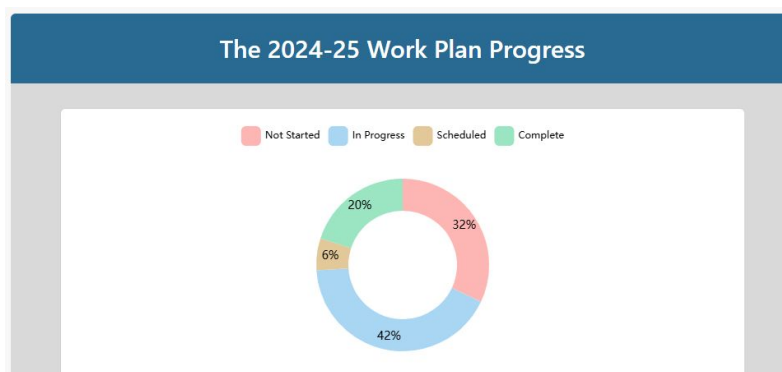
<https://www.losaltoshills.ca.gov/544/2024-25-City-Council-Work-Plan>.

In 2024, staff observed from several prior workplans that many projects identified each year required more than a single year to complete. This resulted in multiple carryover items from one workplan to the next. To address this, staff proposed a two-year workplan instead of setting priorities annually, aiming to save time and streamline the process. The goal of this shift in the Town's goal-setting process was to reduce planning workload for staff and better align with the Council's priorities established at the start of each year.

The two-year workplan adopted by the Council in 2024 included 63 key projects comprising 138 individual milestones. These projects included adopting the Housing Element, reducing residential burglaries, improving the Town's permitting system, expanding broadband access for residents, and more.

Throughout the 2024 calendar year, the committees, Council, and staff encountered new challenges and emerging priorities, many of which were incorporated into the workplan. Ultimately, several additional projects were added during the year. A key lesson learned was that projects often took longer than anticipated due to factors such as staff turnover, competing and evolving priorities, state mandates, natural disasters, and other unforeseen events.

By the end of 2024 the Town had completed 20 Projects and 27 are in progress. The chart below shows the current status of the Council work plan.

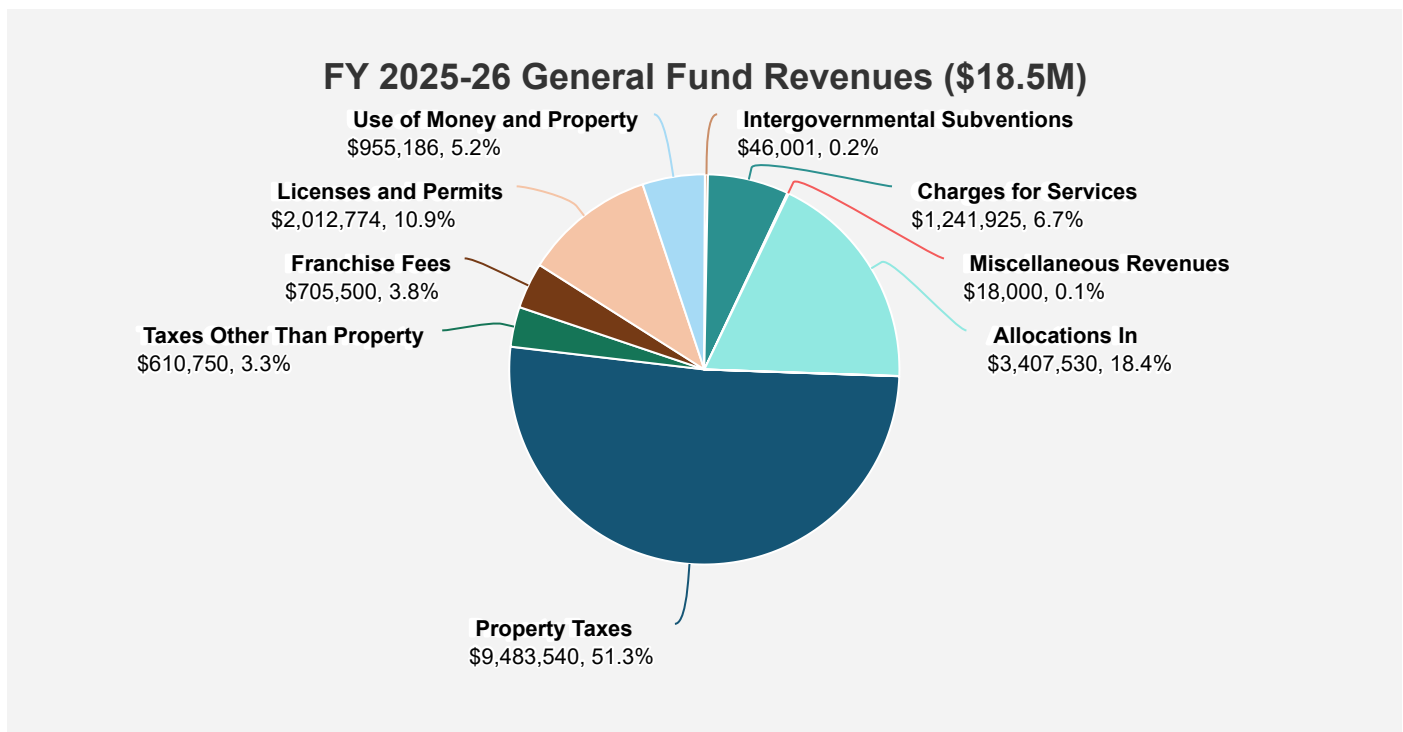


Economic Outlook and Fiscal Position

While the Town's near-term financial position is sound, broader economic uncertainty persists. Inflation remains elevated in select sectors, tariff risks have reemerged, and the yield curve remains inverted. Treasury yields declined in Q1 2025, signaling slowing growth expectations. If interest rates fall further, investment returns will likely decline, reducing General Fund revenues. In this environment, preserving structural balance will require active budget management and continued discipline in both operating and capital spending.

In addition, the Town's financial outlook remains partially dependent on continued growth in property tax revenues, which are inherently tied to broader economic trends and housing market conditions. Although recent property tax trends have been positive, they do not guarantee future performance, particularly in a volatile economic climate. Interest earnings have also served as an important revenue source in recent years. While return on investments is anticipated, projecting future yields based on past performance carries greater uncertainty due to ongoing global market disruptions, evolving tariff policies, and other macroeconomic risks. Planning and Building revenue is similarly sensitive to economic conditions, as it is closely linked to local development activity, building permit volume, and real estate market health.

Despite these risks, the Town's strong reserves and sound financial practices provide a solid foundation to manage risk and maintain service levels in the year ahead.



Revenues

The FY 2025-26 revenue outlook is strong, with General Fund revenues—including allocations—projected to increase to \$18.5 million, a 4.9% increase from final FY 2024-25 estimates and 4.0% over the FY 2024-25 adopted budget. Excluding allocations, General Fund revenues are projected at \$15.1 million.

The Town's largest and most stable revenue source—property tax—continues to show steady growth. Property tax revenues are estimated at \$9.5 million for FY 2025-26, a 5.5% increase from final FY 2024-25 estimates. This growth is supported by a 2.0% CPI adjustment, reassessments following property sales, and an anticipated

increase in Excess Educational Revenue Augmentation Fund (ERAF) revenue. The estimate is based on data from the County Assessor's Office and analysis by the Town's revenue consultant, HdL Companies.

License and Permits revenues, which is the second largest revenue category, are projected at \$2.0 million for FY 2025-26. This represents an increase of 92.6% from final FY 2024-25 estimates and 22.0% over the FY 2024-25 adopted budget, largely driven by expected adjustments from the fee study and continued high service demand.

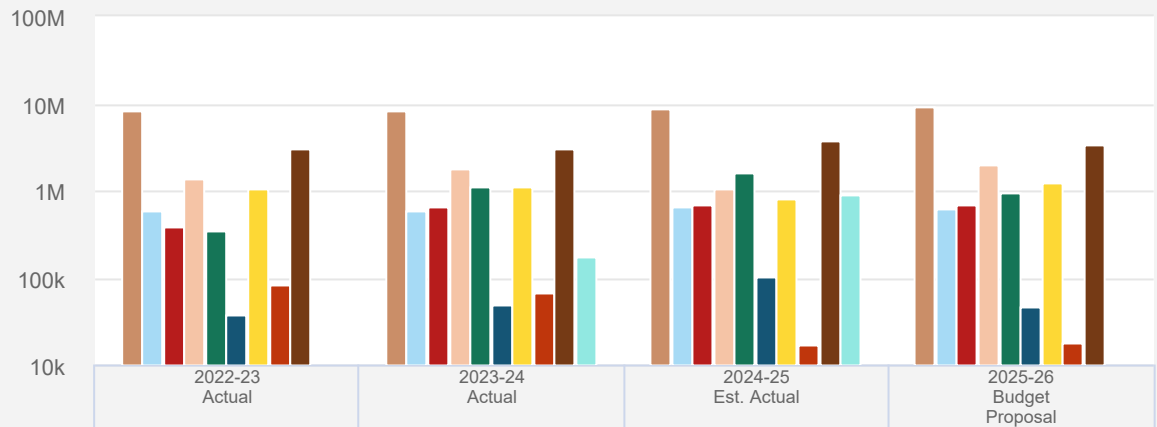
Use of Money and Property revenues—which include both investment income and rental income—is projected at \$1.0 million for FY 2025-26, an approximate 40.1% decrease from final FY 2024-25 estimates and 15.0% under the FY 2024-25 adopted budget.

Investment income continues to perform well due to elevated interest rates and the addition of a sweep account that captures earnings on idle cash balances. However, investment income remains sensitive to monetary policy shifts. While the Federal Reserve has held rates steady through mid-2025, market consensus now anticipates three quarter-point rate cuts beginning in September 2025, driven by moderating inflation and signs of softening in the labor market. As these reductions take effect, reinvestment returns are expected to decline, particularly for short-term instruments.

For FY 2025-26, interest earnings are projected using varying assumptions to reflect each investment type's sensitivity to rate changes. CAMP/PFM is budgeted at 3.75%, below its current 4.15% yield, with a weighted average maturity of 995 days that helps preserve higher returns as rates decline. LAIF is budgeted at 2.9%, below its current 4.3% yield, with a 233-day maturity that makes it more sensitive to rate cuts. The Wells Fargo Sweep account is budgeted at 2.6%, below its 4.2% yield, with a 43-day maturity that is expected to reprice quickly with market changes. This approach balances strong current performance with a realistic outlook for declining yields.

Other revenue categories—including franchise fees, intergovernmental subventions, and miscellaneous sources—are expected to remain stable. However, Planning and Building revenues continue to fluctuate, reflecting the timing of major development projects. Cost recovery in Planning remains low—currently around 30%—due to non-reimbursable, state-mandated activities such as Housing Element implementation and Builder's Remedy applications. To better align revenue with service costs, the Town is proceeding with a comprehensive user fee update and cost allocation study, with a new Planning and Building Fee Schedule expected to be implemented in FY 2025-26.

General Fund Revenues



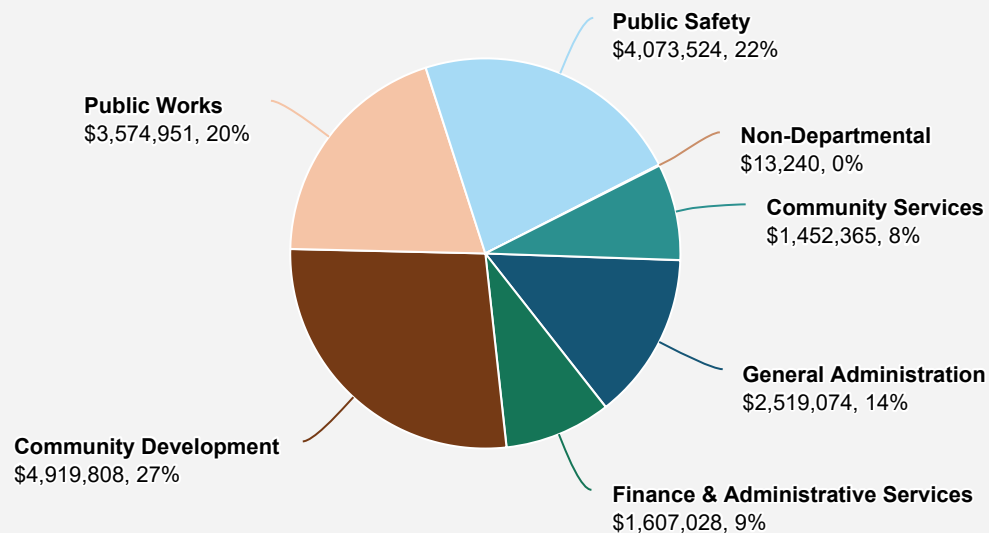
General Fund Expenditures

General Fund expenditures—including allocations—are projected at \$18.2 million in FY 2025-26, a 12.2% increase from final FY 2024-25 estimates and 0.0% under the FY 2024-25 adopted budget. Excluding allocations, General Fund expenditures are estimated at \$13.7 million.

Personnel costs are increasing due to two staffing changes, as well as rising health and pension obligations. The budget includes a new full-time Management Analyst (shared between Finance and Community Development) and converts a contract Building Technician to a full-time role. No cost-of-living adjustments (COLAs) are budgeted; instead, a merit-based contingency is provided to fund any salary increases. The Building Technician conversion reduces reliance on contract staff, which results in an overall decrease in Contractual Services costs.

Public safety remains the largest contractual service cost, with increased costs driven by adjustments to the Santa Clara County Sheriff’s Office contract and continued funding for private security and Automated License Plate Readers (ALPRs). Professional services and operations budgets remain consistent with prior years.

FY 2025-26 General Fund Expenditures (\$18.1M)



Department Highlights

Public Safety

Public safety remains a major cost driver for the Town. The Public Safety budget is \$4.1 million, a 10.2% increase from the FY 2024-25 adopted budget. The increase is driven largely by contract cost increases and the continued need for supplemental services.

The Town is now in the second year of its public safety contract with the Santa Clara County Sheriff's Office, which increased by 8%, from \$2.5 million to \$2.7 million, due to Consumer Price Index (CPI) adjustments and rising pension obligations.

Much of the increase in public safety spending began in FY 2021-22, when the Town expanded its law enforcement tools in response to a surge in residential burglaries. In April 2021, the Town added Automated License Plate Readers (ALPRs), to monitor the license plates of vehicles entering and exiting the Town. In April 2023, private security patrols were added as a deterrent and investigative aid. Additional measures included funding for overtime deputies and consultants to explore further crime prevention strategies. As a result, public safety expenditures have increased by over \$1 million since FY 2021-22.

To manage rising expenses, the Town implemented several cost-saving measures:

- > Overtime funding was reduced from \$200,000 to \$100,000 in FY 2025-26 based on actual usage trends.
- > In February 2025, the Council approved a reduction in private security patrols from four shifts to three, reducing costs by \$50,000.
- > In February 2025, the number of Automated License Plate Readers (ALPRs) was reduced from 40 to 31, reducing costs by \$17,000.

Despite these reductions, key public safety investments will remain in place. The FY 2025-26 Budget includes \$550,000 for private security services, \$93,000 for ALPRs, \$100,000 in overtime funding for deputies and

investigators to provide additional coverage during holidays or as needed throughout the year, and \$60,000 for a law enforcement consultant—recommended by the Sheriff’s Contract Ad Hoc Committee—to help evaluate future service model options.

In addition, the animal control services contract with Pets in Need is budgeted to increase from \$150,000 to \$157,000, reflecting cost escalations from the provider.

One cost area not yet reflected in the FY 2025-26 budget is the annual contract reconciliation performed by the Sheriff’s Office. This reconciliation covers overages and underages for detective work, call volumes, and services above or below the base contract and authorized overtime. The amount is not known until Q3 2025 and can range significantly—from a credit to several hundred thousand dollars in additional charges—depending on service levels provided.

Community Development

The Community Development budget for FY 2025-26 is \$4.9 million, a 6.2% decrease from the FY 2024-25 adopted budget. The decrease is due to the completion of several Housing Element tasks. However, ongoing long-range planning and the processing of complex, state-mandated applications will continue to place pressure on department resources through the coming year. Most Housing Element-related costs are budgeted in the Capital Improvement Program (CIP), with some expenses reflected in the Operating Budget.

The FY 2025-26 Planning Division budget reflects continued demands related to Housing Element implementation and long-range planning, which have significantly impacted staff workload and resource needs. Although application volumes have declined due to new state-mandated streamlining laws, substantial staff and consultant time remains committed to housing element amendments, rezoning, and legal compliance efforts. Revenues are projected at \$633,673, while expenditures are expected to decline by 7% compared to FY 2024-25, reflecting the completion of key Housing Element adoption milestones. Despite efforts to achieve a 90% cost recovery rate for current planning services, overall cost recovery remains low (approximately 30%) due to the predominance of non-fee-recoverable activities. The Town is implementing updated fee schedules from the ongoing Cost Allocation Plan and User Fee Study to improve alignment between revenues and service costs. However, General Fund support will continue to be necessary as the Town advances its long-range planning obligations and manages complex housing-related applications. Additionally, significant Housing Element-related costs—while budgeted under the Capital Improvement Program (CIP)—have affected the General Fund.

Code Enforcement expenditures remained steady in FY 2024-25 following an increase in contracted hours from 24 to 32 hours per week to address higher case volume. The FY 2025-26 budget continues funding at the expanded service level, based on the current hourly rate.

The FY 2025-26 Building Division budget reflects ongoing investment to support strong development activity and improved service delivery. While actual revenues in FY 2024-25 came in below projections due to delays in large project starts, overall permit volumes remain robust, and revenues are expected to rebound in FY 2025-26 as deferred activity proceeds. The budget includes targeted staffing changes, such as converting a contract Building Technician to a full-time role and adding a shared Management Analyst, reducing reliance on consultants. Continued investments in permitting technology and implementation of updated user fees from the ongoing User Fee Study will enhance efficiency, customer service, and long-term financial sustainability.

Public Works

The General Fund Public Works budget for FY 2025-26 is \$3.6 million, a 0.7% increase from the FY 2024-25 adopted budget.

The Engineering budget decreased by \$371,514, or 27%, primarily due to a reduction in billable professional and contract services now being handled by in-house staff. The Storm Drain Operations budget increased by \$62,613, or 12% due to additional contract services to support the Storm Drainage Fee Study. The Street Operations budget increased by \$71,685, or 9% due to higher personnel costs from bringing inspection services in-house. The Pathway Operations budget increased by \$261,331, or 32% due to higher personnel costs.

In the Internal Service Fund, the Corporation Yard budget increased by \$43,606, or 24% largely due to increased personnel costs and the Vehicle Operations budget increased by \$46,840, or 35%, also driven by higher personnel costs. In the Sewer Fund, the Sewer Operating budget increased by \$417,959, or 7%, primarily due to increased treatment charges from the Palo Alto Treatment Plant and higher conveyance fees in Los Altos.

General Administration

The General Administration budget is made up of all the support departments which include City Council, City Manager, City Attorney, City Clerk, and Committees and Commissions.

The General Administration budget for FY 2025-26 is \$2.5 million, a 9.2% increase from the FY 2024-25 adopted budget.

The FY 2025-26 City Manager's budget reflects increased personnel costs due to a reallocation of the Deputy City Manager's time from other departments to the City Manager program. The budget also includes a contract Emergency Services Manager to support emergency planning, training, and committee initiatives. To maintain flexibility for advancing Council priorities and addressing specialized needs, funding is included for consultant services on an as-needed basis.

The FY 2025-26 City Attorney's budget remains largely consistent with the prior year. Legal costs related to Community Development and Public Works—such as Housing Element implementation, SB 9 compliance, and pathway projects—continue to be reflected in those departmental budgets. Many legal costs related to development applications are billable to applicants and cost-recoverable. The remaining budget covers anticipated litigation, settlements, and general legal services. A modest reduction was made to better align with projected actual expenditures.

Finance and Administrative Services

The Finance and Administrative Services budget includes: Finance and Administrative Services, Community Services Grants (Donations to Non- Profits), Insurance, and Town Center (overhead charges). In FY 2024-25, Finance and Administrative Services reached full staffing for the first time in several years, following a period of significant turnover. With key positions now filled, the department is well-positioned to deliver stable, efficient, and high-quality Finance and Human Resources services.

The General Fund Finance and Administrative Services budget for FY 2025-26 is \$1.6 million, a 11.1% increase from the FY 2024-25 adopted budget. The increase is due to continued investment in financial and HR systems, the transfer of the recruitment budget from the Town Center, and higher insurance costs. It also includes a new 0.5 FTE Management Analyst, shared with Community Development, to support building deposit tracking, fee studies, budget development, and HR functions—reducing consultant reliance and improving interdepartmental support.

Community Services

The Community Services budget includes: Recreation Administration, Recreation Programs, Special Events, Parks, and Westwind Community Barn. The Community Services budget for FY 2025-26 is \$1.5 million, a 20.8% decrease

from the FY 2024-25 adopted budget. The decrease is due to a reduction in personnel costs as staffing is now a single Community Services Supervisor.

Staffing

The FY 2025-26 budget proposes a few staffing adjustments to meet operational needs. One Associate Engineer position is proposed to be reclassified to Project Manager to assist in managing engineers for land development reviews, encroachment permits, and CIPs. A contract Building Technician is proposed to be converted to a full-time role to provide consistent support for permitting and customer service. In addition, a new Management Analyst position is proposed, split between Finance and Community Development, to support building deposit tracking, analysis and collection of planning and building fees, budget development, and broader analytical needs across both departments. Finally, the vacant Assistant Director of Community Development position is proposed to be replaced with two Assistant Planners to better handle increased planning workload, improve responsiveness, and support long-range planning. The total number of budgeted positions would increase from 27 to 30 FTEs.

Salary Schedule

In early 2025, the Town completed a comprehensive compensation study in response to staff feedback and Council priorities on recruitment and retention. The study found that while many salaries remain competitive, over half of positions fall 5% or more below market, with several key roles showing double-digit gaps. As a result, the FY 2025-26 Salary Schedule adjusts all salary ranges more than 2% below market to the median, with a 2% CPI adjustment applied to others. All individual salary changes remain merit-based.

The Town also updated its list of comparator agencies to better reflect the local labor market. The 2025 study included: Town of Atherton, City of Campbell, City of Cupertino, Town of Hillsborough, City of Los Altos, Town of Los Gatos, City of Saratoga, and Town of Woodside. While some have larger populations, they operate with lean staffing and contracted services similar to Los Altos Hills. Using a consistent comparator list across all roles—including management—ensures equitable benchmarking and reflects the talent market in which the Town actively recruits.

Capital Improvement Plan

FY 2025-26 marks the second year of the Town's two-year Capital Improvement Plan (CIP). Over the past year, the Town has made steady progress on priority infrastructure projects. In FY 2024-25, the Town funded and implemented a range of capital improvements, including roadway rehabilitation, storm drain upgrades, sewer system maintenance, and equipment replacement. Several long-range projects also advanced through key planning and design phases.

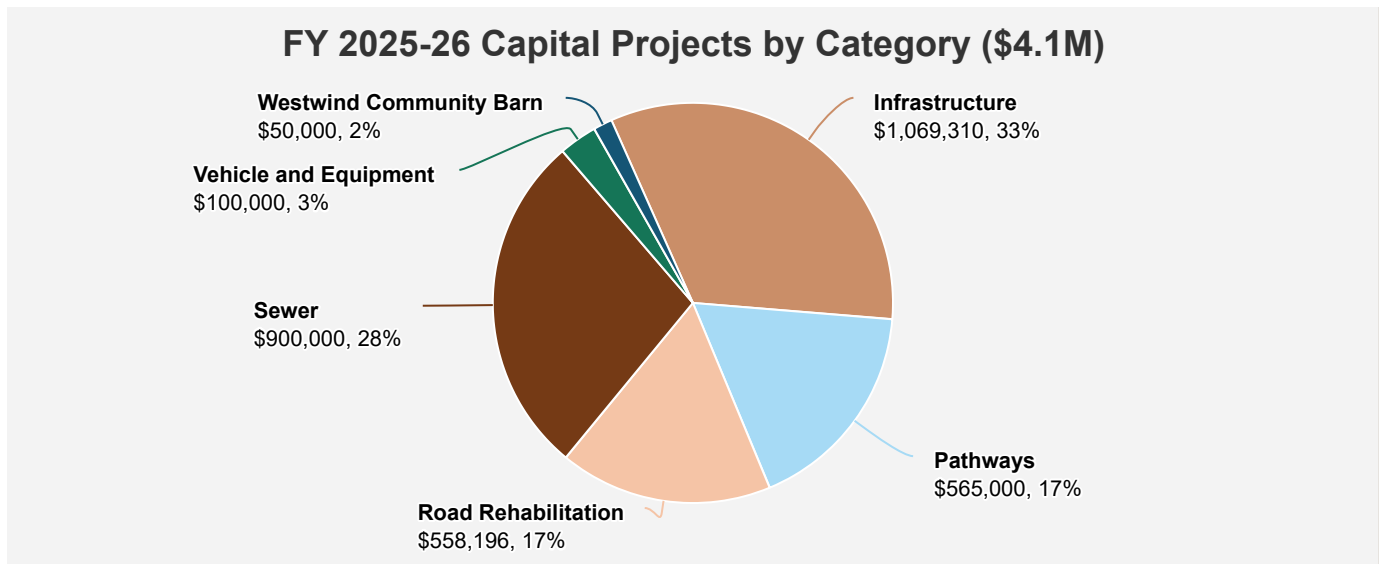
One of the most significant changes in this year's CIP is the scaling back of the Civic Center Improvements project, which has been refocused on the renovation of the Parks and Recreation Building. This narrower scope reflects both fiscal constraints and evolving community needs, while still investing in long-term facility upgrades.

In addition to continuing core programs, the FY 2025-26 CIP introduces several new projects, including Road Safety and Traffic Calming, the Magdalena Avenue Pathway, and development of a Local Road Safety Plan—each of which supports community safety and mobility goals.

The Annual Road Rehabilitation Project remains the cornerstone of the CIP and is funded at \$1.4 million in FY 2025-26. Supported by SB1, Gas Tax, and Measure B revenues, this project prioritizes pavement preservation

based on the Metropolitan Transportation Commission's Pavement Management Program (PMP), supplemented by staff field inspections and local conditions.

The Sewer Fund also remains adequately funded, with \$0.9 million allocated in FY 2025-26 for capital improvements to maintain the Town's collection and distribution system.



Sewer Fund

The Sewer Fund is fully supported by sewer service charges to residential and non-residential customers and sewer connection fee assessments on new connections to the Town's sewer system. The Town's sewer service charge rates have annually increased since FY 2022-23 per the sewer rate study conducted in 2022, due to substantial increases to waste treatment costs from Palo Alto as the regional treatment facility requires significant capital improvements and upgrades to adhere to regulatory requirements. Additionally, the capital needs for the Town's infrastructure have increased.

The Town has also recently been notified by Los Altos and Palo Alto that service charges for FY 2023-24 will be higher than originally budgeted due to ongoing capital improvements to the system. These additional charges will be captured in the year-end close process, with the ACFR containing the most up-to-date unrestricted net position for the Sewer Fund. These additional charges underscore the need to consider a new rate study in the near future to ensure rates are able to meet the cost of providing these services.

Long Term Debt

The Town has no long-term debt as of the year ending June 30, 2025. The Town does have a special assessment without Town commitment. Special assessments for West Loyola Sanitary Assessment Sewer district are established in various parts of the Town to provide improvements to properties located in those districts. Properties are assessed for the cost of the improvements. These assessments are payable solely by the property owners over the term of the debt issued to finance the improvements. The Town acts solely as the collecting and paying agent for the district's debt, which is not included in the general debt of the Town. The bonds are not a general obligation of the Town. The Town is not legally obligated to pay these debts or be the purchaser of last resort of foreclosed properties in the special assessment district.

Pension and Other Post Employment Benefits (OPEB)

As of the most recent actuarial report from CalPERS, with a valuation date as of June 30, 2023, the Town's Unfunded Actuarial Liability (UAL) is approximately \$3.8 million. The required UAL contribution is approximately \$0.3 million for FY 2025-26, which has been incorporated in the operating budget. The Town maintains three pension plans: the Classic Miscellaneous group is 81.1% funded, the Second Tier plan is 88.2% funded, and the PEPRRA tier is 88.9% funded. While the unfunded pension liability is significant, the Town has set aside approximately \$2.1 million in a Section 115 Pension Trust and another \$0.5 million in a General Fund Pension Reserve. The budget incorporates the Finance and Investment Committee's June 2, 2025 recommendation to transfer \$1.0 million to the Section 115 Trust, to be invested in \$100,000 increments over ten months. The Town expects to retain a consulting actuary to analyze the Town's updated unfunded liability and provide options and considerations related to the existing funding that has been set aside for pensions. The Town's Other Post Employment Benefits (OPEB) Trust is now underfunded by \$59,461. The decrease is due to updated actuarial assumptions, unexpected plan experience (including higher retirements and new hires), and lower-than-expected investment returns.

Overhead and Internal Service Fund Allocation

The Town's overhead cost allocation methodology was updated in FY 2025-26 by NBS to more accurately reflect the cost of administrative services. Overhead includes core functions such as the City Council, City Manager, City Attorney, City Clerk, Finance, Human Resources, and Town Center operations. Due to the Town's small size, fixed administrative costs represent a larger share of the budget than in larger jurisdictions, yet they reflect the baseline staffing needed for effective governance.

The updated cost allocation plan ensures that overhead is fairly distributed across departments, improving transparency and supporting fee-based cost recovery in Planning, Building, Public Works, and Parks & Recreation. Since FY 2018-19, administrative costs have ranged from 20% to 29% of the General Fund operating budget, and that range remains consistent in FY 2025-26.

Historically, the Town's budget combined General Fund and Internal Service Fund operations, while the financial statements and ACFR reported them separately. This made year-over-year comparisons appear larger than they actually were, particularly in administrative budgets.

Beginning with the FY 2025-26 budget, this issue has been corrected: the General Fund and Internal Service Fund are now presented separately, aligning the budget with the ACFR and ensuring consistent, accurate comparisons. A clarifying footnote has been added to the budget document to explain the change.

Reserves

As part of the FY 2025-26 budget process, the Town reviewed and updated its reserves to ensure alignment with adopted policy targets, actual funding needs, and best practices. The Operating Contingency Reserve was renamed the General Fund Stabilization Reserve to more accurately reflect its purpose and to align with Government Finance Officers Association (GFOA) terminology and recommendations. Adjustments were also made to reflect actual program needs and avoid duplicate pension reserves. These changes ensure consistency with the Town's reserve policy and support long-term financial sustainability. A detailed summary of reserve levels, including projected year-end balances, is provided in the Financial Summary section.

Financial Summary

As of July 1, 2025, the Town's General Fund reserves are projected at \$15.0 million, increasing slightly to \$15.2 million by June 30, 2026. The Unassigned Fund Balance is expected to grow from \$2.1 million to \$2.6 million, reflecting strong revenue performance and disciplined expenditure management.

The General Fund Stabilization Reserve will increase to \$3.1 million, meeting the Town's policy target of three months of operating costs and aligning with GFOA best practices. The Capital Projects Reserve remains at \$3.4 million, preserving prior appropriations to fund approved but incomplete capital projects. The Facilities Replacement Reserve decreases to \$3.0 million following the scaled-back Civic Center Improvements project, now focused on Parks and Recreation Building renovations. The Pension Contribution Reserve will drop to \$0.5 million, reflecting the planned \$1.0 million transfer to the Section 115 Trust based on the recommendation from the Finance and Investment Committee. The balance in the reserve was also updated to avoid counting the same funds twice. Other reserves include \$1.25 million for disaster contingency and \$509,000 for vehicle and equipment replacement.

Looking ahead, the Town's long-term fiscal outlook remains stable but will require close monitoring. Cost pressures from public safety, pension obligations, and capital needs may require future adjustments. Maintaining structural balance will likely involve reassessing baseline expenditures and exploring new revenue options in the years ahead. The Town continues to maintain no long-term debt and has no plans to issue any at this time, reinforcing its strong financial position.

Town-Wide Budget at a Glance

This budget document is purposefully organized to flow from summary to detailed levels of information. It is organized by several key sections, Town-Wide fund balance projections, Town-wide revenue and expenditures summaries, and the Sewer Fund. In the following budget sections, you can locate the budget details that describe where the Town gets its money from and how it is utilized by the Town departments. The budget process involves all the departments in its creation with their level of control and responsibility.

Special Acknowledgements

I am proud to announce that the Town of Los Altos Hills has received the GFOA Award for Excellence in the preparation of our FY 2024-25 Budget. This prestigious recognition reflects our ongoing commitment to fiscal responsibility, transparency, and effective financial management. I extend my heartfelt gratitude to our dedicated staff, FIC and Council whose hard work and collaboration made this achievement possible. As we move forward with the FY 2025-26 budget, we remain steadfast in our dedication to maintaining the highest standards of financial stewardship for the benefit of our Town.

A special thanks to the Finance and Administrative Services department and the Management Team for the success of the FY 2025-26 budget. Without the support of the entire Management Team, providing good stewardship of the budget isn't possible. Finally, a special acknowledgement to the City Council for providing clear policy direction and look forward to the Council's guidance and leadership as we work to adopt a budget that funds services and projects for our community while also balancing fiscal sustainability.

Respectfully Submitted,



Peter Pirnejad, City Manager



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Los Altos Hills
California**

For the Biennium Beginning

July 01, 2024

Christopher P. Morrill

Executive Director



Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, Illinois 60601-1210
312.977.9700 fax: 312.977.4806

September 30, 2024

Thomas Leung
Finance Director
Town of Los Altos Hills, California

Dear Thomas:

A panel of independent reviewers have completed their examination of your Biennial budget document for the period beginning July 2024. We are pleased to inform you that your budget document has been awarded the Distinguished Budget Presentation Award from Government Finance Officers Association (GFOA). This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant achievement by your organization.

Your Distinguished Budget Presentation Award is valid for two years. To continue your participation in the program, it will be necessary to submit your next budget document to GFOA within 90 days of the proposed budget's submission to the legislature or within 90 days of the budget's final adoption.

Your electronic award package contains the following:

- **Scores and Comments.** Each entity submitting a budget to the program is provided with reviewers' scores for each of the categories on which the budget document was judged along with reviewers' confidential comments and suggestions for possible improvements to the budget document. We urge you to carefully consider these suggestions as you prepare your next budget.
- **Budget Award.** A camera-ready reproduction of the Award is included for inclusion in your next budget. If you reproduce the camera-ready image in your next budget, it should be accompanied by a statement indicating continued compliance with program criteria. Please refer to the instructions for reproducing your Award in your next budget (also included in your award package).
- **Certificate of Recognition.** When a Distinguished Budget Presentation Award is granted to an entity, a Certificate of Recognition for Budget Presentation is also presented to the individual(s) or department designated as being primarily responsible for its having achieved the award.
- **Sample press release.** Attaining this Award is a significant accomplishment. The sample press release may be used to give appropriate publicity to this notable achievement.

In addition, award recipients will receive via mail either a plaque (if the government is a first-time recipient or has received the Award fifteen times since it received its last plaque) or a brass medallion to affix to the plaque.

We appreciate your participation in this program, and we sincerely hope that your example will encourage others in their efforts to achieve and maintain excellence in governmental budgeting. The most current list of award recipients can be found on GFOA's website at www.gfoa.org. If we can be of further assistance, please contact the Awards Programs staff at (312) 977-9700.

Sincerely,

Michele Mark Levine
Director, Technical Services Center



**The Government Finance Officers Association
of the United States and Canada**

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

to

Finance Department
Town of Los Altos Hills, California

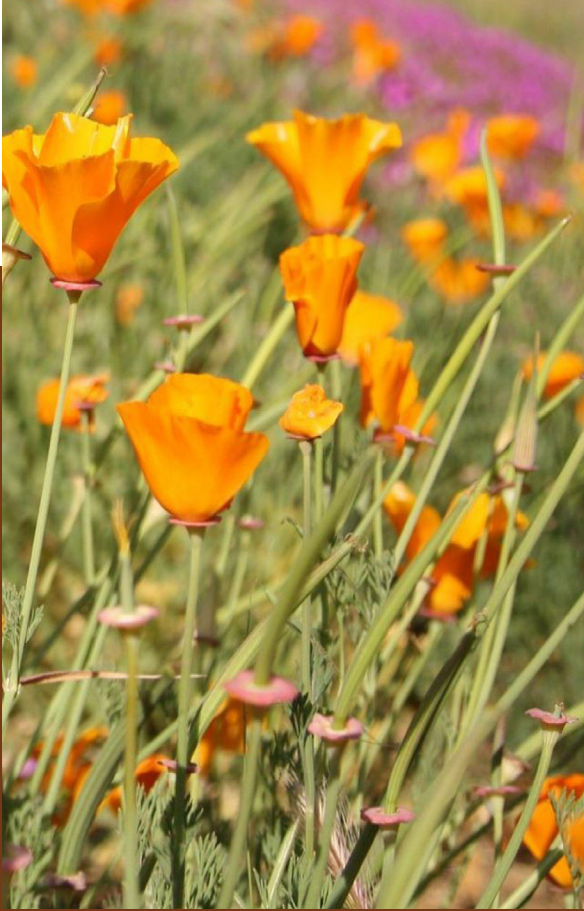


The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.

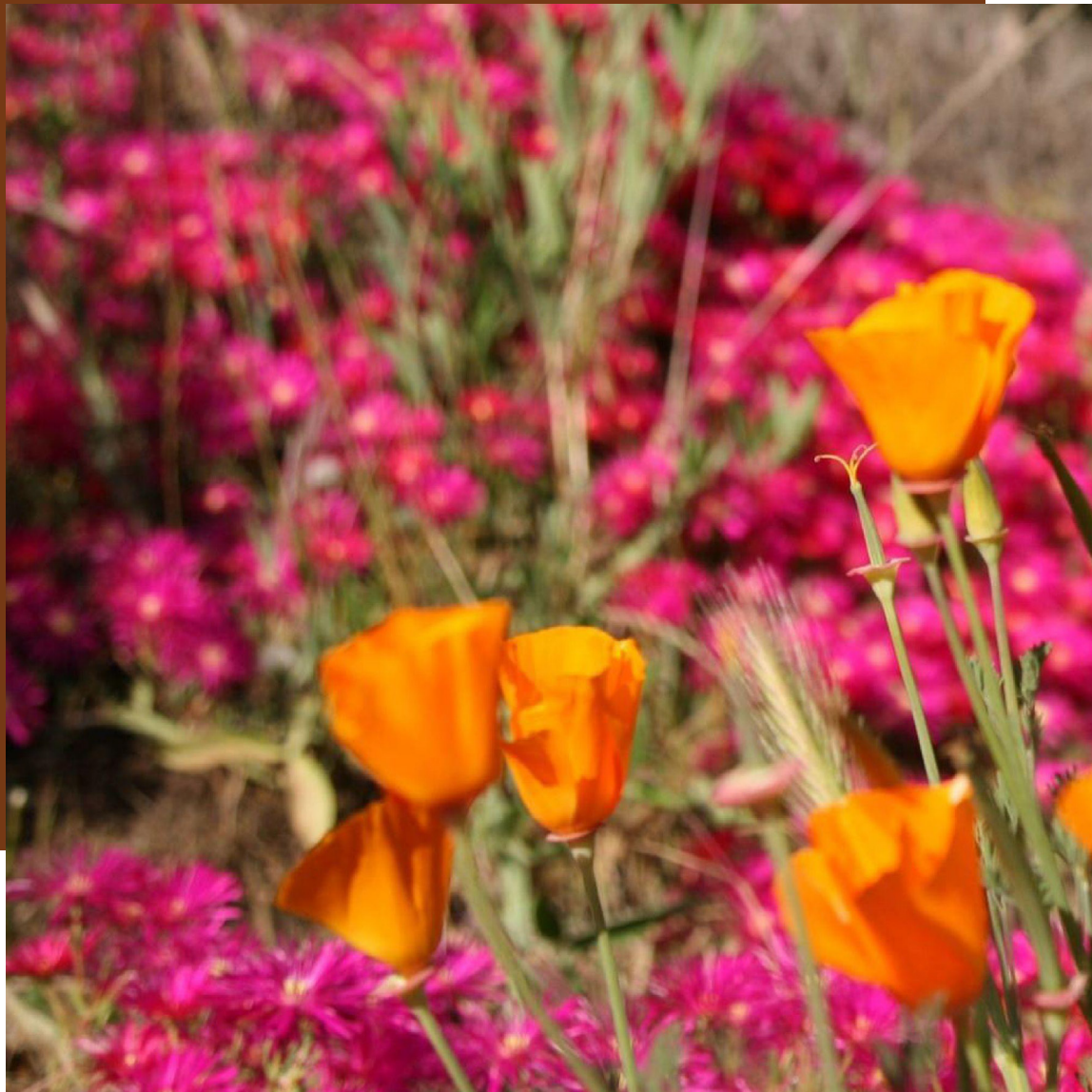
Executive Director

Christopher P. Morrill

Date: **9/30/2024**



Budget Process



Budget Process

Budget Process Overview

Beginning in FY 2024–25, the Town of Los Altos Hills transitioned to a two-year budget cycle. Previously, the Town adopted an annual Operating Budget alongside a five-year Capital Improvement Plan. The new biennial budget includes detailed revenue and expenditure appropriations for each fiscal year, covering the period from July 1 through June 30. Budget documents are presented in a summary format and prepared on the same accounting basis as the Town’s financial statements, in accordance with Generally Accepted Accounting Principles (GAAP).

Budget Purpose

The Operating Budget and Capital Improvement Plan (CIP) serve not only as the Town’s financial blueprint but also as key policy instruments, communication tools, and operational guides. These documents are developed with a strong emphasis on long-term financial stewardship, sustainability, effective service delivery, and sound program management. A core objective is to clearly connect the services and projects the Town plans to undertake with the resources allocated to achieve them. The budget format reinforces this connection by explicitly identifying each program’s purpose, key initiatives, and work plan goals in relation to corresponding revenue and expenditure appropriations.

Basis of Budgeting and Accounting

The Budget is prepared in accordance with Generally Accepted Accounting Principles. The budget for governmental funds has been prepared on a modified accrual basis. The modified accrual method recognizes expenditures when the related Fund liability is incurred. Revenues are recognized when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current accounting period or soon enough thereafter to be used to pay liabilities of the current period. The annual budget contains the revenues, expenditure appropriations and other financial information pertaining to all Town operating and capital budgets. This is consistent with the Town’s basis of accounting as reported in its Annual Comprehensive Financial Report (ACFR).

Government budgets and governmental accounting use a mix of accounting methods. A hybrid cash and accrual accounting system known as a Modified Accrual Basis of Accounting recognizes revenues when measurable and available.

The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 45 days after the fiscal year.

Revenues are recognized in the period earned/collected. Expenditures are recorded when the liability is incurred. General long-term debt is recognized as expenditures to the extent they have matured.

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales tax, interest certain state and federal grants, and charges for services are accrued when their receipt occurs with sixty (60) days after the end of the accounting period to be both measurable and available. However, debt service expenditures, as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital leases are reported as other financing sources.

Proprietary Fund Types include the Enterprise and Internal Service Funds, are used to account for the Town's business-type activities. Proprietary Funds are reported using the economic resources measurement focus and full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Fiduciary Funds are custodial in nature, assets equal liabilities, and they do not involve the measurement of the results of operations.

Key Difference Between Basis of Budgeting and Basis of Accounting

There are two main differences between the basis of budgeting and the basis of accounting:

1. Often budgets reflect the Town's goals and intentions, while accounting reflects actual events. For example, the Town may intend to fill a vacant position in a future fiscal year and contract with a consultant in the current fiscal year. Under such circumstances, the Town would budget for the vacant position as if it will be filled in the current fiscal year, but it will record the consulting costs as contractual or professional services when the bill comes.
2. Within the same accounting Fund, allocations in and allocations out must be offset in accounting method. In the Town's Operating Budgets, they are presented as whole. Budgeting rules allow this flexibility - to offset or to present separately. Budgeting "best practices" allows the agency to show both if the methodology is consistent, and the budget document indicates area of duplication.

Summary of Budget Development

The Town's budget is developed through a collaborative, team-based process involving departments and their leadership. While the City Manager and the Administrative Services Director/Finance Director provide overall guidance throughout budget development, individual program budgets and work plans are shaped with the direct involvement and subject-matter expertise of department directors and program managers. This hands-on approach fosters strategic planning, ensures alignment with organizational goals, and promotes a shared understanding among management and staff of each program's objectives and intended outcomes for the upcoming fiscal year.

Development Process

The development of the Operating Budget and Capital Improvement Plan (CIP) begins each January, as the City Manager collaborates with the City Council to establish and refine strategic goals and policy directives for the upcoming budget cycle. Concurrently, the CIP is reviewed to assess available funding, evaluate project priorities, and update work plans accordingly. While the CIP is a distinct planning effort, its projects often have operational impacts and are therefore integrated into the Operating and Capital Summary Budget through their associated appropriations and service level implications.

Through multiple rounds of internal review and refinement, departmental work plans for both operations and capital projects are evaluated, revised, and consolidated. Staff then prepares the proposed program and capital budgets, along with finalized financial summaries. These materials are compiled into a proposed budget document for City Manager and City Council review. To support public transparency, a summary-level presentation is also prepared for the public hearing to highlight key budgetary impacts and priorities for the upcoming fiscal period.

Budget Adoption

The development of the Town's operating and capital budgets is a continuous, year-round process, with formal compilation and analysis occurring over approximately three months. It begins with a review of mid-year actual revenues and expenditures, presented to the City Council through the Mid-Year Financial Update. This mid-year information is carried forward into the new budget development cycle.

In February, the City Manager and Finance and Administrative Services Department issue budget development guidelines to departments, outlining the economic outlook and setting parameters for departmental budget preparation. The budget cycle officially begins with the preparation of budget instructions, including policy directives and a detailed budget calendar.

Department heads submit their budget projections to the Finance and Administrative Services Department, which then compiles a draft proposed budget for the City Manager's review. Following this review, the City Manager presents the proposed operating and capital budgets to the City Council and the Finance and Investment Committee.

Public joint study sessions with the City Council and Finance and Investment Committee are held in May and/or June to review the proposed budget. The final Town operating and capital budgets must be adopted no later than June 30.

Two-Year Budget Cycle

The Town operates on a two-year budget cycle following the same sequence annually. In the second year of the two-year cycle, the review process is streamlined for budget elements that are more predictable and stable. The two-year budgeting process is designed to:

- > Provide a longer planning horizon for operational needs
- > Free up staff capacity during the second year to focus on deeper analysis of the Capital Improvement Program (CIP) and development of the capital budget

Budget Monitoring and Public Input

Throughout the fiscal year, the Finance and Administrative Services Department:

- > Monitors economic conditions that may impact revenues
- > Coordinates with departments to identify emerging needs and changing demands
- > Proposes budget adjustments to the City Council as needed during the mid-year review

Public input is incorporated through the Town's 16 standing committees and their staff liaisons. These contributions are considered during budget development and throughout the year as separate Council action items.

Final Budget Adoption

After incorporating City Council-directed revisions, the final budget documents are resubmitted for adoption at a publicly noticed hearing, typically in late June before the start of the new fiscal year. Adoption resolutions for the Capital Improvement Program (CIP), operating budget, and Appropriation Limit (also known as the Gann Limit) follow thereafter.

Budgetary Control

The City Council is responsible for appropriating the funds necessary to support the Town's operating and capital activities. Budgetary control is exercised at the department level to ensure adherence to approved spending plans.

The City Manager is authorized to approve transfers of appropriations between programs, activities, or line items—whether within a department or across departments—provided that the total appropriation within a given Fund is not increased. Any increase in a Fund's total appropriation requires formal approval by the City Council.

Departments actively monitor their budgets using the Town's financial system, supported by monthly revenue and expenditure reports. If additional appropriations are needed after budget adoption, departments may submit requests for Council approval. Such adjustments are formally adopted by resolution and are summarized in the Mid-Year Financial Update.

Budget Calendar

Beginning in FY 2024–25, the Town of Los Altos Hills transitioned to a two-year budget cycle. This is expected to provide a longer view of operational revenues and expenses, as well as a mid-cycle labor savings. This labor savings will allow for a more comprehensive review of the Town's Capital Plan, and the budgets for the capital projects contained therein.

JANUARY

- > The Finance and Administrative Services Department prepares Mid-Year Budget Report and CIP update for Council review.
- > The Finance and Administrative Services Department builds preliminary budget information and budget assumptions.
- > The Finance and Administrative Services Department prepares operating budget worksheets for updates, including departmental/program narratives, staffing and financial worksheets.

FEBRUARY

- > The Finance and Administrative Services Department prepares budget worksheets for departments.
- > Departments prepare personnel allocations.
- > Project Managers attend Committee meetings to receive feedback on the proposed CIP.
- > Project Managers prepare funding, scope of work, and cost estimates for new CIP proposed projects.

MARCH

- > Departments turn in proposed budget worksheets.
- > The Finance and Administrative Services Department prepares estimates for revenues and expenditures.
- > Departments turn in new CIP proposed projects.
- > The City Manager begins to review new proposed CIP projects.

APRIL

- > Departments finalize program narratives.
- > The Finance and Administrative Services Department compiles final program narratives, financial and supplemental schedules, and financial budget summaries for the City Manager's review and discussion.
- > Project Managers finalize new proposed CIP projects and existing projects.

MAY

- > Final budget briefing with the City Manager.
- > Review Proposed Budget with the Finance and Investment Committee.
- > Joint meeting with the City Council and the Finance and Investment Committee.
- > The Finance and Administrative Services Department incorporates Council-directed changes into proposed budgets and prepares final documents for Public Hearing presentation.

JUNE

- > City Council revisions are incorporated into budget documents.
- > City Council adoption of Operating Budget and Capital Budget.

- > City Council adoption of the Town's Appropriation Limit.

JULY – SEPTEMBER

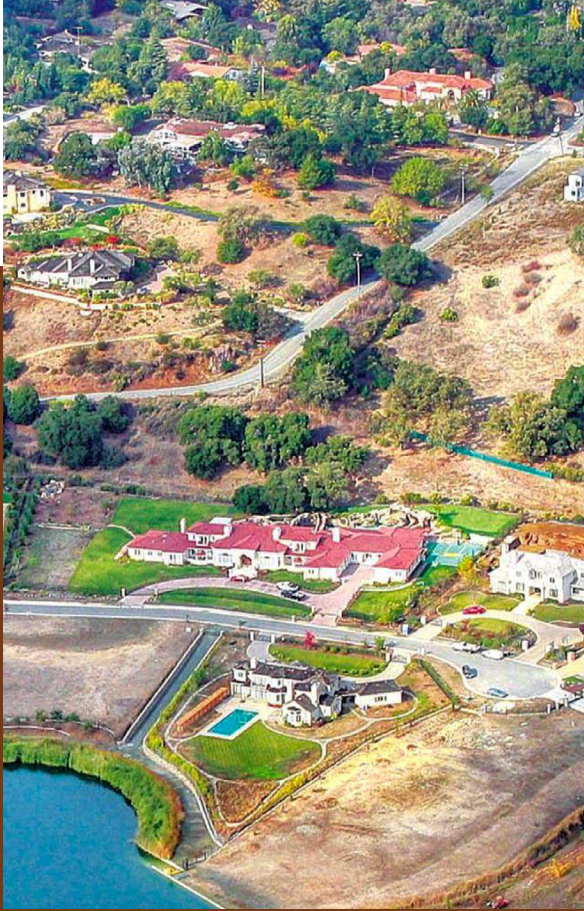
- > The Finance and Administrative Services Department finalizes recognition of and recordation of the prior fiscal year revenues and expenditures in preparation for the production of the Town's Annual Financial Statements as of the twelve months ending June 30.
- > Determine operating budget carryforwards (encumbrances).
- > Finalize capital project expenditures and roll-over amounts.
- > Finalize detailed budgets and distribute them to Town departments.
- > Prepare final financial and supplemental schedules, charts, and reference materials for budget documents.
- > Finalize the Adopted Operating & Capital Summary Budget documents.
- > Post Adopted Operating and Capital Budget document on website.
- > Submit for Budget Award.

LOS ALTOS HILLS



CALIFORNIA

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Town Information



Town Profile



Town History

The Town of Los Altos Hills encompasses nine square miles, making it one of the smallest incorporated towns in Santa Clara County. There is an additional 5.2 square miles of unincorporated land adjacent to the Town's boundaries designated within the Town's "sphere of influence" and may be subject to the Town's guidelines or annexation.

Incorporated on January 27, 1956, Los Altos Hills had an original population of 2,500 and has grown to approximately 8,500 residents. Many are drawn to this Town because of the area's beauty—rolling hills, picturesque valleys, and mild climate, much of the same reasons which drew the first inhabitants. Another significant feature of the Town is the absence of commercial activity, which the founding fathers foresaw, and present residents have long upheld as necessary to preserve the kind of lifestyle they desire by choosing to live within the Town limits. However, permitted uses such as schools, religious, and recreational clubs. Combined with the natural beauty, physical assets, and the residents' determination to maintain their rural lifestyles, the Town remains one of the most beautiful, unspoiled, and desirable residential communities in Northern California.

One of the unique features of the Town of Los Altos Hills, which the Town is justifiably proud of, is its Pathway System. This system of pathways comprises about 86 miles of beautiful trails and off-road paths that meander around and connects most of the community and the Town's sidewalk located in areas around the Town. With the cooperation of the residents, through easements and donations, this unique system is designed to allow users to appreciate the Town's natural beauty at their leisure, whether by walking, running, or even on horseback, and get acquainted with it, other residents.

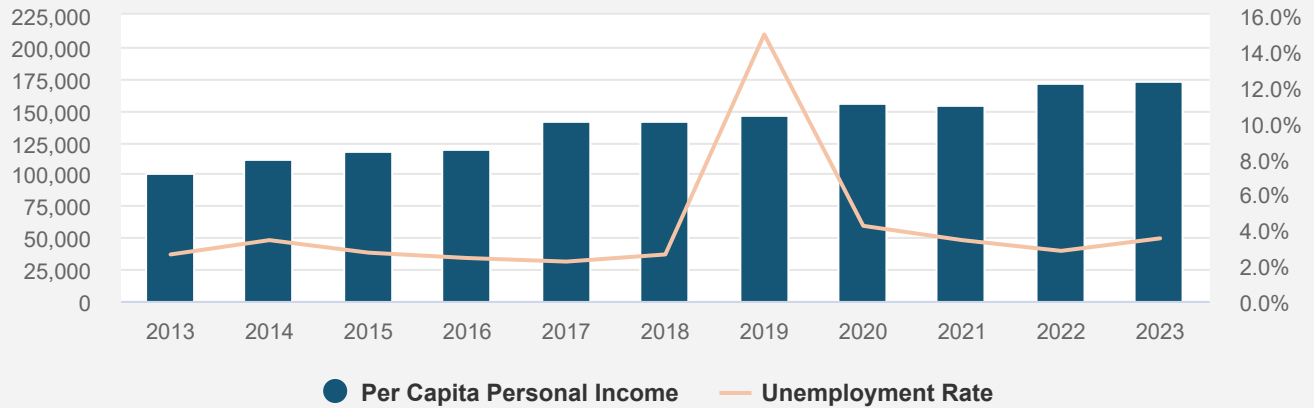


Town Demographics and Economic Statistics

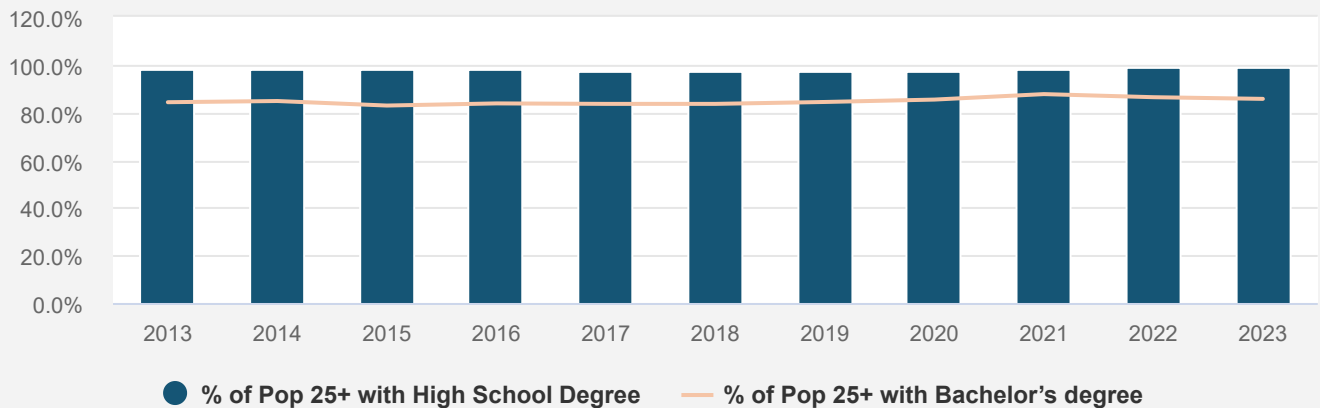
Year	Town Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's degree
2013	8,354	843,253	100,940	2.6%	48.9	98.1%	84.2%
2014	8,330	930,261	111,676	3.4%	49.3	97.9%	84.7%
2015	8,658	1,015,063	117,239	2.7%	50.3	98.1%	82.8%
2016	8,634	1,028,190	119,086	2.4%	51.1	98.0%	83.7%
2017	8,580	1,214,396	141,538	2.2%	51.4	97.1%	83.5%
2018	8,559	1,211,424	141,538	2.6%	51.4	97.1%	83.5%
2019	8,413	1,234,482	146,735	14.9%	52.3	97.3%	84.3%
2020	8,390	1,302,757	155,274	4.2%	51.1	97.3%	85.3%
2021	8,400	1,299,447	154,696	3.4%	52.2	98.5%	87.6%
2022	8,414	1,437,120	170,801	2.8%	53.5	99.1%	86.3%
2023	8,477	1,473,616	173,837	3.5%	53.5	99.2%	85.6%

Sources: Population - California State Department of Finance; Unemployment Data - California Employment Development Department; Income, Age, and Education Data - U.S. Census Bureau

Personal Income and Unemployment



Education Level Attained for Population 25 and Over



Population

Year	Los Altos Hills	Santa Clara County	California
2013	8,354	1,871,000	37,684,000
2014	8,330	1,867,000	38,054,000
2015	8,658	1,888,000	38,441,000
2016	8,634	1,902,000	39,071,000
2017	8,580	1,932,510	39,337,785
2018	8,559	1,932,340	39,437,463
2019	8,413	1,927,850	39,437,610
2020	8,390	1,936,259	35,538,223
2021	8,400	1,907,693	39,303,157
2022	8,414	1,894,783	39,185,605
2023	8,477	1,902,799	39,061,058
2024	8,476	1,903,198	39,128,162

2025 City Council



Mayor Kavita Tankha
Term of Office: November 2026



Vice Mayor Rajiv Bhateja
Term of Office: November 2029



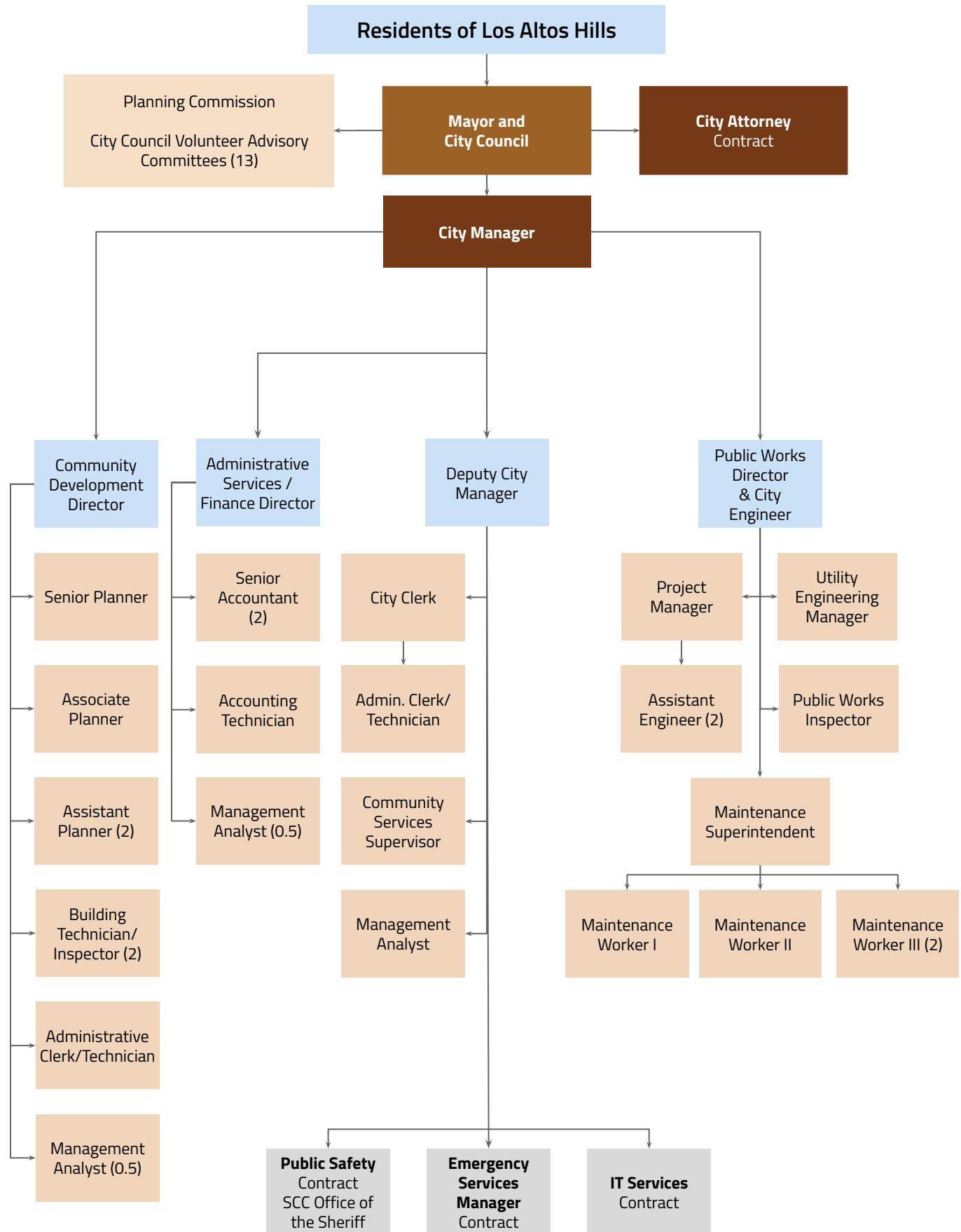
Councilmember Linda G. Swan
Term of Office: November 2029



Councilmember Stanley Q. Mok
Term of Office: November 2029



Councilmember George K. Tyson
Term of Office: November 2026



Town Information

Standing Committees, Commission, and Volunteer Appointments

The Town of Los Altos Hills offers residents many opportunities to contribute to its direction and vision and to making the Town a place that is the best it can be for all who call it home. Residents are invited to weigh in on major initiatives and suggest beneficial improvements for the Town. Residents can address the City Council at all meetings, and volunteers serve on a variety of committees. The meetings of the standing committees follow California's Open Meeting Laws (also known as the Ralph M. Brown Act). Roster as of May 2025 appointments.

Emergency Preparedness and Response Committee

City Council Liaison: Rajiv Bhateja

MEMBERS	TERM	TERM EXPIRATION
Amita Sachdeva (Chair)	1st	June 2026
Phillip M. Harter (Vice Chair)	1st	March 2027
Dave Stewart	1st	June 2026
Sam Wood	1st	June 2026
Jamshid "Jim" Basiji	1st	June 2026
Terry Kearney	1st	August 2027
Rabindra "Rob" Singh	1st	February 2027
BenGikis	1st	June 2026
Vacant		
ASSOCIATE MEMBERS		
Neil Katin	Bill Lattin	Victoria Bebee
Andrew Kirk	David Gilmour	

Environmental Design and Protection

City Council Liaison: Kavita Tankha

MEMBERS	TERM	TERM EXPIRATION
Grace P. Tsang (Chair)	1st	June 2026
Peter Brown (Vice-Chair)	2nd	July 2025
Anne Hsiao (Secretary)	1st	May 2028
Carol Gottlieb	4th	September 2028
Elizabeth Loinaz	1st	August 2025
Vijay Chawla	2nd	August 2026
Ivy Mei	1st	January 2029
Vacant		
ASSOCIATE MEMBERS		
Kjell Karlsson	Hajime Murakami	

Environmental Initiatives

City Council Liaison: George Tyson

MEMBERS	TERM	TERM EXPIRATION
Anand Ranganathan (Chair)	1st	October 2028
Mike Salameh (Vice Chair)	1st	June 2026
Steve Schmdit (Secretary)	2nd	May 2028
Vrinda Bhandarkar	2nd	October 2028
Aileen Lee	2nd	May 2025
George Lee	1st	February 2027
Johann George	1st	May 2027
April Anair	3rd	October 2028
Vacant		
Vacant		
Vacant		
ASSOCIATE MEMBERS		
Kunjan Shah	Kit Gordon	Raj Reddy
Jay Shideler	Serena Giori	

Finance and Investment

City Council Liaison: Kavita Tankha & Rajiv Bhateja

MEMBERS	TERM	TERM EXPIRATION
Allan Epstein (Chair)	4th	October 2028
Kjell Karlsson (Vice Chair)	4th	February 2029
Sean McGraw	1st	November 2027
Michele Raffin	1st	May 2027
Jeanne Seeley	1st	May 2028
Dominique Grau	1st	April 2029
Vacant		
Vacant		
Vacant		
ASSOCIATE MEMBERS		
Jim Lai	Frank Lloyd	Roddy Sloss (Secretay)

History

City Council Liaison: Linda Swan

MEMBERS	TERM	TERM EXPIRATION
Duffy Price	1st	January 2027
Sylvia Jensen (Vice-Chair)	2nd	March 2026
Carol Gottlieb (Chair)	4th	May 2028
Sally Wood (Secretary)	2nd	July 2025
Jitze Couperus	3rd	March 2028
Patty Woolsey	1st	September 2027
Bernardo Ferrari	1st	August 2026
Vacant		
Vacant		
ASSOCIATE MEMBERS		
Joe Heinrich	Deanna Tryon	Barry Smith

LA-LAH Joint Community Volunteer Service Awards

City Council Liaison: Stan Mok/Neysa Fligor

MEMBERS	TERM	TERM EXPIRATION
Ginny Lear (Chair)	1st	September 2027
Lindsay Carpenter (Secretary)	1st	September 2027
Sumita Chandra	1st	September 2027
Archanna Appanna	1st	September 2029
Charles (Chuck) Lindauer	1st	September 2029
Sandy Mingia	2nd	March 2027
Kelly Davis	1st	January 2027
Ben Gikis	1st	July 2028
Donald Mattson	2nd	March 2027
Vacant LAH		

LA-LAH Library Commission

City Council Liaison: Linda Swan/Larry Lang

MEMBERS	TERM	TERM EXPIRATION
Pierre Bedard (Chair)	1st	September 2025
Michelle Morris (Vice Chair)	1st	September 2027
Carolle Carter	1st	September 2025
Vacant Los Altos		
Vacant Los Altos		
Christine Fawcett	1st	January 2027
Vacant LAH		

LA-LAH Senior Commission

City Council Liaison: George Tyson/Sally Meadows

MEMBERS	TERM	TERM EXPIRATION
Jayne Cohen (Chair)	2nd	September 2028
Kris Olson (Vice Chair)	1st	September 2027
Dolores Gallagher Thompson	1st	September 2028
Nomi Trapnell	1st	September 2028
William Buchholz	2nd	September 2025
Jamshid "Jim" Basiji	3rd	August 2027
Sharvari Dixit	2nd	September 2027

ASSOCIATE MEMBERS

Ben Gikis

Open Space

City Council Liaison: Stan Mok

MEMBERS	TERM	TERM EXPIRATION
Anita Baldwin (Chair)	1st	February 2026
Peter Brown	2nd	March 2026
Viggy Mokkarala	1st	February 2026
Richard Contreras	3rd	March 2029
Sarah He (Vice Chair)	1st	March 2028
Eric Bredo	1st	March 2029
Vacant		
Vacant		
Vacant		
ASSOCIATE MEMBERS		
Sharen Schoendorf	George Clifford	Hayley Louth Ditzler
Karen Lemes	Nancy Couperus	Jean Struthers
Kit Gordon		

Parks, Recreation and Community Events

City Council Liaison: Stan Mok

MEMBERS	TERM	TERM EXPIRATION
Jasmeen Pombra (Chair)	1st	January 2029
Boxia Schmidt (Vice Chair)	2nd	January 2029
Jennifer Lauren Kan Bardsley	1st	January 2029
Yibin Tang	2nd	January 2029
Weiwen Li	1st	January 2029
Mukta Sharangpani	1st	January 2029
April Anair	2nd	January 2029
Lewis "Lew" Jamison	1st	January 2029
Lana Einschlag	2nd	January 2029
Vacant		
ASSOCIATE MEMBERS		
Rebecca Hickman	Valerie Metcalfe	Kjell Karlsson
Helene Karlsson	Jim Basiji	Mehda Rishi
Nena Price	Barbara Cannon	Neal Rayborn
Craig Murray		

Pathways

City Council Liaison: Linda Swan

MEMBERS	TERM	TERM EXPIRATION
Richard Partridge (Chair)	2nd	February 2027
Mike Orlando	1st	July 2028
Marc Gurwith	1st	October 2028
Michael Henshaw	1st	October 2028
Nick Erndt	1st	November 2028
Rajesh Shakkarwar	1st	June 2026
Vacant		
Vacant		
Vacant		

ASSOCIATE MEMBERS

Val Metcalfe

Planning Commission

Staff Liaison: Jay Bradford

MEMBERS	TERM	TERM EXPIRATION
Alisa Bredo	1st	June 2026
Rajiv Patel (Chair)	3rd	June 2026
Birgitta Indaco (Vice Chair)	2nd	June 2028
Jim Waschura	2nd	June 2028
Jitze Couperus	4th	June 2028

Public Art

City Council Liaison: Stan Mok, COMMITTEE ON HIATUS

MEMBERS	TERM	TERM EXPIRATION
Diane Brauch (Secretary)	2nd	November 2025
David Milgram	2nd	August 2025
Vacant		
Vacant		
Vacant		
Vacant		
Vacant		
Vacant		
Vacant		

ASSOCIATE MEMBERS

Technology Commission

City Council Liaison: Rajiv Bhateja

MEMBERS	TERM	TERM EXPIRATION
Lew Jamison (Chair)	1st	October 2027
Ameesh Divatia (Vice Chair)	1st	February 2026
Annie Ju (Secretary)	1st	February 2026
George Lee	1st	February 2026
John Swan	1st	January 2027
Sam Wood	1st	January 2029
Vacant		

ASSOCIATE MEMBERS

Andrea Bibl

Youth Commission

Staff Liaison: Emina Mahic

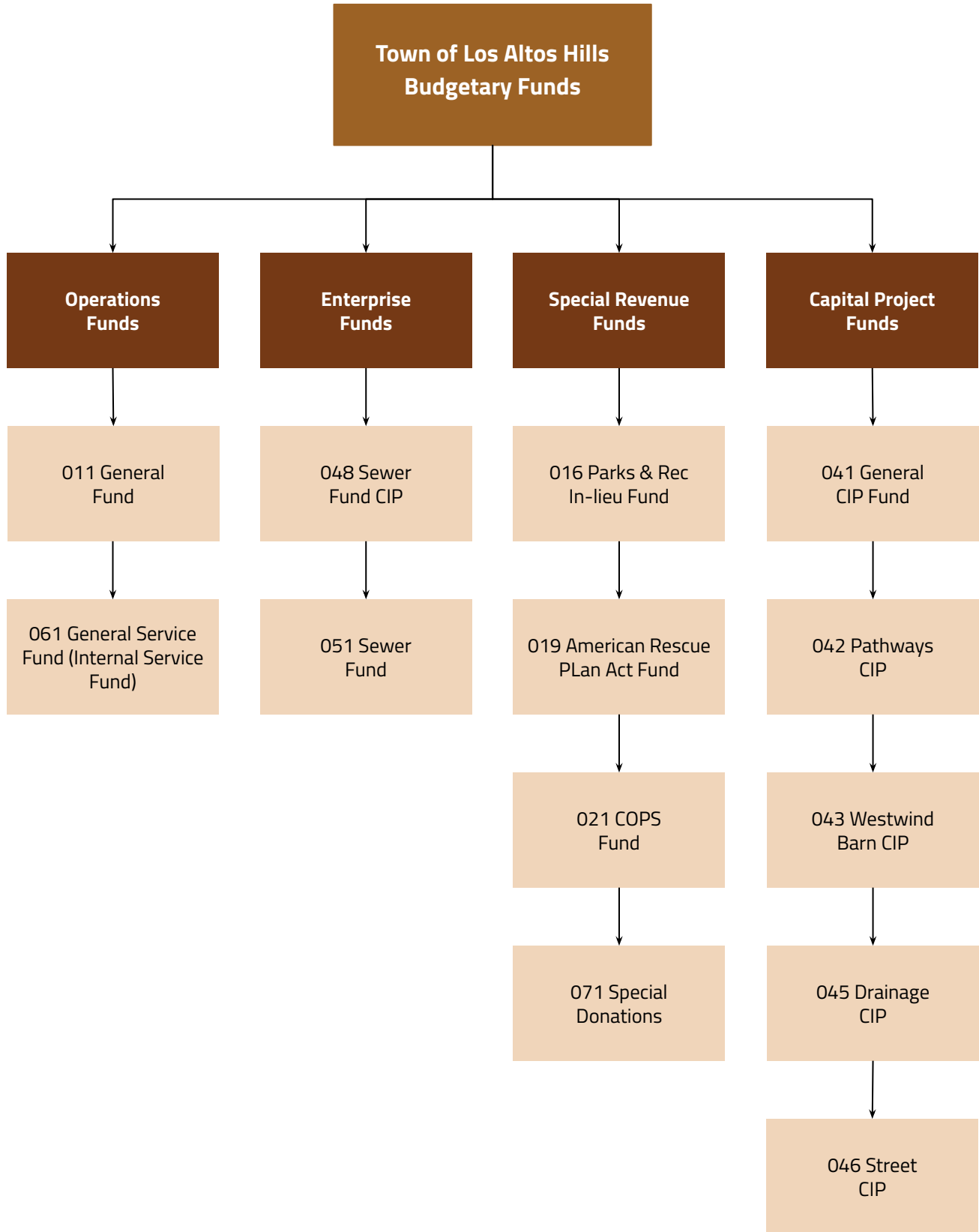
Commission members are minors; therefore, their names are not publicly listed to protect their privacy.



Financial and Personnel Allocation Summaries



Funds Overview



Fund Description

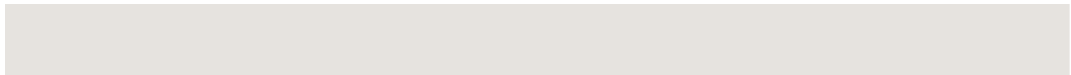
Fund	Fund Description
011	General Fund is the primary operating fund of the Town and is used to account for most day-to-day activities. Revenue sources include (but are not limited to) property tax, current fees for services, and business registration.
061	General Service Fund provides centralized support to all Town departments by accounting for the shared costs of Town Center operations, Corporation Yard operations, and vehicle and equipment operations.
016	Parks & Recreation in-lieu Fund is used to account for development revenues from parks and recreation in-lieu fees which are designated for park maintenance, improvement, construction, and acquisition.
019	American Rescue Plan Act (ARPA) Funds are Federal funds that are used specifically for COVID-19 eligible uses. All funds must be obligated by 2024 and expensed by 2026.
021	Police Grants are used to account for grant activities and services paid for and reimbursed by grant funding. This fund includes grants from the following funding source; Supplemental Law Enforcement Services Account (SLESA) – Under the SLESA program (commonly referred to as the Citizens Option for Public Safety, or COPS grant), cities and counties receive state funds to augment public safety expenditures. The General Fund supports the Emergency Preparedness contract and the Automatic License Plate Readers.
041	General CIP Fund is used to account for general capital projects including building construction, technology purchases and other infrastructure needs. The main source of revenue comes from the General Fund.
042	Pathway Fund is used to account for all funds received in the Pathway Fund shall be used exclusively for the construction of the Town's pathway system.
043	Westwind Community Barn Fund is used to account for capital projects at Westwind Community Barn financed by Verizon Cell.
045	Storm Drain Fund are used to account for revenues from drainage fees, which are designated for storm drain maintenance, improvement, and construction.
048 051	Sewer (Wastewater) Funds are used to account for Town operations that are financed and operated like a private business enterprise. The Sewer Fund is used to account for sewer treatment, transmission, major replacements and improvements to the Town's sewer system.

Town-Wide Fund Summary

Fund No	Fund Title	Estimated Fund Balance @ 7/1/2025	2025-26 Budget Summary			Projected Fund Balance @ 6/30/2026	% Change in Fund Balance
			Revenue	Expenditure	Transfers In/(Out)		
General Fund							
011	General Fund						
	Pension Trust (Restricted)	\$ 2,209,137	\$ -	\$ -		\$ 2,209,137	
	General Fund Stabilization Reserve	3,113,623	-	-		3,113,623	
	Capital Projects Reserve	3,407,739	-	-	-	3,407,739	
	Disaster Contingency Reserve	1,250,000	-	-		1,250,000	
	Facilities Replacement Reserve	3,017,081	-	-		3,017,081	
	Pension Contribution Reserve	535,439	-	-		535,439	
	Technology Reserve	-	-	-	-	-	
	Vehicle & Equip Reserve	409,000	-	-	100,000	509,000	
	Unassigned Fund Balance	2,737,798	18,481,207	(18,153,369)	(1,613,070)	1,452,565	
	Subtotal	\$ 16,679,817	\$ 18,481,207	\$ (18,153,369)	\$ (1,513,070)	\$ 15,494,584	-7.1%
Internal Service Fund							
061	General Service Fund	\$ 822,325	\$ 1,426,106	\$ (1,426,106)	\$ -	\$ 822,325	
	Subtotal	\$ 822,325	\$ 1,426,106	\$ (1,426,106)	\$ -	\$ 822,325	0.0%
Special Revenue Funds							
016	Parks & Recreation in-Lieu	\$ 463,136	\$ 15,974	\$ -		\$ 479,110	
019	American Rescue Plan Act (ARPA)	-	-	-		-	
021	COPS Fund	1,541	115,000	-	(116,541)	(0)	
071	Special Donation	34,472	-	-		34,472	
	Subtotal	\$ 499,149	\$ 130,974	\$ -	\$ (116,541)	\$ 513,582	2.9%
Capital Funds							
041	General Capital	\$ 1,180,551	\$ -	\$ (1,169,310)	\$ 1,169,310	\$ 1,180,551	
042	Pathway Capital	910,568	150,376	(565,000)	-	495,944	
043	Westwind Barn Capital	374,004	50,000	(50,000)	-	374,004	
045	Drainage Capital	703,564	80,498	-	(40,000)	744,062	
046	Street Capital	316,631	975,675	(1,465,000)	489,325	316,631	
	Subtotal	\$ 3,485,318	\$ 1,256,550	\$ (3,249,310)	\$ 1,618,635	\$ 3,111,193	-10.7%
Sewer Funds							
048	Sewer CIP		\$ -	\$ (906,620)	\$ 900,000	(6,620)	
051	Sewer Operations-Exc Depreciator	4,699,667	4,401,444	(4,226,442)	(889,024)	3,985,644	
	Subtotal	\$ 4,699,667	\$ 4,401,444	\$ (5,133,062)	\$ 10,976	\$ 3,979,024	-15.3%
All Funds		\$ 26,186,276	\$ 25,696,280	\$ (27,961,848)	\$ -	\$ 23,920,709	-8.7%

Town-Wide Financial Summary

	General Fund		Special Revenue Funds		Capital Project Funds		Enterprise Funds (Sewer Funds)		Internal Service Funds		Total All Funds	
	2024-25 Est. Actual	2025-26 Budget Proposal	2024-25 Est. Actual	2025-26 Budget Proposal	2024-25 Est. Actual	2025-26 Budget Proposal	2024-25 Est. Actual	2025-26 Budget Proposal	2024-25 Est. Actual	2025-26 Budget Proposal	2024-25 Est. Actual	2025-26 Budget Proposal
Revenues												
Property Taxes	\$ 8,991,000	\$ 9,483,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,991,000	\$ 9,483,540
Taxes Other Than Property	650,120	610,750	-	-	-	-	-	-	-	-	650,120	610,750
Franchise Fees	696,291	705,500	-	-	-	-	-	-	-	-	696,291	705,500
Licenses and Permits	1,044,918	2,012,774	-	-	-	-	-	-	-	-	1,044,918	2,012,774
Use of Money and Property	1,595,567	955,186	14,368	15,974	164,509	100,875	351,516	166,116	-	-	2,125,960	1,238,150
Intergovernmental Subventions	103,683	46,001	194,664	115,000	1,040,562	868,575	-	-	-	-	1,338,909	1,029,576
Charges for Services	802,312	1,241,925	-	-	502,817	287,100	6,691	-	-	-	1,311,820	1,529,025
Miscellaneous Revenues	16,745	18,000	-	-	4,091,696	-	2,293	-	-	-	4,110,734	18,000
Allocations In	3,711,885	3,407,530	-	-	-	-	-	-	1,228,422	1,426,106	4,940,307	4,833,636
Sewer Connection Fees	-	-	-	-	-	-	211,884	129,430	-	-	211,884	129,430
Sewer Assessment Charges	-	-	-	-	-	-	3,719,000	4,105,898	-	-	3,719,000	4,105,898
Total Revenues	\$ 17,612,520	\$ 18,481,207	\$ 209,032	\$ 130,974	\$ 5,799,585	\$ 1,256,550	\$ 4,291,383	\$ 4,401,444	\$ 1,228,422	\$ 1,426,106	\$ 29,140,942	\$ 25,696,280
Expenditures by Function												
General Administration	\$ 1,986,746	\$ 2,519,074	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,986,746	\$ 2,519,074
Finance & Administrative Services	1,518,605	1,607,028	-	-	-	-	-	-	955,450	1,021,892	2,474,056	2,628,920
Public Safety	3,633,097	4,073,524	2,100	-	-	-	-	-	-	-	3,635,197	4,073,524
Community Development	4,368,989	4,919,808	-	-	-	-	-	-	-	-	4,368,989	4,919,808
Community Services	1,474,574	1,452,365	-	-	-	-	-	-	-	-	1,474,574	1,452,365
Public Works	3,199,794	3,574,951	-	-	-	-	3,872,591	4,226,442	272,970	404,214	7,345,354	8,205,607
Capital Projects	-	-	2,091	-	7,511,970	3,249,310	508,520	906,620	-	-	8,022,581	4,155,930
Non-Departmental	1,267	6,620	-	-	-	-	-	-	-	-	1,267	6,620
Total Expenditures	\$ 16,183,073	\$ 18,153,369	\$ 4,191	\$ -	\$ 7,511,970	\$ 3,249,310	\$ 4,381,111	\$ 5,133,062	\$ 1,228,420	\$ 1,426,106	\$ 29,308,765	\$ 27,961,848
Operating Surplus/(Deficit)	\$ 1,429,447	\$ 327,837	\$ 204,841	\$ 130,974	(1,712,386)	(1,992,760)	(89,727)	(731,619)	2	\$ -	(167,822)	(2,265,567)
Transfers In/(Out)												
Transfers In	903,299	-	-	-	-	2,538,168	1,658,635	910,452	910,976	-	4,351,919	2,569,611
Transfers Out	(2,598,814)	(1,513,070)	(813,105)	(116,541)	(40,000)	(40,000)	(900,000)	(900,000)	-	-	(4,351,919)	(2,569,611)
Total Transfers In/(Out)	\$ (1,695,515)	\$ (1,513,070)	\$ (813,105)	\$ (116,541)	\$ 2,498,168	\$ 1,618,635	\$ 10,452	\$ 10,976	\$ -	\$ -	\$ -	\$ -
Change in Fund Balance	(266,068)	(1,185,233)	(608,264)	14,433	785,782	(374,125)	(79,275)	(720,643)	2	-	(167,822)	(2,265,567)
Beginning	16,945,885	16,679,817	1,107,413	499,149	2,699,536	3,485,318	10,842,131	10,762,856	822,323	822,325	32,417,288	32,249,465
Ending Fund Balance	\$ 16,679,817	\$ 15,494,584	\$ 499,149	\$ 513,582	\$ 3,485,318	\$ 3,111,193	\$ 10,762,856	\$ 10,042,213	\$ 822,325	\$ 822,325	\$ 32,249,466	\$ 29,983,898

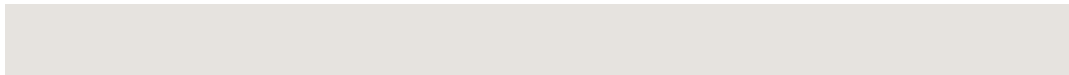


General Fund Revenues and Expenditures by Category

	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Property Taxes	\$ 7,592,740	\$ 8,153,742	\$ 8,531,557	\$ 8,914,040	\$ 8,991,000	\$ 9,483,540	569,500	\$ 6%
Taxes Other Than Property	813,073	575,010	599,106	610,750	650,120	610,750	-	0%
Franchise Fees	414,154	391,129	665,597	589,000	696,291	705,500	116,500	20%
Licenses and Permits	2,529,635	1,366,066	1,837,123	1,647,892	1,044,918	2,012,774	364,882	22%
Use of Money and Property	(605,265)	344,281	1,108,231	1,127,000	1,595,567	955,186	(171,814)	-15%
Intergovernmental Subventions	100,484	38,439	49,422	36,000	103,683	46,001	10,000	28%
Charges for Services	1,179,569	1,035,404	1,099,638	1,036,800	802,312	1,241,925	205,126	20%
Miscellaneous Revenues	118,586	82,691	69,012	18,000	16,745	18,000	-	0%
Allocations In	2,883,486	2,962,480	2,999,794	3,711,885	3,711,885	3,407,530	(304,355)	-8%
Total Revenues	\$ 15,026,463	\$ 14,949,242	\$ 16,959,479	\$ 17,691,367	\$ 17,612,520	\$ 18,481,207	789,839	\$ 4%
Expenditures								
Personnel	\$ 3,753,452	\$ 3,948,097	\$ 4,269,910	\$ 4,900,238	\$ 4,404,724	\$ 5,518,513	618,278	\$ 13%
Contractual Services	4,209,624	4,747,417	5,871,804	6,509,654	5,623,450	6,018,859	(490,795)	-8%
Professional Services	360,148	292,658	388,138	449,555	375,254	347,204	(102,351)	-23%
Operations	1,131,830	1,106,878	1,160,146	1,683,498	1,451,087	1,662,737	(20,763)	-1%
Capital Outlay Spending	232	23,429	-	2,000	511	-	(2,000)	0%
Miscellaneous Expenditures	21,865	-	-	232,000	182,000	242,000	10,000	4%
Allocations Out	3,308,587	3,570,115	3,533,074	4,299,969	4,146,047	4,364,056	64,085	1%
Total Expenditures	\$ 12,785,738	\$ 13,688,594	\$ 15,223,073	\$ 18,076,915	\$ 16,183,073	\$ 18,153,369	76,454	\$ 0%
Operating Surplus/(Deficit)	\$ 2,240,725	\$ 1,260,648	\$ 1,736,406	\$ (385,548)	\$ 1,429,447	327,837	\$ 713,385	-185%
Transfers In/(Out)								
Transfers In	(638,923)	-	(177,488)	(38,976)	903,299	-	(38,976)	0%
Transfers Out	1,756,479	2,585,871	1,725,369	1,897,362	(2,598,814)	(1,513,070)	(384,292)	-20%
Total Transfers In/(Out)	\$ (1,117,556)	\$ (2,585,871)	\$ (1,547,881)	\$ (1,858,386)	\$ (1,695,515)	\$ (1,513,070)	\$ 345,316	-19%
Change in Fund Balance	\$ 1,123,169	\$ (1,325,223)	\$ 188,525	\$ (2,243,934)	\$ (266,068)	\$ (1,185,233)	\$ 1,058,701	-47%
Fund Balance								
Beginning	16,960,479	18,083,648	16,758,425	16,945,885	16,945,885	16,679,817	(266,068)	-2%
Ending Fund Balance	\$ 18,083,648	\$ 16,758,425	\$ 16,945,885	\$ 14,701,951	\$ 16,679,817	\$ 15,494,584	\$ 792,633	5%

Internal Service Fund Revenues and Expenditures by Category

	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Miscellaneous Revenues	\$ -	\$ 11,601	\$ 10,942	\$ -	\$ -	\$ -	\$ -	0%
Allocations In	794,605	1,003,314	911,652	1,371,729	1,228,422	1,426,106	54,377	4%
Total Revenues	\$ 794,605	\$ 1,014,915	\$ 922,594	\$ 1,371,729	\$ 1,228,422	\$ 1,426,106	\$ 54,377	4%
Expenditures								
Personnel	\$ 151,928	\$ 36,154	\$ 98,635	\$ 231,941	\$ 480,279	\$ 378,604	\$ 146,662	63%
Contractual Services	143,983	267,525	258,395	304,000	284,245	351,000	47,000	15%
Professional Services	148,061	100,981	147,448	213,000	186,896	68,000	(145,000)	-68%
Operations	326,046	419,728	294,366	383,850	274,149	495,364	111,514	29%
Capital Outlay Spending	-	5,772	2,606	133,138	2,851	133,138	-	0%
Miscellaneous Expenditures	172,892	175,351	172,133	-	-	-	-	0%
Total Expenditures	\$ 942,910	\$ 1,005,512	\$ 973,582	\$ 1,265,929	\$ 1,228,420	\$ 1,426,106	\$ 160,176	13%
Operating Surplus/(Deficit)	\$ (148,305)	\$ 9,403	\$ (50,988)	\$ 105,800	\$ 2	\$ -	\$ (105,800)	-100%
Transfers In/(Out)								
Transfers In								
Transfers Out								
Total Transfers In/(Out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%



Sewer Fund

Financial Summary	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Use of Money and Property	\$ (189,081)	\$ 24,407	\$ 171,190	\$ -	\$ 351,516	\$ 166,116	166,116	\$ 0%
Charges for Services	7,349	-	6,145	-	6,691	-	-	0%
Miscellaneous Revenues	120	1,946	7,049	-	2,293	-	-	0%
Sewer Connection Fees	236,512	97,754	154,081	125,660	211,884	129,430	3,770	3%
Sewer Assessment Charges	3,070,792	3,263,652	3,534,615	3,715,880	3,719,000	4,105,898	390,018	10%
Total Revenues	\$ 3,125,692	\$ 3,387,759	\$ 3,873,080	\$ 3,841,540	\$ 4,291,383	\$ 4,401,444	559,904	\$ 15%
Expenditures								
Personnel	\$ 67,090	\$ 353,709	\$ 280,727	\$ 309,808	\$ 461,311	\$ 283,190	(26,618)	\$ -9%
Contractual Services	1,981,724	2,088,210	2,461,461	3,141,121	3,068,771	3,436,000	294,879	9%
Professional Services	143,013	14,919	13,100	25,500	51,680	25,500	-	0%
Operations	29,305	14,823	14,787	18,600	18,498	18,794	194	1%
Capital Outlay Spending	(82,409)	(95,244)	(47,931)	900,000	432,409	900,000	-	0%
Miscellaneous Expenditures	236,129	260,918	260,918	-	-	-	-	0%
Allocations Out	270,358	289,555	280,939	320,073	348,441	469,578	149,505	47%
Total Expenditures	\$ 2,645,210	\$ 2,926,890	\$ 3,264,000	\$ 4,715,103	\$ 4,381,111	\$ 5,133,062	417,960	\$ 9%
Operating Surplus/(Deficit)	\$ 480,482	\$ 460,869	\$ 609,080	\$ (873,563)	\$ (89,727)	\$ (731,619)	141,944	\$ -16%
Transfers In/(Out)								
Transfers In	(9,300)	(1,179,650)	(9,858)	(900,000)	910,452	910,976	10,976	1%
Transfers Out	-	1,170,350	-	900,000	(900,000)	(900,000)	-	0%
Total Transfers In/(Out)	\$ (9,300)	\$ (9,300)	\$ (9,858)	\$ -	\$ 10,452	\$ 10,976	\$ 10,976	\$ 0

Department Spending

Expenditures	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
General Fund								
General Administration	\$ 1,613,307	\$ 2,082,638	\$ 1,734,065	\$ 2,307,341	\$ 1,986,746	\$ 2,519,074	\$ 211,732	9%
Finance & Administrative Services	1,336,110	1,201,792	1,399,051	1,446,307	1,518,605	1,607,028	160,720	11%
Public Safety	2,131,840	2,342,287	3,630,942	3,695,061	3,633,097	4,073,524	378,461	10%
Community Development	3,746,154	3,613,076	4,193,926	5,243,641	4,368,989	4,919,808	(323,832)	-6%
Community Services	1,261,794	1,494,969	1,481,576	1,833,728	1,474,574	1,452,365	(381,366)	-21%
Public Works	2,416,467	2,835,134	2,783,512	3,550,836	3,199,794	3,574,951	24,119	1%
Non-Departmental	280,066	118,698	-	-	1,267	6,620	6,620	0%
Total General Fund	\$ 12,785,738	\$ 13,688,594	\$ 15,223,073	\$ 18,076,915	\$ 16,183,073	\$ 18,153,369	\$ 76,454	0%
Special Revenue Funds								
General Administration	\$ 301,999	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	0%
Public Safety	168,255	362,687	8,671	-	2,100	-	-	0%
Capital Projects	55,123	633,062	266,551	-	2,091	-	-	0%
Total Special Revenue Funds	\$ 525,377	\$ 1,020,749	\$ 275,222	\$ -	\$ 4,191	\$ -	\$ -	0%
Capital Project Funds								
Capital Projects	\$ 3,008,402	\$ 3,415,032	\$ 3,331,348	\$ 4,384,226	\$ 7,511,970	\$ 3,249,310	\$ (1,134,916)	-26%
Total Capital Project Funds	\$ 3,008,402	\$ 3,415,032	\$ 3,331,348	\$ 4,384,226	\$ 7,511,970	\$ 3,249,310	\$ (1,134,916)	-26%
Enterprise Funds								
Public Works	\$ 2,641,881	\$ 2,926,890	\$ 3,263,894	\$ 3,815,103	\$ 3,872,591	\$ 4,226,442	\$ 411,340	11%
Capital Projects	-	-	-	900,000	508,520	906,620	6,620	1%
Non-Departmental	3,329	-	107	-	-	-	-	0%
Total Enterprise Funds	\$ 2,645,210	\$ 2,926,890	\$ 3,264,000	\$ 4,715,103	\$ 4,381,111	\$ 5,133,062	\$ 417,960	9%
Internal Service Funds								
Finance & Administrative Services	\$ 710,439	\$ 708,519	\$ 695,264	\$ 952,161	\$ 955,450	\$ 1,021,892	\$ 69,730	7%
General Administration	4,179	4,179	4,179	-	-	-	-	0%
Public Works	228,292	292,814	274,140	313,768	272,970	404,214	90,446	29%
Total Internal Service Funds	\$ 942,910	\$ 1,005,512	\$ 973,582	\$ 1,265,929	\$ 1,228,420	\$ 1,426,106	\$ 160,176	13%
Total All Funds	\$ 19,907,637	\$ 22,056,776	\$ 23,067,225	\$ 28,442,172	\$ 29,308,765	\$ 27,961,848	\$ (480,326)	-2%

Personnel Allocations

	FY2021/22	FY2022/23	FY2023/24	FY2024/25	FY2025/26
General Administration					
Administrative Clerk / Technician	1.0	1.0	1.0	1.0	1.00
City Clerk	1.0	1.0	1.0	1.0	1.00
City Manager	1.0	1.0	1.0	1.0	1.00
Deputy City Manager	-	-	0.8	1.0	1.00
Management Analyst	-	-	-	1.0	1.00
Management Analyst II	1.0	1.0	0.2	-	-
Total General Administration	4.0	4.0	4.0	5.0	5.00
Finance & Administrative Services					
Accountant	1.0	1.0	1.0	1.0	-
Accounting Technician	1.0	1.0	1.0	1.0	1.00
Administrative Services Director	1.0	1.0	1.0	-	-
Finance Director	-	-	-	1.0	1.00
Senior Accountant	1.0	1.0	1.0	1.0	2.00
Total Finance & Administrative Services	4.0	4.0	4.0	4.0	4.00
Community Development					
Administrative Clerk / Technician	1.0	1.0	1.0	1.0	1.00
Assistant Community Development Director/ Building Official	-	1.0	1.0	1.0	-
Assistant Planner	1.0	1.0	1.0	-	2.00
Associate Planner	-	-	-	1.0	1.00
Building Inspector	1.0	1.0	1.0	-	-
Building / Planning Technician	1.0	1.0	1.0	1.0	2.00
Community Dev. Director	-	-	1.0	1.0	1.00
Management Analyst	-	-	-	-	1.00
Planning Director	1.0	1.0	-	-	-
Principal Planner	1.0	1.0	-	-	-
Senior Planner	1.0	1.0	2.0	1.0	1.00
Total Community Development	7.0	8.0	8.0	6.0	9.00
Community Services					
Community Services Manager	-	-	1.0	-	-
Community Services Supervisor	-	-	-	1.0	1.00
Recreation Specialist	1.0	1.0	1.0	-	-
Senior Community Services Supervisor	1.0	1.0	-	-	-
Total Community Services	2.0	2.0	2.0	1.0	1.00

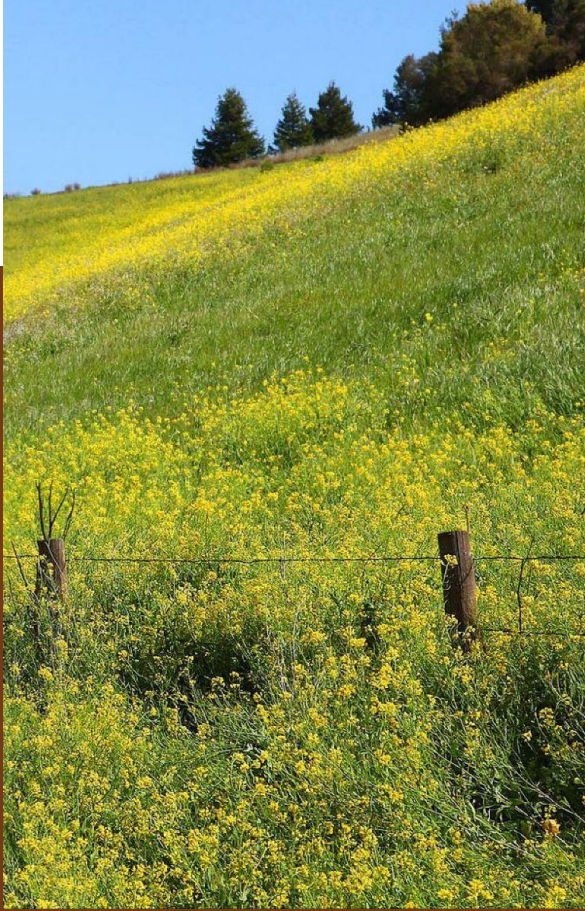
Personnel Allocations (continued)

	FY2021/22	FY2022/23	FY2023/24	FY2024/25	FY2025/26
Public Works					
Assistant Engineer	2.0	2.0	2.0	2.0	2.00
Associate Engineer	1.0	1.0	1.0	1.0	-
Maintenance Superintendent	1.0	1.0	1.0	1.0	1.00
Maintenance Worker I	1.0	1.0	1.0	1.0	1.00
Maintenance Worker II	1.0	1.0	1.0	1.0	1.00
Maintenance Worker III	2.0	2.0	2.0	2.0	2.00
Project Manager	-	-	-	-	1.00
Public Works Director / City Engineer	1.0	1.0	1.0	1.0	1.00
Public Works Inspector	-	-	-	1.0	1.00
Utilities Manager	1.0	1.0	1.0	1.0	1.00
Total Public Works	10.0	10.0	10.0	11.0	11.00
Summary					
General Administration	4.0	4.0	4.0	5.0	5.00
Finance & Administrative Services	4.0	4.0	4.0	4.0	4.00
Community Development	7.0	8.0	8.0	6.0	9.00
Community Services	2.0	2.0	2.0	1.0	1.00
Public Works	10.0	10.0	10.0	11.0	11.00
Total	27.0	28.0	28.0	27.0	30.00

The Management Analyst in Community Development is shared between Community Development and Finance & Administrative Services.
Positions with a slash (e.g., Clerk/Technician) reflect a budgeted role with potential for internal promotion.

FY 2025-26 Salary Schedule

	Annual Range		Hourly Range	
	Minimum	Maximum	Minimum	Maximum
City Manager-Set by Contract	\$ 303,960	\$ 303,960	<i>salary</i>	
Deputy City Manager	\$ 166,312	\$ 224,522	<i>salary</i>	
Assistant to the City Manager	\$ 139,261	\$ 188,004	<i>salary</i>	
Management Analyst II	\$ 114,903	\$ 155,121	<i>salary</i>	
Management Analyst	\$ 101,995	\$ 137,694	\$ 49.04	\$ 66.20
City Clerk	\$ 142,998	\$ 193,046	<i>salary</i>	
Admin Clerk/Technician	\$ 79,338	\$ 107,105	\$ 38.14	\$ 51.49
Administrative Services Director	\$ 202,451	\$ 273,309	<i>salary</i>	
Finance Director	\$ 192,135	\$ 259,643	<i>salary</i>	
Finance Manager	\$ 157,297	\$ 212,351	<i>salary</i>	
Senior Accountant	\$ 126,833	\$ 171,223	<i>salary</i>	
Accountant	\$ 104,098	\$ 140,531	\$ 50.05	\$ 67.56
Accounting Technician	\$ 94,306	\$ 127,314	\$ 45.34	\$ 61.21
Accounting Office Assistant	\$ 82,915	\$ 111,935	\$ 39.86	\$ 53.81
Community Development Director	\$ 202,451	\$ 273,309	<i>salary</i>	
Assistant Community Development Director/Building	\$ 166,312	\$ 224,522	<i>salary</i>	
Principal Planner	\$ 142,744	\$ 192,705	<i>salary</i>	
Senior Planner	\$ 126,639	\$ 170,962	<i>salary</i>	
Associate Planner	\$ 110,222	\$ 148,797	\$ 53.00	\$ 71.54
Assistant Planner	\$ 93,283	\$ 125,931	\$ 44.85	\$ 60.55
Building Official	\$ 144,241	\$ 194,725	<i>salary</i>	
Deputy Building Official/Plan Examiner	\$ 120,486	\$ 162,651	<i>salary</i>	
Senior Building Inspector	\$ 113,283	\$ 152,930	\$ 54.47	\$ 73.53
Building Inspector	\$ 100,323	\$ 135,435	\$ 48.23	\$ 65.12
Building Technician	\$ 83,353	\$ 112,527	\$ 40.08	\$ 54.10
Public Works Director & City Engineer	\$ 202,451	\$ 273,309	<i>salary</i>	
Utility Engineering Manager	\$ 147,086	\$ 198,567	<i>salary</i>	
Project Manager	\$ 138,479	\$ 186,946	<i>salary</i>	
Senior Civil Engineer	\$ 138,479	\$ 186,946	<i>salary</i>	
Associate Engineer	\$ 118,283	\$ 159,683	\$ 56.87	\$ 76.77
Assistant Engineer	\$ 104,909	\$ 141,628	\$ 50.44	\$ 68.09
Public Works Inspector	\$ 96,931	\$ 130,855	\$ 46.60	\$ 62.91
Maintenance Superintendent	\$ 133,740	\$ 180,549	<i>salary</i>	
Maintenance Worker III	\$ 85,307	\$ 115,164	\$ 41.01	\$ 55.36
Maintenance Worker II	\$ 73,559	\$ 99,307	\$ 35.36	\$ 47.74
Maintenance Worker I	\$ 65,802	\$ 88,832	\$ 31.64	\$ 42.71
Community Services Manager	\$ 124,726	\$ 168,375	<i>salary</i>	
Community Services Supervisor	\$ 102,966	\$ 139,005	\$ 49.50	\$ 66.83
Recreation Specialist	\$ 64,773	\$ 87,443	\$ 31.14	\$ 42.04



Department Budgets



Department Overview

Includes Allocations, Excludes Transfers

Department/Division	2025-26 Budget Proposal
General Administration	
City Council, City Manager, City Attorney, City Clerk, Committees & Commissions	\$ 2,519,074
Finance & Administrative Services	
Finance & Administrative Services, Community Services Grant, Insurance, Fringe Benefits, Town Center	2,628,920
Public Safety	
Public Safety, Animal Control, Citizens Public Safety Program	4,073,524
Community Development	
Planning Administration, Planning Commission, Code Enforcement Operations, Building Operations	4,919,808
Community Services	
Community Services Administration, Recreation Programs, Special Events, Parks, Westwind Community Barn	1,452,365
Public Works	
Engineering Administration, Sewer Operations, Storm Drain Operations, Street Operations, Pathway Operations, Corporation Yard Operations, Vehicle Operations	8,205,607
Capital Projects	
General CIP, Pathways CIP, Drainage CIP, Street CIP, Sewer CIP, Westwind Barn CIP	4,155,930
Non-Departmental	
Non-Departmental	6,620
Total	\$ 27,961,848

Department Summary by Program

Expenditures	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
General Administration								
City Council (1100)	\$ 188,868	\$ 210,988	\$ 321,796	\$ 449,077	\$ 397,206	\$ 472,992	\$ 23,915	5%
City Manager (1200)	519,076	641,497	605,720	976,864	899,699	1,275,081	298,217	31%
City Attorney (1500)	435,749	661,111	277,044	340,000	229,288	259,656	(80,344)	-24%
City Clerk (1300)	189,211	230,163	271,101	279,406	251,577	289,086	9,679	3%
Committee & Commissions (1700)	280,404	338,879	258,403	261,994	208,976	222,259	(39,735)	-15%
Special Donations (0510)	50,000	25,000	-	-	-	-	-	0%
Office Equipment (1490)	4,179	4,179	4,179	-	-	-	-	0%
American Rescue Plan (ARP) (1101)	251,999	-	-	-	-	-	-	0%
Total General Administration	\$ 1,919,484	\$ 2,111,817	\$ 1,738,244	\$ 2,307,341	\$ 1,986,746	\$ 2,519,074	\$ 211,732	9%
Finance & Administrative Services								
Finance & Administrative Services (1400)	\$ 805,243	\$ 847,596	\$ 970,033	\$ 1,004,544	\$ 952,199	\$ 1,128,599	\$ 124,054	12%
Town Benefit (1470)	-	(195,531)	(122,702)	-	132,368	11,978	11,978	0%
Town Center (1480)	710,439	904,050	817,965	952,161	823,082	1,009,914	57,752	6%
Insurance (1510)	513,221	253,286	344,334	400,000	511,393	433,924	33,924	8%
Community Services Grant (1600)	17,645	100,910	84,684	41,762	55,013	44,505	2,742	7%
Total Finance & Administrative Services	\$ 2,046,549	\$ 1,910,310	\$ 2,094,314	\$ 2,398,467	\$ 2,474,056	\$ 2,628,920	\$ 230,450	10%
Public Safety								
Public Safety (2100)	\$ 2,123,237	\$ 2,282,559	\$ 3,567,900	\$ 3,533,726	\$ 3,474,820	\$ 3,890,069	\$ 356,342	10%
Animal Control (2150)	8,603	59,728	63,043	161,335	158,277	183,455	22,119	14%
Citizens Public Safety Program (Cops) (6100)	168,255	362,687	8,671	-	2,100	-	-	0%
Total Public Safety	\$ 2,300,095	\$ 2,704,974	\$ 3,639,613	\$ 3,695,061	\$ 3,635,197	\$ 4,073,524	\$ 378,461	10%
Community Development								
Planning Administration (3100)	\$ 1,673,492	\$ 1,846,112	\$ 1,989,910	\$ 2,262,601	\$ 2,073,264	\$ 2,282,685	\$ 20,087	1%
Planning Commission (3110)	40,319	92,440	142,861	78,382	78,498	145,587	67,204	86%
Code Enforcement Operations (3120)	195,079	173,771	152,386	212,111	166,757	294,583	82,472	39%
Building Operations (3200)	1,837,263	1,500,754	1,908,769	2,690,548	2,034,198	2,196,953	(493,595)	-18%
Permit Review and Inspection (3210)	-	-	-	-	16,272	-	-	0%
Total Community Development	\$ 3,746,154	\$ 3,613,076	\$ 4,193,926	\$ 5,243,641	\$ 4,368,989	\$ 4,919,808	\$ (323,832)	-6%
Community Services								

Expenditures	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Community Services Administration (1000)	\$ 687,648	\$ 815,623	\$ 667,949	\$ 909,980	\$ 806,098	\$ 350,184	\$ (559,796)	-62%
Recreation Programs (4110)	30,189	33,095	31,580	45,820	28,394	18,163	(27,657)	-60%
Special Events (4120)	125,184	166,817	279,533	262,721	131,360	288,006	25,285	10%
Parks (5100)	164,833	198,541	193,129	251,003	200,007	333,006	82,002	33%
Westwind Community Barn (5300)	253,941	280,894	309,386	364,205	308,714	463,005	98,800	27%
Total Community Services	\$ 1,261,794	\$ 1,494,969	\$ 1,481,576	\$ 1,833,728	\$ 1,474,574	\$ 1,452,365	\$ (381,366)	-21%
Public Works								
Engineering (3300)	\$ 978,883	\$ 976,545	\$ 1,106,189	\$ 1,394,527	\$ 1,278,934	\$ 1,023,013	\$ (371,513)	-27%
Sewer Operations (4800)	2,641,881	2,926,890	3,263,894	3,815,103	3,872,591	4,226,442	411,340	11%
Storm Drain Operations (4500)	302,076	554,327	390,021	504,509	440,087	567,122	62,616	12%
Street Operations (4600)	574,923	664,043	633,394	837,652	716,567	909,337	71,685	9%
Pathway Operations (4740)	560,586	640,220	653,909	814,148	764,206	1,075,479	261,331	32%
Corporation Yard Operations (4300)	119,337	146,584	142,482	181,682	150,295	225,288	43,605	24%
Vehicle Operations (4400)	108,955	146,230	131,657	132,086	122,674	178,926	46,841	35%
Total Public Works	\$ 5,286,640	\$ 6,054,838	\$ 6,321,546	\$ 7,679,707	\$ 7,345,354	\$ 8,205,607	\$ 525,905	7%
Capital Projects								
Sewer CIP (6900)	\$ -	\$ -	\$ -	\$ 900,000	\$ 508,520	\$ 906,620	\$ 6,620	1%
Equipment Replacement (6910)	27,068	13,217	36,414	-	174,539	100,000	100,000	0%
Capital Projects (6900)	3,036,458	4,034,878	3,561,485	4,384,226	7,339,522	3,149,310	(1,234,916)	-28%
Total Capital Projects	\$ 3,063,525	\$ 4,048,095	\$ 3,597,899	\$ 5,284,226	\$ 8,022,581	\$ 4,155,930	\$ (1,128,296)	-21%
Non-Departmental								
Non-Departmental (0000)	\$ 283,395	\$ 118,698	\$ 107	\$ -	\$ 1,267	\$ 6,620	\$ 6,620	0%
Total Non-Departmental	\$ 283,395	\$ 118,698	\$ 107	\$ -	\$ 1,267	\$ 6,620	\$ 6,620	0%
Total Expenditures	\$ 19,907,637	\$ 22,056,776	\$ 23,067,225	\$ 28,442,172	\$ 29,308,765	\$ 27,961,848	\$ (480,326)	-2%

Department Summary by Category

Expenditures	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
General Administration								
Personnel	\$ 865,193	\$ 937,515	\$ 1,020,141	\$ 980,491	\$ 1,110,913	\$ 1,280,560	\$ 300,068	31%
Contractual Services	362,714	722,789	305,211	505,000	187,487	446,500	(58,500)	-12%
Professional Services	238,479	209,501	203,407	271,200	239,717	241,856	(29,344)	-11%
Operations	427,054	237,833	205,306	318,650	266,629	308,158	(10,492)	-3%
Capital Outlay Spending	-	-	-	-	-	-	-	0%
Miscellaneous Expenditures	26,044	4,179	4,179	232,000	182,000	242,000	10,000	4%
Total General Administration	\$ 1,919,484	\$ 2,111,817	\$ 1,738,244	\$ 2,307,341	\$ 1,986,746	\$ 2,519,074	\$ 211,732	9%
Finance & Administrative Services								
Personnel	\$ 638,604	\$ 605,762	\$ 418,499	\$ 950,934	\$ 900,063	\$ 1,085,462	\$ 134,526	14%
Contractual Services	194,689	325,277	588,760	325,500	491,725	366,400	40,900	13%
Professional Services	215,519	159,157	296,383	270,700	248,073	124,448	(146,252)	-54%
Operations	865,762	688,074	657,345	718,970	832,514	908,504	189,534	26%
Capital Outlay Spending	-	29	1,239	130,638	-	130,638	-	0%
Miscellaneous Expenditures	130,638	130,638	130,638	-	-	-	-	0%
Allocations Out	1,338	1,374	1,450	1,726	1,680	13,468	11,742	680%
Total Finance & Administrative Services	\$ 2,046,549	\$ 1,910,310	\$ 2,094,314	\$ 2,398,467	\$ 2,474,056	\$ 2,628,920	\$ 230,450	10%
Public Safety								
Personnel	\$ 1,042	\$ 1,082	\$ 1,405	\$ 4,605	\$ 1,034	\$ -	\$ (4,605)	0%
Contractual Services	2,024,501	2,514,498	3,457,694	3,463,796	3,422,521	3,524,766	60,970	2%
Operations	119,254	15,053	11,351	10,000	9,856	13,324	3,324	33%
Allocations Out	155,298	174,340	169,162	216,660	201,787	535,434	318,772	147%
Total Public Safety	\$ 2,300,095	\$ 2,704,974	\$ 3,639,613	\$ 3,695,061	\$ 3,635,197	\$ 4,073,524	\$ 378,461	10%
Community Development								
Personnel	\$ 1,059,560	\$ 999,238	\$ 1,257,747	\$ 1,311,040	\$ 1,201,697	\$ 1,591,163	\$ 280,125	21%
Contractual Services	1,291,930	1,074,197	1,275,085	1,687,558	1,211,163	1,271,373	(416,185)	-25%
Professional Services	16,729	9,075	30,059	50,655	27,945	13,700	(36,955)	-73%
Operations	50,209	119,301	139,342	420,178	229,890	299,002	(121,177)	-29%
Capital Outlay Spending	232	-	-	2,000	-	-	(2,000)	0%
Allocations Out	1,327,493	1,411,266	1,491,693	1,772,210	1,698,294	1,744,569	(27,640)	-2%
Total Community Development	\$ 3,746,154	\$ 3,613,076	\$ 4,193,926	\$ 5,243,641	\$ 4,368,989	\$ 4,919,808	\$ (323,832)	-6%
Community Services								
Personnel	\$ 277,839	\$ 357,185	\$ 348,427	\$ 412,965	\$ 279,461	\$ 301,880	\$ (111,083)	-27%

Expenditures	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Contractual Services	182,351	214,463	227,593	333,000	245,148	337,520	4,520	1%
Professional Services	3,383	9	244	2,500	405	2,700	200	8%
Operations	224,425	269,194	229,814	263,850	165,117	294,001	30,150	11%
Allocations Out	573,796	654,118	675,497	821,414	784,443	516,264	(305,153)	-37%
Total Community Services	\$ 1,261,794	\$ 1,494,969	\$ 1,481,576	\$ 1,833,728	\$ 1,474,574	\$ 1,452,365	\$ (381,366)	-21%
Public Works								
Personnel	\$ 1,015,345	\$ 1,500,909	\$ 1,602,504	\$ 1,781,953	\$ 1,852,912	\$ 1,921,242	\$ 139,291	8%
Contractual Services	2,326,669	2,544,776	2,744,988	3,639,921	3,417,176	3,859,300	219,379	6%
Professional Services	141,604	22,233	6,256	93,000	51,352	58,000	(35,000)	-38%
Operations	182,570	239,933	226,035	354,300	239,729	353,906	(394)	0%
Capital Outlay Spending	-	5,744	1,367	2,500	3,362	2,500	-	0%
Miscellaneous Expenditures	274,204	301,451	298,233	-	-	-	-	0%
Allocations Out	1,346,249	1,439,791	1,442,164	1,808,033	1,780,824	2,010,659	202,629	11%
Total Public Works	\$ 5,286,640	\$ 6,054,838	\$ 6,321,546	\$ 7,679,707	\$ 7,345,354	\$ 8,205,607	\$ 525,905	7%
Capital Projects								
Personnel	\$ -	\$ -	\$ -	\$ -	\$ 3,290	\$ -	\$ -	0%
Contractual Services	1,349,644	2,130,744	2,026,626	1,385,000	1,625,085	1,455,000	70,000	5%
Professional Services	569,510	228,221	653,113	-	626,619	-	-	0%
Operations	52,794	23,967	77,516	-	280,822	-	-	0%
Capital Outlay Spending	962,204	1,528,763	711,896	3,899,226	5,385,728	2,694,310	(1,204,916)	-31%
Allocations Out	129,373	136,400	128,749	-	101,038	6,620	6,620	0%
Total Capital Projects	\$ 3,063,525	\$ 4,048,095	\$ 3,597,899	\$ 5,284,226	\$ 8,022,581	\$ 4,155,930	\$ (1,128,296)	-21%
Non-Departmental								
Personnel	\$ 137,728	\$ (62,649)	\$ -	\$ -	\$ 1,267	\$ -	\$ -	0%
Operations	3,641	12,000	107	-	-	-	-	0%
Capital Outlay Spending	-	23,429	-	-	-	-	-	0%
Allocations Out	142,026	145,917	-	-	-	6,620	6,620	0%
Total Non-Departmental	\$ 283,395	\$ 118,698	\$ 107	\$ -	\$ 1,267	\$ 6,620	\$ 6,620	0%
Total Expenditures	\$ 19,907,637	\$ 22,056,776	\$ 23,067,225	\$ 28,442,172	\$ 29,308,765	\$ 27,961,848	\$ (480,326)	-2%

Cost Allocation

The Cost Allocation Plan (CAP) summarizes a comprehensive analysis completed for the Town to determine the appropriate allocation of costs from central service departments to the departments that provide services directly to the community. The primary objective is to allocate costs from departments that provide services internally to departments that conduct day-to-day operations necessary to serve the community. These internal services costs are those incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved.

The methodology used for this CAP is the double-step-down method, which is considered the most accurate and equitable method for allocating costs from central services to operating departments. The double-step-down method utilizes two steps to allocate indirect costs. In the first step, the allocable costs of central service departments are identified and distributed to all departments including the central service departments themselves. The second step is to allocate indirect costs incurred by the central service departments to the operating departments.

The CAP was updated by NBS in 2025, and the revised methodology is reflected in the FY 2025–26 Budget.

Central Services Operations

Benefit	Overhead	Internal Service Fund
Town Benefit	City Council	Town Center
	City Manager	Corporation Yard Operations
	City Clerk	Vehicle Maintenance Operations
	Administrative Services	
	City Attorney	
	Insurance	
	Committee & Commissions	

Receiving Departments/Divisions

General Fund	Non-General Fund
Community Services Administration	Parks and Recreation In Lieu
Community Services Grant	West Loyola
Police Administration	General Capital
Animal Control	Pathway Capital
Planning Administration	Westwind Barn Capital
Planning Commission	Street Capital
Code Enforcement	Sewer Capital
Building Operations	Storm Drain Capital
Engineering Administration	Sewer Operation
Recreation Programs	
Special Events	
Storm Drain Operations	
Pathways Operations	
Street Operations	
Parks	
Westwind Barn	
Non-Departmental	

	Allocations In
City Attorney	289,060
City Clerk	315,170
City Council	226,720
City Manager	798,050
Committee & Commissions	260,852
Corporation Yard Operations	225,288
Finance & Administrative Services	1,166,519
Insurance	351,159
Town Benefit	11,978
Town Center	1,009,914
Vehicle Operations	178,926
Total	4,833,636

	Allocations Out
Public Safety	508,979
Animal Control	26,455
Planning Administration	1,000,431
Planning Commission	62,059
Code Enforcement Operations	47,186
Building Operations	634,893
Community Services Administration	233,058
Recreation Programs	7,513
Special Events	74,095
Parks	87,442
Westwind Community Barn	114,156
Engineering	544,546
Sewer CIP	6,620
Sewer Operations	462,958
Storm Drain Operations	206,584
Street Operations	339,902
Pathway Operations	456,669
Community Services Grant	13,468
Non-Departmental	6,620
Total	4,833,634

2025-26 City Council Goals

Maintain Quality of Life and Community Character	Promote Public Safety	Increase Effective Service Delivery & Governance	Protect & Maintain Infrastructure
General Administration			
Housing Element Programs	Update the maps to reflect new updated Fire Hazard Severity Zones	FY 2025-2027 Two-Year Budget	Continue planning and development of the Master Pathway Plan
Continue to promote community building through Town-Wide Events and Activities	Keep the Town Safe and prepared for emergencies through updated EOP, and updated evacuation annex	FY 2025-26 Annual Financial Report	Complete design and begin improvements of corpyad
Work with the Housing Element Ad Hoc Committee to amend the certified Housing Element	Complete Safety Element of the General Plan	FY 2026-27 Annual Financial Report	Complete installation of fiber broadband network at priority areas
Increase public outreach surrounding ongoing Housing Element implementation plans	Engage with a consultant to prepare an Emergency Communication Study in consultation with EPRC and City Council	2025 General Municipal Election	Complete Matadero Cree erosion control project
Water Efficient Landscape Ordinance Update		Annual records review 2X per year	Complete general surfacing and signage infrastructure improvements for roadways in Town
		Prepare draft policy/processes for Historic Preservation; CDD to review and suggest edits needed to integrate into General Plan and Muni Code	Increased workspace for Town Staff to address community needs
		Promote ongoing adoption and incentives for Reach Code Implementation	Investigate Los Altos Hills shre in the Sewer Processing and Conveyance Charges with Los Altos and Palo Alto
		Conduct a new service fee study and review fee structure audit	Fleet and Equipment procurement
		Implement electronic voting for public meetings	
		Upgrade the Town website	
		Conduct a code enforcement program evaluation	
		Conduct assessment of expired Town Permits	
		Conduct a Town Survey	
Public Safety			
Continue to promote Neighborhood Watch groups in Town and provide a new platform for communication between groups	Emergency Preparedness		
Continue to run public safety programs such as supplemental private security service in Town to reduce residential burglaries	Complete Safety Element		
Fill vacancies in available overtime deputies patrolling the Town	Emergency Communication Notification Study		

2025-26 City Council Goals

Maintain Quality of Life and Community Character	Promote Public Safety	Increase Effective Service Delivery & Governance	Protect & Maintain Infrastructure
Analyze contract options for law enforcement services in Town	Fire Hazard Safety Zone Updates Home Ignition Zone		
Planning & Building			
Housing Element program implementation	Continue to work with the County on Hazard Mitigation Plan (HMP) and Community Fire Protection Plan (CFPP) in preparation for the Town's Safety Element update	Complete Online Application Intake platform	
Amend the zoning code	Continue to update Reach Code for all projects	Continue to engage residents and neighbors on site development projects	
Complete General Plan and Housing Element Annual Progress Reports and transmit them to OPR and HCD respectively	Participated in emergency preparedness planning and training opportunities	Continue to improve checklists and other forms of communications to inform new residents and interested developers of Town planning and building codes	
Rezoning Municipal Code Amendment, Objective Design Standards, and Program EIR for multi-family zoning districts	Continued to engage a part-time consultant (24 hrs./ week) to oversee and manage code compliance issues and complaints	Continue to maintain daily public counter hours and staff prioritization of customer service	
Continue to implement Climate Action Plan	Continued to focus on prompt response times to code compliance matters Continued to implement processes and protocol to share information with the community, manage construction activities, and maintain permitting services during COVID-19 pandemic	Implement additional public access portals and continue to make improvements to the Community Development websites	
Parks and Recreation			
Deliver monthly community events/activities to enrich the lives of residents	Continue working with PIO team to disseminate information to the community	Assist and promote with updating the City Manager Weekly Report	Assist Public Works with delivery of CIP
Promote positive customer service	Attend trainings for Logistics	Work with community to answer questions and/or concerns	
Increase program registration	Promote CERT and PEP trainings for the community	Encouraged community engagement through Committees/Commissions, programs, activities, and events	

2025-26 City Council Goals

Maintain Quality of Life and Community Character	Promote Public Safety	Increase Effective Service Delivery & Governance	Protect & Maintain Infrastructure
	<p>Continue Playground and Outdoor Fitness Equipment annual inspections</p> <p>Ensuring all contractors have the Town added as additional insured and contracts updated</p>	<p>Improve Contract Management: Victoria Dye Equestrian Agreement and Little League Agreement</p> <p>Continue Emergency Prep: update training</p> <p>Improve Facility Use Policy</p> <p>Streamline Facility Rentals</p>	
Public Works			
<p>Continue mitigation for roadside pathways and native paths to fight stinkwort growth</p> <p>Increase areas for herbicide spraying to limit stinkwort growth</p> <p>Continue Sudden Oak Death mitigation in Byrne Preserve</p> <p>Electrification of Council Chambers and Town Hall</p> <p>Continue to address work order requests through Citizen Engagement portal and iWorQ work order system</p> <p>Established a new three-year contract for Open Space Stewardship and Education</p>	<p>Complete construction for the 2024 and 2025 Sanitary Sewer Repair and Replacement project</p> <p>Continue to notify and guide residents of street trees identified with potential hazards</p> <p>Continue sewer operation and maintenance contract with West Bay Sanitary District</p> <p>Continue Town-wide tree inspection on highly used roadways and pathways, park, and Byrne Preserve</p>	<p>Promote biking, walking, and other active means of transportation through the Measure B Bike/Pedestrian Education & Encouragement Program</p> <p>Continue to provide Public Works updates for the City Manager’s Weekly Report</p> <p>Continue updating the Public Works Manual for standardization of process and procedures</p>	<p>Complete the Pathway Impact Fee Nexus Study</p> <p>Complete 2024 and 2025 Sanitary Sewer Rehabilitation CIP</p> <p>Complete Storm Water Annual Report (SCVURPPP)</p> <p>Complete 2024 and 2025 Pavement Rehabilitation and Storm Drainage Improvement</p> <p>Complete the El Monte Fire Station Utility Undergrounding (Rule 20A) project</p> <p>Complete construction of the Matadero Creek Restoration and Bank Stabilization, including the offsite mitigation work at Byrne Preserve</p> <p>Construct and rehabilitate pathways as prioritized and approved by the Pathways Committee and City Council</p> <p>Provide routine pathway maintenance and work order service requests throughout the Town pathways</p> <p>Work with Technology Committee and Los Altos Hills Community Fiber to construct fiber infrastructure at priority sites utilizing ARPA funds</p> <p>Complete Phase 2 of the Summerhill Pathway project</p> <p>Complete the Corp Yard Locker Room project</p>

2025-26 City Council Goals

Maintain Quality of Life and Community Character	Promote Public Safety	Increase Effective Service Delivery & Governance	Protect & Maintain Infrastructure
			Finalize design for Civic Center Improvements/Town Hall Addition Phase II



Pathways Run/Walk

General Administration

City Council (011-1100)

Mission:

The mission of the Town of Los Altos Hills is to provide high quality public services and facilities in a fiscally sustainable, responsive, and friendly manner and to foster a safe and healthy community in a semi-rural residential setting.

Organization & Description:

The Council is composed of five members who are elected at-large on a non-partisan basis for 4-year staggered terms. The Mayor is appointed annually from among the elected Council members. The City Council is the governing board of the Town. It provides community leadership, enacts laws, adopts resolutions, ordinances and establishes policies for the Town government. The City Council also adopts the annual budget.

The Council meets the third Thursday of each month in formal, public session and occasionally in additional special meetings and study sessions. All City Council meetings are open to the public and are streamed live on the Town's website at <http://www.losaltoshills.ca.gov>. City Council agendas, reports, packets, minutes and video archives of the meetings are posted on the Town's website. The Mayor and City Council represent the Town on various local, regional, and State policy committees and commissions. The Council also reviews adopted State of California legislation and provides formal input into the legislative process.

Program Summary & Major Services:

- > Legislation
- > Policy
- > Budget

Department Staffing:

The Town has five City Council members.

City Council (011-1100)

Department Goals and Accomplishments:

2024-25 Accomplishments	2025-26 Goals
Maintain Quality of Life and Community Character	
<ul style="list-style-type: none"> ▪ Continued to respond to HCD regarding the Housing Element implementation ▪ The Housing Element Ad Hoc Committee was formed with the goals of revising the Housing Element, revising the Land Use Element, and to strategize on renegotiating the Development Agreement ▪ Continued to progress Reach Codes in Town as it relates to electrification and remodels ▪ Promote community building through Town-wide Events and Activities: this included the Newcomers Event, and the annual Town Picnic which over 2000 residents attended. ▪ Fully staffed planning and building department, software upgrades in the permitting process (included mobile inspection app, electronic plan submittal) lead to faster project approvals, transparency, and overall efficiency in approving and processing building permits 	<ul style="list-style-type: none"> ▪ Continue to promote community building through Town-wide Events and Activities ▪ Continue progress and implementation of Housing Element Programs ▪ Work with the Housing Element Ad Hoc Committee to amend the certified Housing Element ▪ Increase public outreach surrounding ongoing Housing Element implementation plans ▪ Water Efficient Landscape Ordinance Update
Town Goal: Promote Public Safety	
<ul style="list-style-type: none"> ▪ Decreased the number of burglaries in Town. Burglary rates are now below our 10-year average ▪ Conducted a third-party review of the Town's ALPR system ▪ Continued to train staff on all required FEMA courses for disaster service workers and facilitate a Townwide emergency drill. ▪ Updated the Town's Safety Element and Emergency Operation Plan ▪ Completed installation of redundant ISP to Town Hall 	<ul style="list-style-type: none"> ▪ Updating the maps to reflect new updated Fire Hazard Severity Zones ▪ Keep the Town Safe and prepared for emergencies through updated EOP, and updated evacuation annex ▪ Complete Safety Element of the General Plan ▪ Engage with a consultant to prepare an Emergency Communication Notification Study in consultation with EPRC and City Council
Town Goal: Increase Effective Service Delivery and Governance	
<ul style="list-style-type: none"> ▪ Increased effective use of Committees by reviewing the Standing Committee resolution ▪ Improved employee attraction and retention by discussing compensation philosophy ▪ Conducted an organizational assessment ▪ Adopted Town multiple policies including Travel Policy, and Financial Policy ▪ Hosted the Volunteer dinner ▪ Adopted mid-year budget updates ▪ Received the GFOA Certificate of Achievement For Excellence in Financial Reporting ▪ Working with the Housing Element Ad Hoc Committee to update the Land Use Element in accordance with HCD requirements ▪ Held a successful 2024 General Municipal Election 	<ul style="list-style-type: none"> ▪ Prepare draft policy/processes for Historic Preservation; CDD to review and suggest edits needed to integrate into GP and Muni Code ▪ Promote ongoing adoption and incentives for Reach Code Implementation ▪ Conduct new service fee study and review fee structure audit ▪ Implement electronic voting for public meetings ▪ Upgrade the Town's Website ▪ Conduct a Code Enforcement Program Evaluation ▪ Conduct Assessment of expired Town Permits ▪ Conduct a Town Survey

City Council (011-1100)

Town Goal: Promote and Maintain Infrastructure

- Completed the Council Chambers Audio/Video upgrades
- Completed a Corp Yard Master Plan in preparation for the Corporation Yard improvements
- Completed the Town Hall Electrical Panel Upgrade and installed a battery backup system
- Undergrounding Utilities, El Monte Rule 20A Project, is underway and will be completed in the end of 2025
- Heritage House renovations are officially underway and is set to be complete by end of Summer 2025/Early Fall 2025
- Continue planning and development of the Master Pathway Plan (MPP)
- Complete design and begin improvements of corp yard
- Complete installation of fiber broadband network at priority areas
- Complete Matadero Creek erosion control project
- Complete general surfacing and signage infrastructure improvements for roadways in Town
- Increased workspace for Town Staff to address community needs
- Investigate Los Altos Hills Share in the Sewer Processing and Conveyance Charges with Los Altos and Palo Alto
- Fleet and Equipment Procurement

Budget Summary:

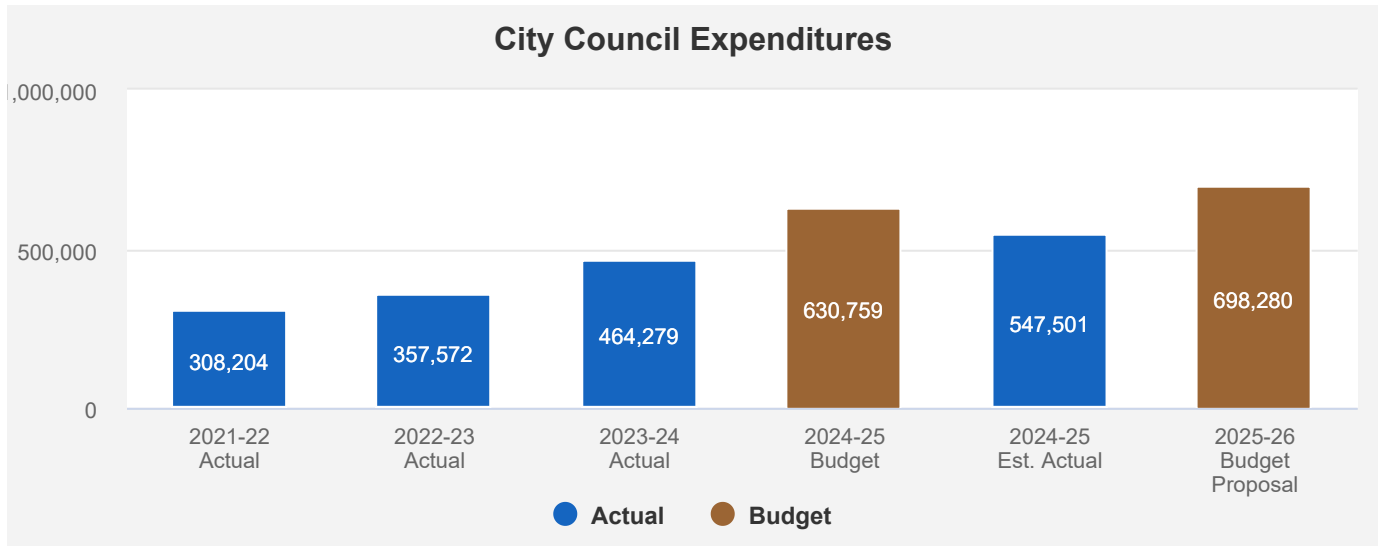
The City Council budget for this update to the two-year budget cycle largely followed the previous year's budget, while adjusting for raising costs of service across the board. Several of the projects identified on the City Council workplan are budgeted here. An example of one of these projects includes the KMVT contract (\$40,000), which is related to the video services operation for City Council Meetings, Planning Commission Meetings, and LAHCFD Meetings. There is also a placeholder for the Council to onboard a consultant throughout the year should additional special projects come up (in the amount of \$25,000). This is also where staff has placed funds related to items designed on the City Council Workplan, including the emergency notification study, currently estimated at \$60,000.

Several major budget items in the City Council's budget include travel expenses for councilmembers to attend trainings and conferences, costs associated with the goal-setting process, and annual membership dues for organizations in which the Town participates, such as the Santa Clara County Cities Association and the Valley Transportation Authority.

The budget increased by \$67,521, or 11% from the FY 2024-25 adopted budget. The budget increase is primarily due to higher personnel costs and increased communications contract expenses to reach residents. This is partially offset by a reduction in publications, which were previously budgeted under the City Manager's Office.

Expenses related to the annual Volunteer Dinner are within the City Council budget. This includes costs for food, gifts, and catering services. The dinner is budgeted this year at \$50,000.

City Council (011-1100)



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Allocations In	\$ 308,204	\$ 356,671	\$ 464,279	\$ 630,759	\$ 630,759	\$ 452,008	\$ (178,751)	-28%
Total Revenues	\$ 308,204	\$ 356,671	\$ 464,279	\$ 630,759	\$ 630,759	\$ 452,008	\$ (178,751)	-28%
Expenditures								
Personnel	\$ 128,562	\$ 145,715	\$ 156,886	\$ 151,809	\$ 170,663	\$ 189,461	\$ 37,651	25%
Contractual Services	47,579	49,863	142,930	205,500	129,247	188,000	(17,500)	-9%
Professional Services	23,453	24,277	12,602	49,000	59,748	26,000	(23,000)	-47%
Operations	108,610	131,973	150,494	221,950	184,993	292,319	70,369	32%
Capital Outlay Spending	-	5,744	1,367	2,500	2,851	2,500	-	0%
Total Expenditures	\$ 308,204	\$ 357,572	\$ 464,279	\$ 630,759	\$ 547,501	\$ 698,280	\$ 67,520	11%

City Manager (011-1200)

Mission:

Provide overall management of the Town pursuant to Title 2, Chapter 3, Article 2 of the Municipal Code, execute Council policy, and ensure that residents of Los Altos Hills receive excellent customer service and fair value for their tax dollars.

Organization & Description:

The City Manager Office consists of one budget unit. The City Manager’s Office (CMO) provides oversight of all Town Departments and manages contracts for Law Enforcement services with the County of Santa Clara Sheriff’s Office and Animal Services with the City of Palo Alto. The CMO is responsible for carrying out the policies and directives of the City Council and for the overall management of the Town operations. The CMO is responsible for preparing and submitting the adopted annual Budget and salary plan to the Council. The CMO hires and supervises the Executive Leadership Team that includes the Department Heads of each Town department.

Program Summary & Major Services:

- > Direct and organize Town services and departments
- > Supervise all public property and assets under jurisdiction of the Council
- > Recommend the adoption of policies and ordinances as necessary that advance Council Goals
- > Purchase materials and supplies necessary for the conduct of the public’s business
- > Enforce contracts, agreements and permits authorized by the Council
- > Oversee public information, customer service and community engagement
- > Oversee Emergency Services and serve as Director of the Emergency Operations Center (EOC)
- > Provide oversight of Law Enforcement and Public Safety operations

Department Staffing

	BUILDING OPERATIONS	CITY MANAGER	ENGINEERING ADMINISTRATION	PLANNING ADMINISTRATION	TOTAL 2026 - PROPOSED
City Manager	-	1.00	-	-	1.00
Deputy City Manager	0.05	0.85	0.05	0.05	1.00
Management Analyst	-	1.00	-	-	1.00
Total Full Time	0.05	2.85	0.05	0.05	3.00

City Manager (011-1200)

Department Goals and Accomplishments:

2024-25 Accomplishments	2025-26 Goals
Town Goal: Maintain Quality of Life and Community Character	
<ul style="list-style-type: none"> ▪ Direct and Support Community Development Department in implementation of Housing Element initiatives and ordinances ▪ Provided support in outreach for Community Events by posting and promoting Community events on the City Managers Weekly Newsletters 	<ul style="list-style-type: none"> ▪ Continue to Direct and Support Community Development Department in implementation of Housing Element initiatives and ordinances ▪ Increase Our Town publication
Town Goal: Promote Public Safety	
<ul style="list-style-type: none"> ▪ Revised the Town's ALPR Policy ▪ Continued to train existing and new staff on all required emergency management courses and host an emergency drill with outside agencies ▪ Represented the Town in the County's disaster planning documents such as the Hazard Mitigation plan, and the Community Wildfire Prevention Plan ▪ Entered into a new contract with Pal American Private Security ▪ Updated the EOP and ran a successfully EOP Drill at Town Hall ▪ Installed a redundant ISP to Town Hall 	<ul style="list-style-type: none"> ▪ Update the Evacuation Annex ▪ Conduct Emergency Communications Study ▪ Adopt a Plan that explores options for enhanced emergency notification ▪ Fire Hazard Severity Zones Update
Town Goal: Increase Effective Service Delivery & Governance	
<ul style="list-style-type: none"> ▪ Executed a contract with a public access programming organization ▪ Completed an organization assessment and bring recommendations to Council on how to attract and retain good talent for the Town ▪ Created an RFP and rewarded a contract for IT managed services ▪ Improved staff efficiency through the research and implementation of an upgraded phone system ▪ Continue Employee Enhancement & Retention Program + Onboarding new employees. Within the last year, 5 new full-time employees were added 	<ul style="list-style-type: none"> ▪ Prepare staff to use AI in work through continued training ▪ Complete redesign of Town website
Town Goal: Promote and Maintain Infrastructure	
<ul style="list-style-type: none"> ▪ Assisted the Public Works Department in completing the Town Hall Electrical Panel upgrade which included completion of a Battery Backup system (BESS) ▪ Brought a plan forward to finish the Town's pathway system design ▪ Completed the Broadband Feasibility Study and received Council direction on the next steps 	<ul style="list-style-type: none"> ▪ Bring all Town facility security systems under one platform through implementation of upgraded security camera system ▪ Complete the Town Facilities Energy Efficiency Assessment

Budget Summary:

The City Manager's budget is heavily influenced by the personnel costs of the Town's staff and employees. Salaries, health care premiums, dental premiums, vision premiums, and retirement planning fall into this category.

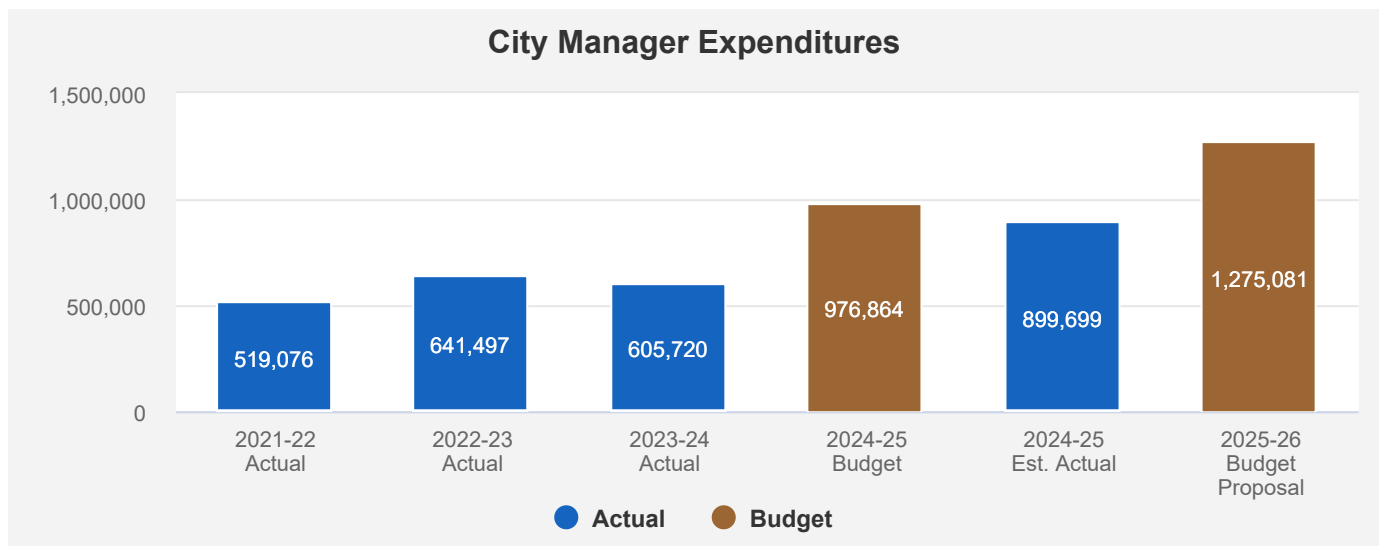
The City Manager's Budget includes meritorious performance raises, which are initially budgeted as a placeholder under Miscellaneous Expenditures in the City Manager's Office. Once the merit increases are awarded, the associated personnel expenses are reallocated to the appropriate departmental budgets under Personnel.

The budget increased by \$298,217, or 31% from the FY 2024-25 adopted budget due to increases in Personnel and Contractual Services. Personnel costs increased in the FY 2025-26 budget due to a restructuring of personnel allocations within the City Manager's Office. Specifically, a greater portion of the Deputy City Manager's time has been allocated to the department, resulting in higher personnel expenses. Contractual Services increased due

City Manager (011-1200)

to the addition of a part-time contract Emergency Services Manager (\$120K). This position was included in the budget to assist the Town with revising emergency plans, training staff, and supporting the goals of the Emergency Preparedness and Response Committee.

The department budget includes a placeholder for several consultants to support special projects that may arise throughout the year. Given the ongoing staff turnover and the specialized expertise required to advance the City Council’s work plan, maintaining this allocation for external support remains essential. The CMO also conducts the Annual Council Priority Goal Setting which requires consultants to help prepare the plan and administer the Council goal-setting process.



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Allocations In	\$ 519,076	\$ 450,298	\$ 606,920	\$ 976,864	\$ 976,864	\$ 798,050	\$ (178,814)	-18%
Total Revenues	\$ 519,076	\$ 450,298	\$ 606,920	\$ 976,864	\$ 976,864	\$ 798,050	\$ (178,814)	-18%
Expenditures								
Personnel	\$ 414,176	\$ 436,114	\$ 469,759	\$ 473,664	\$ 620,864	\$ 746,581	\$ 272,917	58%
Contractual Services	58,066	179,760	75,253	165,000	13,204	206,500	41,500	25%
Professional Services	210	512	905	1,200	461	1,200	-	0%
Operations	24,758	25,110	59,802	105,000	83,170	78,800	(26,200)	-25%
Miscellaneous Expenditures	21,865	-	-	232,000	182,000	242,000	10,000	4%
Total Expenditures	\$ 519,076	\$ 641,497	\$ 605,720	\$ 976,864	\$ 899,699	\$ 1,275,081	\$ 298,217	31%

City Attorney (011-1500)

Mission:

The mission of the City Attorney is to provide the residents of the Town, City Council and staff with high quality, legal advice, and counsel.

Organization & Description:

The Department is comprised of the City Attorney under contract of the law firm of Redwood Public Law and includes all office costs including paralegal, secretarial, clerical, etc. The City Attorney reports directly to the City Council and is charged with the task of serving as the legal counsel to the City Council, Planning Commission, City Manager, and staff on all legal aspects of municipal operations.

Program Summary & Major Services:

Legal services include legal advice and analysis, preparation of legislation including ordinances and resolutions, drafting or review of contracts and agreements, conducting research and supporting the Town in litigation, civil and criminal actions, and code enforcement. The City Attorney attends all regular and special City Council meetings. Other services include meetings with the City Manager and other city officials on an on-call basis and keeping the City Council, City Manager and staff advised of current laws affecting decisions and programs of the Town.

Department Staffing:

Since the Town contracts for City Attorney services with Redwood Public Law, there is no in-house staffing for City Attorney's budget.

Department Goals and Accomplishments:

2024-25 Accomplishments	2025-26 Goals
Town Goal: Risk Mitigation	
<ul style="list-style-type: none"> ▪ Attended City Council meetings and Planning Commission meetings to ensure Brown Act Compliance and address other legal matters ▪ Provided legal advice to the City Council, City Manager, and Town Staff ▪ Defended the Town in several specific legal matters 	<ul style="list-style-type: none"> ▪ Continue to provide competent legal advice ▪ Continue to monitor legal developments that affect the Town and report to staff and City Council ▪ Continue to provide legal defense to the Town

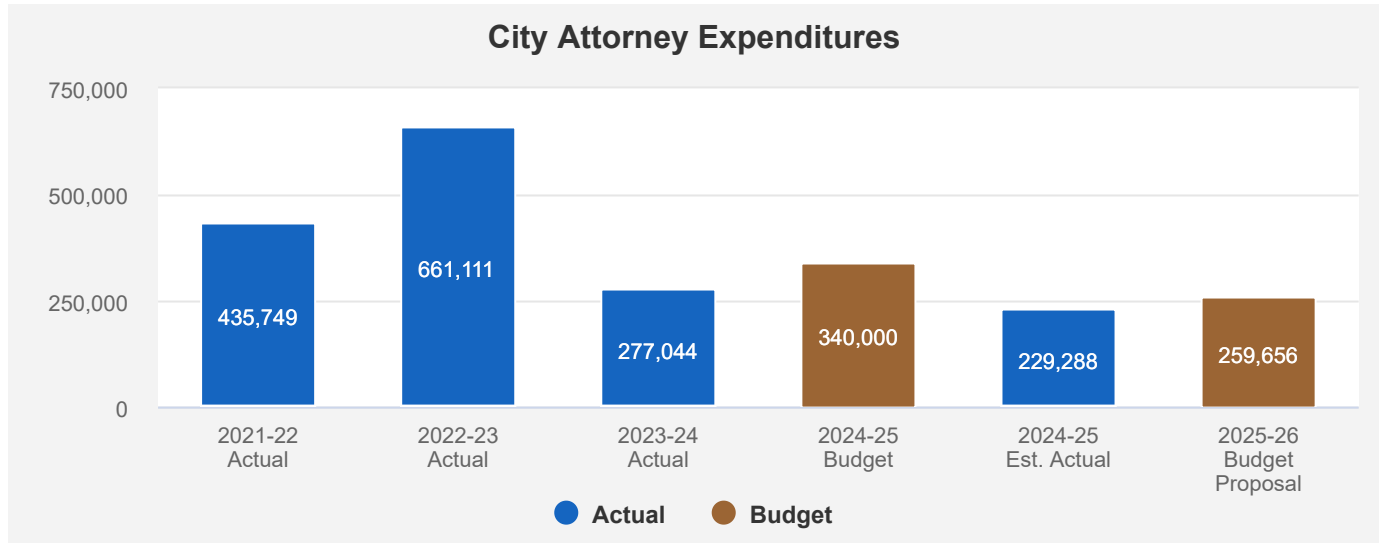
Budget Summary:

The City Attorney's budget decreased by \$80,344, or 24% from the FY 2024-25 adopted budget as staff worked to align the allocation more closely with anticipated actual expenditures for the fiscal year.

As in the prior budget cycle, all projected legal expenses associated with the Community Development and Public Works departments, as well as the Housing Element Capital Improvement Project (CIP), have been reallocated directly to their respective departmental budgets. This includes work on Housing Element implementation, the Safety Element, SB 9 compliance, and Town land rezoning for Community Development, as well as projects such as the Shoup Connector Trail and Maple Leaf/Middle Fork pathways for Public Works.

City Attorney (011-1500)

The remaining funds in the City Attorney’s budget are reserved for anticipated expenses related to litigation, settlements, and non–Community Development legal matters.



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Allocations In	\$ 435,749	\$ 638,914	\$ 277,044	\$ 340,000	\$ 340,000	\$ 289,060	\$ (50,940)	-15%
Total Revenues	\$ 435,749	\$ 638,914	\$ 277,044	\$ 340,000	\$ 340,000	\$ 289,060	\$ (50,940)	-15%
Expenditures								
Contractual Services	\$ 285,349	\$ 505,200	\$ 115,286	\$ 160,000	\$ 67,383	\$ 90,000	\$ (70,000)	-44%
Professional Services	150,400	155,911	161,758	180,000	161,904	169,656	(10,344)	-6%
Total Expenditures	\$ 435,749	\$ 661,111	\$ 277,044	\$ 340,000	\$ 229,288	\$ 259,656	\$ (80,344)	-24%

City Clerk (011-1300)

Mission:

The mission of the City Clerk program is to provide the residents of the Town, City Council and Staff with access to public records and to ensure all facets of agenda preparation, public meetings and municipal elections are conducted according to state law. The City Clerk is the liaison and public information officer between the public and the City Council. The Clerk also provides logistical support to Town committees. The City Clerk's most important function is to promote openness in government by serving the people's needs promptly and efficiently.

Organization & Description:

The Town of Los Altos Hills City Clerk program consists of one budget unit, staffed by a City Clerk and a shared Administrative Technician. The basic function of the City Clerk office is to provide administrative support for City Council meetings by preparing agendas, minutes, resolutions and ordinances, coordinate municipal elections, oversee and manage the vital records program, receive Fair Political Practices Commission filings, oversee updating and codification of the Municipal Code and assist the public, maintaining the permanent, non- permanent and historical records and respond to requests for public information in accordance with the Town's records retention schedule and State Law. Additional duties include completing assignments designated by the City Manager and maintenance Committee minutes and memberships.

Program Summary & Major Services:

- > **Council and City Manager Support** – Facilitate the Council agenda process for the City Manager and Council in compliance with legal requirements
- > **Town Committee Support** – Post agenda, send reminders, maintain attendance records, attend several meetings throughout the year, and assist in coordinating events by various committees
- > **Elections Management** – Oversee election contract with County in accordance with State law
- > **Permanent Records Management** – Coordinate and monitor Town permanent and non-permanent records and respond to requests for public information in accordance with state law
- > **Public Information Officer** – In coordination with the City Manager, issue press releases and utilize Rapid Notify to disseminate information to residents, along with responding to public records requests

City Clerk (011-1300)

Program Summary:

Activity	Measurement Method	2022/23	2023/24	2024/25
1) Council and Committee Support				
a) Council meetings	100%	28	20	30
b) Timely publishing of Council agenda (Friday before meeting)	100%	100%	100%	100%
c) Volunteer dinner		N/A		
Event coordination & under budget		N/A	Yes	Yes
Mayor presentation assistance		Yes	Yes	Yes
2) Town Committee Support	No of Committee	15/100%	14/100%	25/100%
3) Election/Appointment of City Council	No of positions filled	0	3	0
4) Permanent Records Management				
a) Public records request, including subpoenas		95	90	98
b) Records (boxes) archived per retention policy	Indexed / Purged	In progress	35	30
c) Form 700 oversight of all relevant stakeholders		100%	100%	100%
d) Monitored and updated the Town’s website as appropriate, including making Resolutions, Ordinances and City Council Minutes available		100%	100%	100%
5) Public Information Officer				
a) Communication medium used:		Website Facebook Twitter Nextdoor Nixle Traditional mail	Website Facebook Twitter Nextdoor Nixle Traditional mail	Website Facebook Twitter NextRequest Traditional mail Constant Contact
b) Participated in Emergency Preparedness drills and initiated Rapid Notify alerts to CERT members and Town residents as needed		Yes	Yes	Yes

City Clerk (011-1300)

Department Staffing:

The City Clerk manages an Administrative Clerk/Technician, and the labor distribution is as follows:

	CITY CLERK	CITY MANAGER	COMMITTEES	ENGINEERING ADMINISTRATION	TOTAL
Administrative Clerk / Technician	0.50	0.05	0.40	0.05	1.00
City Clerk	0.75	0.20	0.05	-	1.00
Total Full Time	1.25	0.25	0.45	0.05	2.00



Pop-Up Photo Frame at Edith Park

City Clerk (011-1300)

Department Goals and Accomplishments:

2024-25 Accomplishments	2025-26 Goals
Town Goal: Maintain Quality of Life & Community Character	
<ul style="list-style-type: none"> ▪ Successful 2024 Election Cycle 	<ul style="list-style-type: none"> ▪ Enhance community engagement by promoting volunteer opportunities and increasing resident participation on Town committees
Town Goal: Promote Public Safety	
<ul style="list-style-type: none"> ▪ Actively attended County EOC briefings ▪ Actively attended County PIO Meetings 	<ul style="list-style-type: none"> ▪ Assisted in other Town events, as applicable ▪ Actively attended County EOC briefings
Town Goal: Increase Effective Service Delivery & Governance	
<ul style="list-style-type: none"> ▪ Coordinated the 2024 Volunteer Dinner ▪ Assisted with the assembly of the City Manager’s Weekly Report ▪ Meet with Committee Chairs to standardize meeting and committee norms ▪ Prepare and Post Recaps after regular City Council meetings ▪ Assisted with the quarterly newsletter ▪ Improve website ▪ Implemented NextRequest PRA software 	<ul style="list-style-type: none"> ▪ Host the volunteer dinner ▪ Hold an annual roundtable with committees and Mayor ▪ Organize the Council Reorganization Meeting
Town Goal: Promote and Maintain Infrastructure	
<ul style="list-style-type: none"> ▪ Continue to provide excellent customer service to Town residents, Town vendors, Town third party partners, and all interested parties 	<ul style="list-style-type: none"> ▪ Continue to provide excellent customer service to Town residents, Town vendors, Town third party partners, and all interested parties



Family Game Night

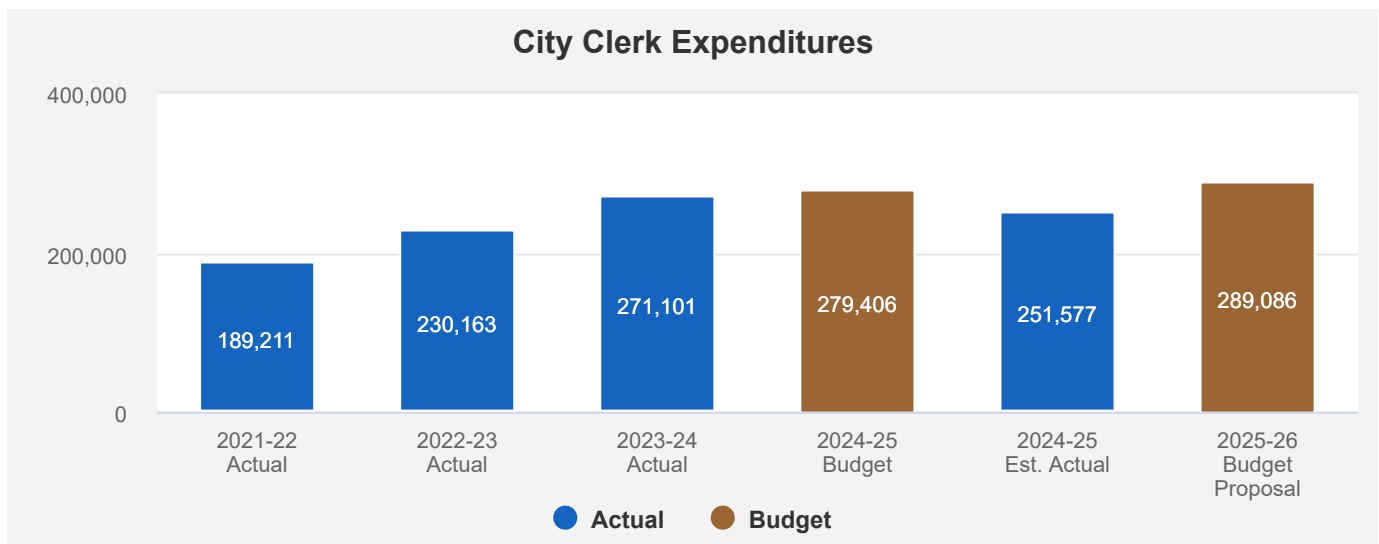
City Clerk (011-1300)

Budget Summary:

The City Clerk’s Office is a vital component of the Town’s General Administration and is responsible for ensuring transparency, accessibility, and legislative compliance in Town government. Key functions include managing the Town’s public records, preparing and posting agendas and minutes for Town Council and committee meetings, coordinating municipal elections, maintaining compliance with the Brown Act and FPCC regulations, and serving as the custodian of official Town documents.

The City Clerk’s budget increased by \$9,680, or 3% from the FY 2024-25 adopted budget due to increases in Personnel costs. The budget supports expanded efforts in committee management, public outreach, and digitization of records for improved transparency and operational efficiency.

Some historical costs, such as the design and printing of the *Our Town* newsletter, have been reallocated to the City Council’s budget to better align expenses with program oversight. This shift enables the Clerk’s Office to focus on core responsibilities and invest in long-term records management improvements.



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Allocations In	\$ 189,211	\$ 230,163	\$ 271,101	\$ 279,406	\$ 279,406	\$ 315,170	\$ 35,764	13%
Total Revenues	\$ 189,211	\$ 230,163	\$ 271,101	\$ 279,406	\$ 279,406	\$ 315,170	\$ 35,764	13%
Expenditures								
Personnel	\$ 165,127	\$ 195,316	\$ 227,465	\$ 174,956	\$ 201,594	\$ 236,982	\$ 62,025	35%
Contractual Services	1,555	-	-	-	-	-	-	0%
Professional Services	17,188	17,126	21,229	21,000	11,943	25,000	4,000	19%
Operations	5,340	17,721	22,408	83,450	38,040	27,104	(56,346)	-68%
Total Expenditures	\$ 189,211	\$ 230,163	\$ 271,101	\$ 279,406	\$ 251,577	\$ 289,086	\$ 9,679	3%

Committees and Commissions (011-1700)

Mission:

To build community consensus for proposals or projects; to review written materials; to facilitate a study of issues; to advise on new programs; to provide perspective on established programs; to assess the alternatives regarding issues of community concern and to ultimately forward these recommendations to the City Council for consideration.

Organization & Description:

The City Council has established 14 committees/commissions to review Town programs, projects, and community issues. The Town of Los Altos Hills standing committees have been established by resolution with the exception of the Planning Commission and Senior Commission, which were established by ordinance. All standing committees consist of Town residents who are willing to share their expertise and enthusiasm to contribute to the Town's direction and vision to make it a better place to live in.

Program Summary & Major Services:

The Town has the following standing committees/commissions:

- > Planning Commission
- > Emergency Preparedness & Response
- > Environmental Design and Protection
- > Environmental Initiatives
- > Finance and Investment
- > History
- > Technology
- > Senior Commission
- > Open Space
- > Parks, Recreation, and Community Events
- > Pathways
- > Public Art (Hiatus)
- > Joint Community Volunteer Service Awards
- > Youth Commission

Department Staffing:

The Committees and Commissions do not have dedicated in-house staff. The City Clerk's Office and Parks & Recreation Department offers most of the support, total FTE is 1.07. Additionally, each committee has Council liaison who provide Council oversight and staff support to complete research and analysis as directed by Council.

Committees and Commissions (011-1700)

Department Goals and Accomplishments:

2024-25 Accomplishments	2025-26 Goals
Town Goal: Maintain Quality of Life & Community Character	
<ul style="list-style-type: none"> ▪ Permanent SB 9 Ordinance ▪ Master fee schedule updates ; ADU fee waiver, fully burdened rates, geo tech ▪ Continue to implement Climate Action Plan ▪ Reach Codes ▪ Implementation of Leaf Blower Ordinance ▪ Manage New Community Events ▪ Contract Renewals 	<ul style="list-style-type: none"> ▪ Master fee schedule updates ▪ Housing Element Implementation ▪ Contract Renewals
Town Goal: Promote Public Safety	
<ul style="list-style-type: none"> ▪ Enhance preparation and coordination in drills through established schedule of drills ▪ Coordinate cross-agency volunteer training and further ▪ Disaster Preparedness by the Technology Committee build infrastructure to support town volunteer needs 	<ul style="list-style-type: none"> ▪ Continue Emergency Preparation ▪ Host Public Safety Forum ▪ Facilitate Stay Safe Online Event
Town Goal: Increase Effective Service Delivery & Governance	
<ul style="list-style-type: none"> ▪ Reviewing and reporting on opportunities to integrate investment and benefit plan funding goals by putting more long-term investments into unfunded Pension Liabilities where rates of return are significantly higher ▪ Maintain and update Reserves so management has a more easily accessible picture of balances available to discretionary expenditures 	<ul style="list-style-type: none"> ▪ Reviewing and reporting on opportunities to integrate investment and benefit plan funding goals by putting more long-term investments into unfunded Pension Liabilities where rates of return are significantly higher ▪ Maintain and update Reserves so management has a more easily accessible picture of balances available to discretionary expenditures
Town Goal: Promote and Maintain Infrastructure	
<ul style="list-style-type: none"> ▪ Effective usage of pathway audit layer by the Pathways Committee and Staff ▪ Support Public Works as they strive to install pathways the City Council has funded (7 CIP projects) ▪ Systematically strive to keep the Master Pathways Plan and GIS audit layer up to date ▪ Fence setback policy ▪ Update SB 9 Ordinance and Revised ADU ordinance for consistency with SB 9 	<ul style="list-style-type: none"> ▪ Support Public Works as they strive to install pathways the City Council has funded ▪ Systematically strive to keep the Master Pathways Plan and GIS audit layer up to date ▪ Fence setback policy ▪ Update SB 9 Ordinance and Revised ADU ordinance for consistency with SB 9

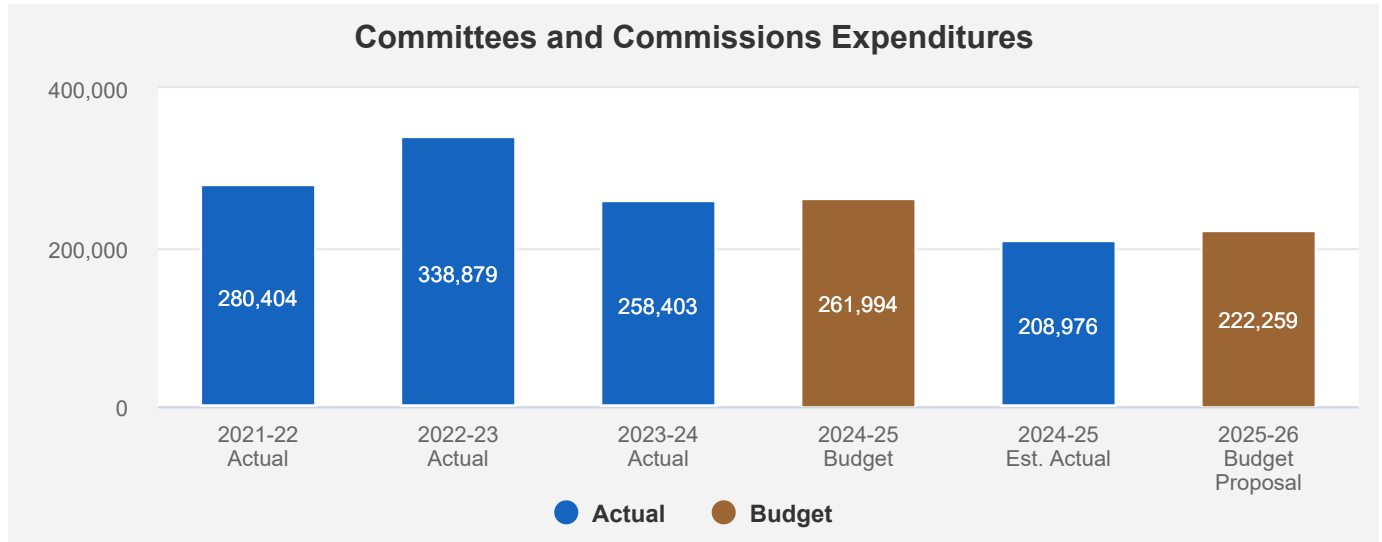


Barn Lighting Event

Committees and Commissions (011-1700)

Budget Summary:

Committee & Commissions is a General Administrative department. The Committee & Commissions budget decreased by \$39,735, or 15% from the FY 2024-25 budget due to the reallocation of staff to other programs.



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Charges for Services	\$ -	\$ 2,358	\$ 3,832	\$ -	\$ -	\$ -	\$ -	0%
Allocations In	280,404	336,521	258,403	261,994	261,994	260,852	(1,142)	0%
Total Revenues	\$ 280,404	\$ 338,879	\$ 262,235	\$ 261,994	\$ 261,994	\$ 260,852	\$ (1,142)	0%
Expenditures								
Personnel	\$ 175,301	\$ 219,884	\$ 219,241	\$ 230,494	\$ 193,440	\$ 191,705	\$ (38,789)	-17%
Professional Services	47,227	11,674	7,898	21,000	5,660	21,000	-	0%
Operations	57,875	107,321	31,265	10,500	9,876	9,554	(946)	-9%
Total Expenditures	\$ 280,404	\$ 338,879	\$ 258,403	\$ 261,994	\$ 208,976	\$ 222,259	\$ (39,735)	-15%

Finance & Administrative Services

Finance & Administrative Services (011-1400)

Mission:

Provide overall management of the Town's administrative services, execution of the Town's administrative policies, and ensure the Town organization, including officials, management, and staff, receive high quality effective and efficient administrative support services.

Organization:

The department is comprised of Finance & Administrative Services, Debt Service, Human Resources, Community Services Grants Administration, and Insurance and Risk Management (Worker's Compensation and General Liability) functions.

Description:

The Finance & Administrative Services Department consists of 4.5 full-time equivalent positions, including the Administrative Services Director/Finance Director, two Senior Accountants, the Accounting Technician, and a 0.5 FTE Management Analyst.

The goals of the Finance & Administrative Services Department are to provide effective oversight and support across the Town's operations. This includes: ensuring timely and accurate financial transaction processing and reporting; delivering services that safeguard and optimize the use of Town resources for the benefit of the community; promoting workforce practices and policies aligned with federal, state, and local regulations; and implementing safety and risk management procedures that mitigate the Town's exposure to liability.

Major Services:

The Town has the following functions under Finance & Administrative Services:

Finance

- > Financial Planning and Budgeting
- > Financial Reporting and Annual Comprehensive Financial Report (ACFR)
- > Accounts Payable and Disbursements
- > Debt Service Administration
- > Banking and Cashiering
- > Revenue Management
- > Investment Management
- > External Audit Coordination
- > Internal Controls and Compliance
- > Financial Systems Administration

Finance & Administrative Services (011-1400)

- > Purchasing and Procurement
- > Contract Management
- > Project Management
- > Business License Registration
- > On-line Services

Human Resources

- > Recruitment and Hiring
- > Payroll Administration
- > Benefits Administration
- > Employee Relations
- > Insurance and Risk Management

Program Summary:

Activity	Measurement Method	2022/23	2023/24	2024/25
1. Maintain/Improve Operating Efficiency	Average number of			
a. Timely month-end close	days	32	32	
b. Timely year-end close	Prior fiscal year	September	September	September
c. Clean audit opinion	Prior fiscal year	Yes	Yes	Yes
d. GFOA Financial Reporting Award		Yes	Yes	Yes
2. Transparency				
a. Budget adoption by June 30	Following fiscal year	Yes	Yes	Yes
b. GFOA Budget Award		Yes	Yes	Yes
c. Annual Cash & Investment Report		Yes	Yes	Yes
d. Mid-Year Financial Update		Yes	Yes	Yes
3. Workload				
a. Number of full-time equivalent employees and contractors	Actual / Budget	3.0/4.0	3.0/4.0	4.0/4.0
b. Number of invoices processed		1,538	1,712	2,773
c. Number of payroll check issued		988	962	1,001
d. Number of journal entries		308	330	360
4. Recruitment	Hire / Vacancy	1/3	9/6	6/2
5. Risk Management (See General Liability)		--	--	--

Department Staffing

Finance & Administrative Services Department staffing is distributed to various divisions and programs as follows. The department also has a 0.5 FTE Management Analyst that is shared with Community Development.

Finance & Administrative Services (011-1400)

Department Staffing

	FINANCE & ADMINISTRATIVE SERVICES	TOTAL
Accounting Technician	1.00	1.00
Finance Director	1.00	1.00
Senior Accountant	2.00	2.00
Total Full Time	4.00	4.00

Department Goals and Accomplishments:

2024-25 Accomplishments	2025-2027 Goals
Town Goal: Maintain Quality of Life & Community Character	
<ul style="list-style-type: none"> ▪ Kept the department operational through significant staff turnover ▪ Received an unmodified opinion on the Annual Comprehensive Financial Report ▪ Updated employee handbook 	<ul style="list-style-type: none"> ▪ Develop plan for long-term department staffing ▪ Set up a succession plan ▪ Update desk procedures on a regular basis ▪ Cross training
Town Goal: Promote Public Safety	
<ul style="list-style-type: none"> ▪ Staff continues to take all required Emergency Operation courses pertaining to their area in the EOC 	<ul style="list-style-type: none"> ▪ Implement training programs and seek opportunities to host multi-agency training
Town Goal: Increase Effective Service Delivery & Governance	
<ul style="list-style-type: none"> ▪ Developed the 2024-26 operating budget, the Town's first two-year operating budget ▪ Developed the 5-year capital budget ▪ Provided mid-year update to the Finance and Investment Committee ▪ Implemented Tyler AP Automation to streamline Accounts Payable and disbursement processes ▪ Deployed Gravity budget software to improve budget development and budget book production ▪ Deployed Holly job classification and compensation benchmarking software to enhance position analysis and support data-driven salary decisions ▪ Upgraded ADP payroll software to improve functionality and efficiency ▪ Established a sweep account to maximize interest earnings on the Town's checking balances 	<ul style="list-style-type: none"> ▪ Update policies and procedures and provide cross training for succession planning ▪ Adopt 2-year budget and 5-year CIP ▪ Conduct mid-year adjustments as needed ▪ Provide mid-year update to the Finance and Investment Committee and City Council
Town Goal: Promote and Maintain Infrastructure	
<ul style="list-style-type: none"> ▪ Promoted Wellness Program ▪ Attended PLAN JPA and SHARP Board meetings 	<ul style="list-style-type: none"> ▪ Attend PLAN JPA and SHARP board meetings ▪ Tighten internal control through partnership with Town's banking service provider

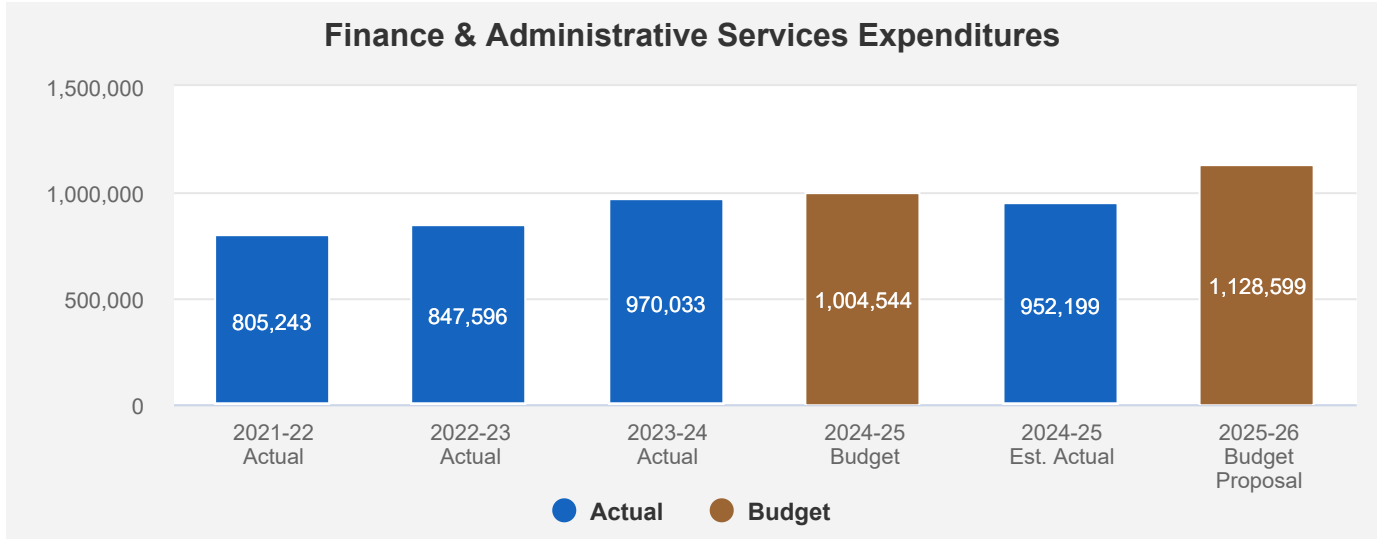
Finance & Administrative Services (011-1400)

Budget Summary:

In FY 2024–25, the Finance and Administrative Services Department implemented Tyler Accounts Payable Automation, deployed the Gravity and Holly software platforms to improve budget development and compensation analysis, implemented upgrades to the Town’s ADP payroll system, established a sweep account to maximize interest earnings, and became fully staffed for the first time in several years—reducing reliance on consultants and improving internal capacity.

The Finance and Administrative Service budget increased by \$124,055, or 12% from the FY 2024-25 adopted budget. The increase in Operations costs is due to efforts to enhance internal operations, financial reporting, and service delivery. Key changes include reallocating the recruitment budget (\$10,000) from the Town Center and introducing new software systems for budgeting (\$23,000), payroll (\$27,000), and job classification updates and analysis (\$8,000). These updates will improve the accuracy and timeliness of the Town’s budget and Annual Comprehensive Financial Report (ACFR), while also supporting long-term financial transparency.

The increase in Personnel costs is due to the addition of a 0.5 FTE Management Analyst, shared with Community Development. This role will support building deposit tracking, fee studies, budget development, and human resources tasks. It will also allow more HR work—such as recruitments and job classification reviews—to be handled in-house, reducing consultant use and improving coordination. The position expands Finance’s capacity to support Community Development, particularly in managing building-related financial activity.



Finance & Administrative Services (011-1400)

Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Allocations In	\$ 805,243	\$ 847,596	\$ 936,339	\$ 1,004,544	\$ 1,004,544	\$ 1,166,519	\$ 161,975	16%
Total Revenues	\$ 805,243	\$ 847,596	\$ 936,339	\$ 1,004,544	\$ 1,004,544	\$ 1,166,519	\$ 161,975	16%
Expenditures								
Personnel	\$ 562,511	\$ 673,921	\$ 421,781	\$ 825,774	\$ 580,012	\$ 888,155	\$ 62,380	8%
Contractual Services	81,782	75,119	359,732	52,000	230,113	58,400	6,400	12%
Professional Services	67,458	58,176	149,919	58,700	61,177	57,448	(1,252)	-2%
Operations	93,493	40,380	38,601	68,070	80,897	124,596	56,526	83%
Total Expenditures	\$ 805,243	\$ 847,596	\$ 970,033	\$ 1,004,544	\$ 952,199	\$ 1,128,599	\$ 124,054	12%



Touch a Truck Event Fun

Insurance (011-1510)

Mission:

To develop Town risk management and safety programs, policies, and procedures and insure the Town’s assets in order to minimize risk and costs.

Organization & Description:

The Administrative Services Director/Finance Director and Deputy City Manager are the Town’s official Risk Managers and members of the PLAN JPA’s Board of Directors. The Town of Los Altos Hills is a member of PLAN JPA (Pooled Liability Annuity Network), a public agency insurance pool sponsored by PLAN that is comprised of 28 greater Bay Area municipalities, including the Town’s benchmark agencies of Woodside, Portola Valley, Atherton, and Hillsborough. As a member, the Town purchases general liability coverage of \$5 million with an excess coverage of \$10 million, and a Self-Insured Retention or a deductible of \$25,000 on liability claims per occurrence. Claims, and incidents that might develop into claims, are referred to PLAN for review and disposition. The Town also participates in PLAN’s property insurance program to provide property insurance of \$1 million with a \$5,000 deductible per occurrence for all Town owned facilities and capital equipment (vehicles, etc.). The Town also has cyber insurance with PLAN that provides \$25 million in coverage. In addition, the Town carries a Public Officials Bond through the PLAN for key Town officials who are entrusted with Town funds.

Program Summary & Major Services:

The program includes managing liability, property and auto claims, insurance programs, as well as developing risk reduction policies and procedures. The budget provides for the premiums as well as any settlements resulting from claims against the Town.

Program Summary:

Activity	Measurement Method	2022/23	2023/24	2024/25
1. Claims filed				
a. General liability (G/L)	Open Cases	0	5	1
b. Workers Comp (W/C)	Open Cases	0	0	0
c. OSHA’s Form 300A Filing	# of injuries	3	1	1
d. Loss Recovery		\$10,000	\$10,000	\$10,000
2. Risk Management & Mitigation				
a. Wellness Grant (W/C)				
▪ Grant Program		\$12,000	\$12,000	\$15,000
▪ Participants		100%	100%	100%
b. Risk mitigation (G/L)		\$3,000	\$3,000	\$3,000
c. Risk Management Framework and Operational Best Practices program		Vehicle Policy	Playground Safety	Heavy Machine Ops
d. Mandatory Training				
▪ OSHA Training		Yes	Yes	Yes
▪ Harassment Training (every 2		Yes	n/a	Yes
e. Ethics Training (All Employees, Council, Planning Commission)		Yes	Yes	Yes

Insurance (011-1510)

Department Staffing:

General Liability operations are managed by the Finance and Administrative Services Department. The Administrative Services Director/Finance Director provides oversight of all new and ongoing claims as well as manages the financial aspect of the claims as well as participates in Board meetings for PLAN JPA and SHARP groups.

Department Goals and Accomplishments:

2024-25 Accomplishments	2025-2027 Goals
Town Goal: Risk Mitigation	
<ul style="list-style-type: none"> Identify and reduce risks to the Town Process and handle liability claims in a timely manner, so claim expenses and legal costs can be minimized 	<ul style="list-style-type: none"> Continue to identify and reduce risks to the Town Process and handle liability claims in a timely manner, so claim expenses and legal costs can be minimized Continue to seek recovery of costs from third parties Implement new risk management and safety policies and procedures Work closely with PLAN JPA on updating the Risk Management Framework and Operational Best Practices

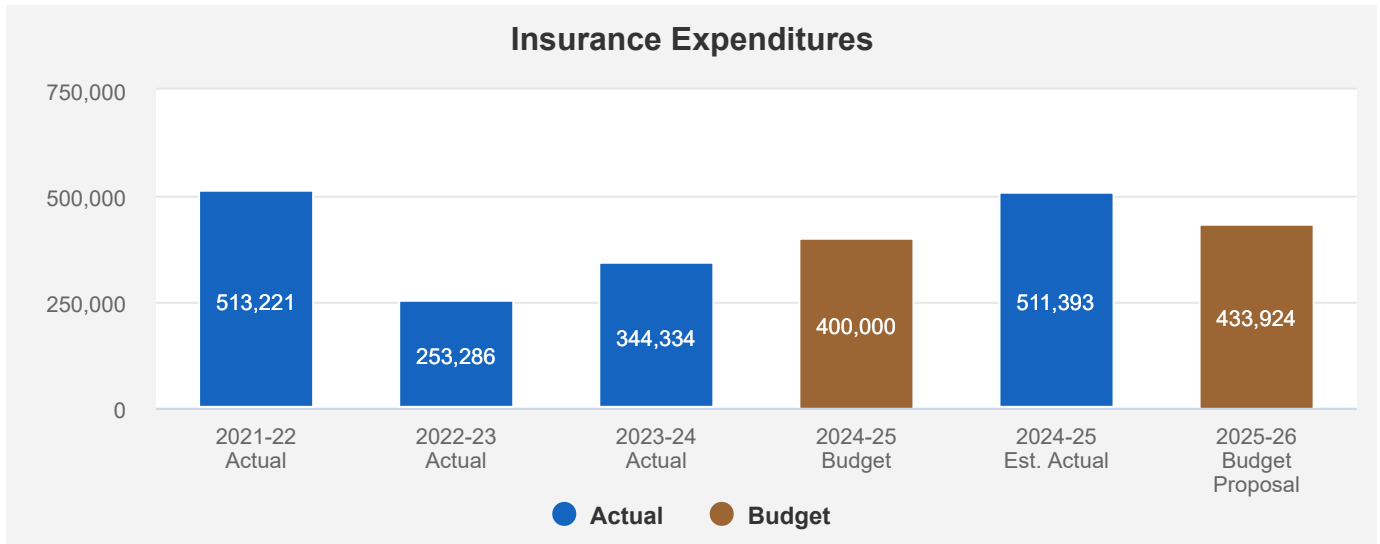
Budget Summary:

The Insurance program is a Finance & Administrative Services function. The Insurance budget increased by \$33,924, or 8%, from \$400,000 for FY 2024-25 to \$434,000 for FY 2025-26. This increase is primarily due to rising insurance premiums, which are driving up PLAN JPA dues. Insurance operating costs—net of any insurance proceeds and recoveries—are fully allocated to the respective service departments.



Byrne Preserve Heritage Trees

Insurance (011-1510)



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Miscellaneous Revenues	\$ 48,285	\$ 4,172	\$ 21,667	\$ -	\$ -	\$ -	-	0%
Allocations In	464,936	249,114	328,190	400,000	400,000	351,159	(48,841)	-12%
Total Revenues	\$ 513,221	\$ 253,286	\$ 349,858	\$ 400,000	\$ 400,000	\$ 351,159	\$ (48,841)	-12%
Expenditures								
Operations	\$ 513,221	\$ 253,286	\$ 344,334	\$ 400,000	\$ 511,393	\$ 433,924	\$ 33,924	8%
Total Expenditures	\$ 513,221	\$ 253,286	\$ 344,334	\$ 400,000	\$ 511,393	\$ 433,924	\$ 33,924	8%

Community Services Grant (011-1600)

Mission:

To provide financial incentive to certain community service non-profit organizations.

Description:

Annual budgetary appropriation of grant funding to be awarded to qualified community non-profit organizations.

Program Summary & Major Services:

Every year, the City Council receives requests from community service agencies for grant monies to support programs that directly benefit residents. Historically, the City Council has identified non-profit organizations that provide services and programs to all residents. Organizations that have received grants in the last five years are listed below.

	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Budget
Friends of Deer Hollow Farms	5,000	5,000	6,000	5,000	5,000	5,000
Hidden Villa	10,000	100,000	10,000	10,000	10,000	10,000
Los Altos Chamber of Commerce	5,000	15,000	5,000	5,000	5,000	5,000
Community Services Agency (CSA)	5,000	-	25,000	25,000	10,000	10,000
Rotary Club of Los Altos (Art in the Park)						1,000
Counseling and Support Services for Youth (CASSY)					10,000	
Community Health Awareness Council (CHAC)	16,550	120,200	34,000	34,040	-	
North County Library Authority (NCLA)	11,339	6,308	-	-	-	
Los Altos Mountain View Community Foundation (LAMVCF)	5,000	-	5,000	5,000	-	
Total	57,889	246,508	85,000	84,040	40,000	31,000

Department Staffing:

There is minimum in-house support, primarily from Finance and City Council.

2024-25 Accomplishments:

Funds were provided to Friends of Deer Hollow Farm, Hidden Villa, Los Altos Chamber of Commerce, Community Services Agency, and Counseling and Support Services for Youth (CASSY) to serve residents of Los Altos Hills.

Objectives:

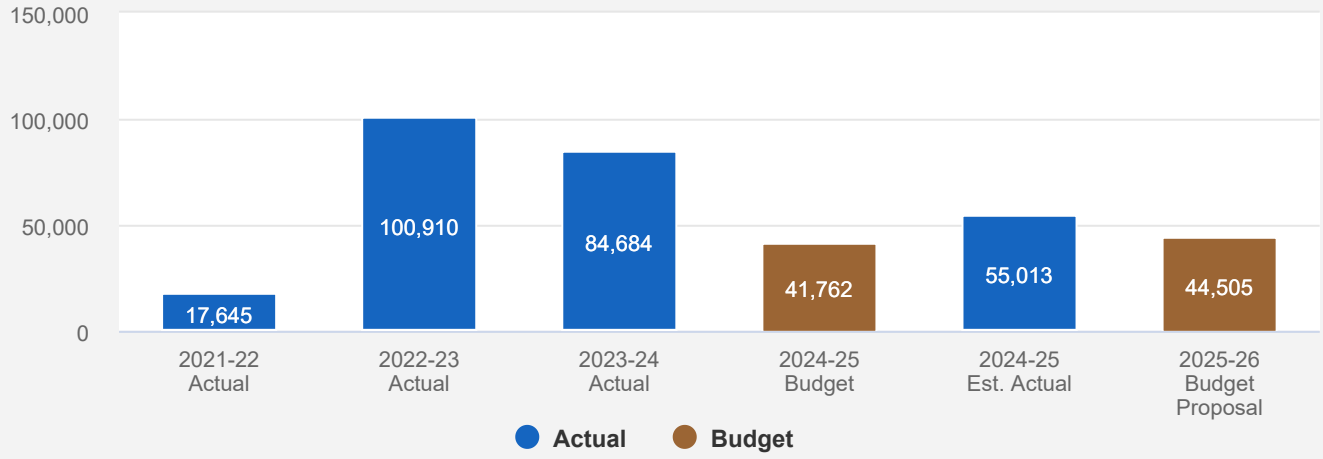
Continue financial support to selected community service non-profit organizations.

Budget Summary:

The Community Services Grant budget is almost entirely dedicated to funding community grants, with a very small amount attributable to covering Town-wide overhead charges. The Community Services Grant budget increased by \$2,743, or 7% from the FY 2024-25 adopted budget due to an increase in Allocations from a new Cost Allocation Plan. The budget for grants in FY 2025-26 is \$31,000.

Community Services Grant (011-1600)

Community Services Grant Expenditures



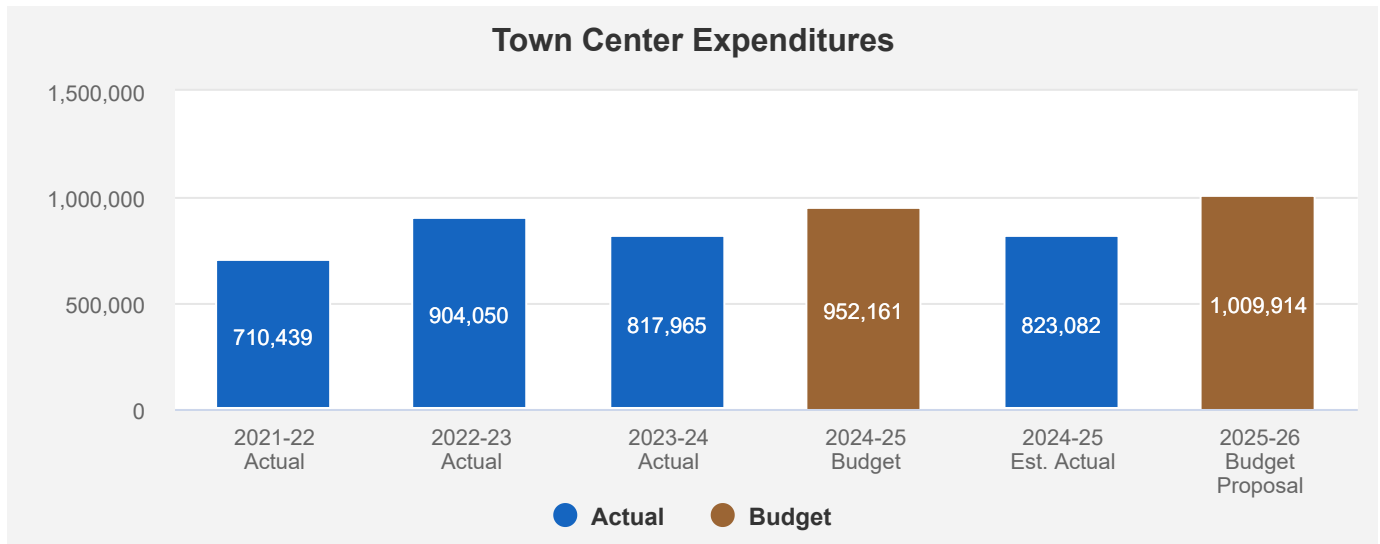
Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Expenditures								
Personnel	\$ -	\$ -	\$ -	\$ 37	\$ -	\$ 37	\$ -	0%
Operations	16,308	99,535	83,234	40,000	53,333	31,000	(9,000)	-22%
Allocations Out	1,338	1,374	1,450	1,726	1,680	13,468	11,742	680%
Total Expenditures	\$ 17,645	\$ 100,910	\$ 84,684	\$ 41,762	\$ 55,013	\$ 44,505	\$ 2,742	7%



Town Center (061-1480)

Budget Summary:

The Town Center is an internal services division. Internal Service Fund expenditures are allocated to various departments and accounted for within "Allocations Out". The Town Center budget increased by \$57,753, or 6%, compared to the FY 2024-25 adopted budget. This increase is a combination of increased Personnel costs attributable to this program.



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Miscellaneous Revenues	\$ -	\$ (13,239)	\$ 10,942	\$ -	\$ -	\$ -	\$ -	0%
Allocations In	579,801	750,820	674,828	952,161	808,854	1,009,914	57,753	6%
Total Revenues	\$ 579,801	\$ 737,581	\$ 685,770	\$ 952,161	\$ 808,854	\$ 1,009,914	\$ 57,753	6%
Expenditures								
Personnel	\$ 76,093	\$ 127,372	\$ 119,420	\$ 125,123	\$ 187,684	\$ 185,292	\$ 60,168	48%
Contractual Services	112,907	250,158	229,028	273,500	261,612	308,000	34,500	13%
Professional Services	148,061	100,981	146,463	212,000	186,896	67,000	(145,000)	-68%
Operations	242,740	294,872	191,177	210,900	186,891	318,984	108,084	51%
Capital Outlay Spending	-	29	1,239	130,638	-	130,638	-	0%
Miscellaneous Expenditures	130,638	130,638	130,638	-	-	-	-	0%
Total Expenditures	\$ 710,439	\$ 904,050	\$ 817,965	\$ 952,161	\$ 823,082	\$ 1,009,914	\$ 57,752	6%

Public Safety

Public Safety (011-2100)

Mission:

To work in partnership with Town departments and the community to protect life and property and improve the quality of life of all residents.

Organization:

The Town contracts with the County of Santa Clara Sheriff's Office for law enforcement services including regular patrols, responses to emergency and 911 calls, investigative services, and specialized law enforcement services as needed. Animal control services are contracted through the City of Palo Alto.

Program Summary & Major Services:

The Santa Clara County Sheriff's Office and Palo Alto Animal Services are dedicated to the preservation of public safety by providing innovative and progressive service in partnership with the Los Altos Hills community, and to protect animals and promote their humane treatment.

Program Summary:

Activity	Measurement Method	2021/22	2022/23	2023/24
1. Santa Clara County Sheriff				
a. Average response time				
Priority 1 calls	Actual / Target	4.36/9	7.19/9	10.47/9
Priority 2 calls	Actual / Target	11.04/14	9.82/14	8.49/14
Priority 3 calls	Actual / Target	14.37/25	12.12/25	8.49/25
b. Crime related activities				
Number of crime reports (Public Safety Report, Selected Crimes)		87	109	94
Category with most calls		Residential Burglary	Residential Burglary	Residential Burglary
c. Traffic related activities				
Number of events		350	333	241
Category with most calls		Other Citations	Other Citations	Other Citation
d. Community Outreach/Education		Yes	Yes	Yes
2. Palo Alto Animal Services		329	375	348
3. Emergency Preparedness meeting – To update emergency policy, case studies, etc.		19	25	24

Department Staffing:

The Town contracts with Santa Clara Sheriff's Office for law enforcement services. There is no in-house staff allocated to this department. The traffic safety services from Santa Clara County Sheriff's Office and utilizing Citizen's Option for Public Safety grant for these services.

Public Safety (011-2100)

Department Goals and Accomplishments:

2024-25 Accomplishments	2025-26 Goals
Town Goal: Maintain Quality of Life & Community Character	
<ul style="list-style-type: none"> ▪ Created 19 active Neighborhood Watch Zones ▪ Furthered public education on public safety by hosting community events ▪ Hosted Monthly Coffee with the Sheriff virtual events for residents to talk with their law enforcement providers ▪ Provided funding for overtime deputies to patrol the Town in peak crime hours 	<ul style="list-style-type: none"> ▪ Continue to promote Neighborhood Watch groups in Town and provide a new platform for communication between groups ▪ Continue to run public safety programs such as supplemental private security service in Town to reduce residential burglaries ▪ Fill vacancies in available overtime deputies patrolling the Town ▪ Analyze contract options for law enforcement services in Town
Emergency Preparedness	
<ul style="list-style-type: none"> ▪ Patrolled the streets of Los Altos Hills ▪ Continued to assist in fingerprinting services for all disaster workers - Town Staff and volunteers 	<ul style="list-style-type: none"> ▪ Participate in the Town evacuation drill ▪ Stay current on emergency trainings from FEMA and CalOES
Transparency	
<ul style="list-style-type: none"> ▪ Provided weekly and monthly reports on sheriff services sent out to the community as part of the City Manager’s Weekly Report ▪ Attended City Council meetings and presented public safety reports for the Town 	<ul style="list-style-type: none"> ▪ Continue to provide detailed weekly and monthly reports of sheriff services through the City Manager’s Weekly

Budget Summary:

The Public Safety budget increased by \$356,343, or 10% from the FY 2024-25 adopted budget.

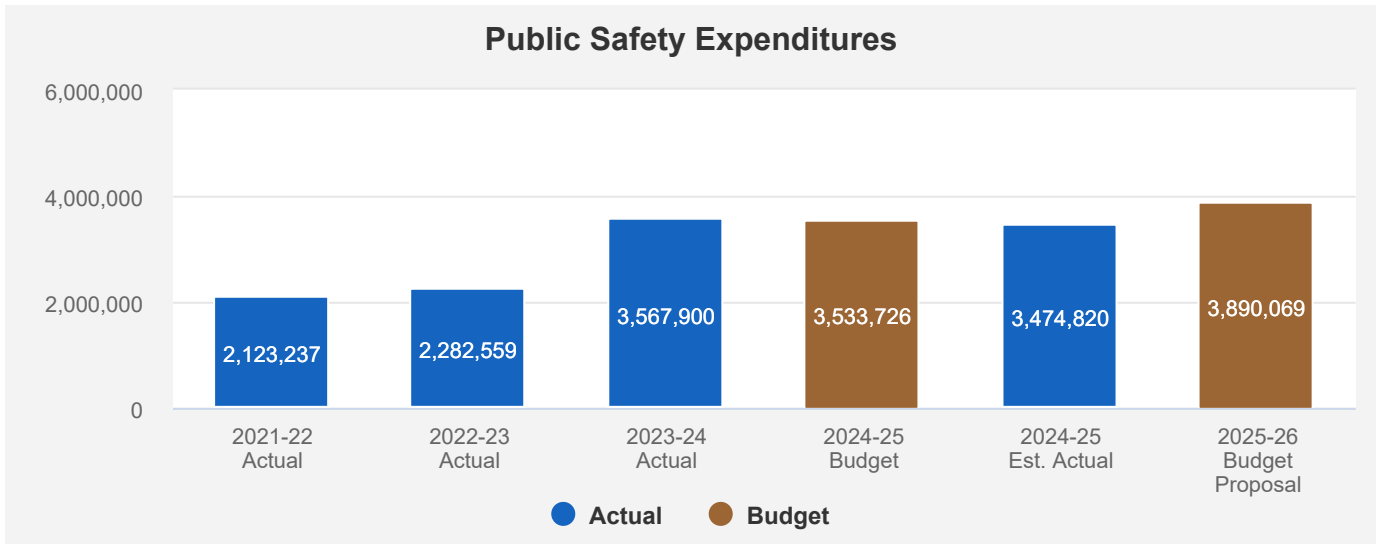
The increase in the FY 2025-26 Public Safety budget is primarily driven by higher contract costs with the Santa Clara County Sheriff’s Office and the consolidation of all law enforcement-related expenses into a single program.

Key changes include:

- > An 8% increase in the rate for base law enforcement services, raising the cost to \$2,705,266.
- > A reduction in budgeted overtime for deputy patrols from \$200,000 to \$100,000.
- > Centralization of law enforcement costs under the Public Safety account (011-2100) for greater transparency and accountability.
- > Costs include:
 - Automated License Plate Reader (ALPR) system: \$93,000
 - Private security (PalAmerican): \$550,000
 - Neighborhood Watch program: \$10,000
 - Speed camera cloud services (placeholder): \$1,000

As in prior years, a year-end reconciliation or “true-up” with the Sheriff’s Office is expected. For example, the Town was invoiced \$32,000 and \$432,000 over budget in FY 2021-22 and FY 2022-23, respectively, while receiving a \$121,964 refund in FY 2023-24 for unused hours. Town staff continues to work closely with the Sheriff’s Office to align services with budgeted levels while maintaining flexibility to respond to community safety needs as they arise.

Public Safety (011-2100)



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Expenditures								
Personnel	\$ -	\$ -	\$ 1,954	\$ 4,369	\$ -	\$ -	\$ (4,369)	0%
Contractual Services	1,976,978	2,118,864	3,394,770	3,313,796	3,272,361	3,367,766	53,970	2%
Operations	-	-	11,351	10,000	9,856	13,324	3,324	33%
Allocations Out	146,259	163,694	159,825	205,561	192,604	508,979	303,417	148%
Total Expenditures	\$ 2,123,237	\$ 2,282,559	\$ 3,567,900	\$ 3,533,726	\$ 3,474,820	\$ 3,890,069	\$ 356,342	10%

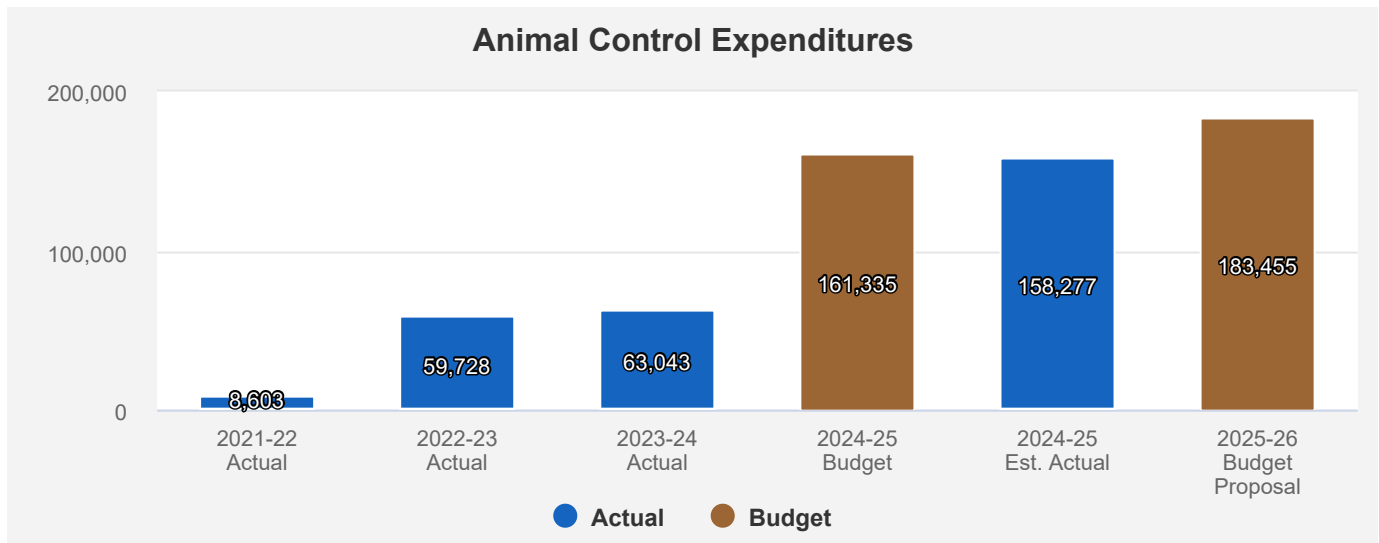


Hoppin' Hounds Event at the Westwind Community Barn

Animal Control (011-2150)

Budget Summary:

Animal Control is a division of Public Safety. The Animal Control budget increased by \$22,120, or 14% from the FY 2024-25 adopted budget due to a renewal of the contract with Pets in Need, an extension of the animal control services provided through the City of Palo Alto. Under the new contract, rates have increased for services and additional services are being provided to the Town through the contract such as a Hearing Officer for animal control cases that rise to that level of concern. The agreement between the Town and Pets in Need (Palo Alto) has been extended through 2029, a five-year contract. In the past five-year term (2014-2019) there were 732 calls for service in Los Altos Hills and in the concluding contract term of 2019-2024, there were 2,486 calls for service in Los Altos Hills. For FY 2025-26 the agreement calls for LAH to budget \$157K for services. Other expenses are for overhead allocations.



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Expenditures								
Personnel	\$ -	\$ -	\$ -	236	\$ -	\$ -	(236)	0%
Contractual Services	-	50,889	53,715	150,000	150,000	157,000	7,000	5%
Allocations Out	8,603	8,839	9,328	11,100	8,277	26,455	15,355	138%
Total Expenditures	\$ 8,603	\$ 59,728	\$ 63,043	\$ 161,335	\$ 158,277	\$ 183,455	\$ 22,119	14%

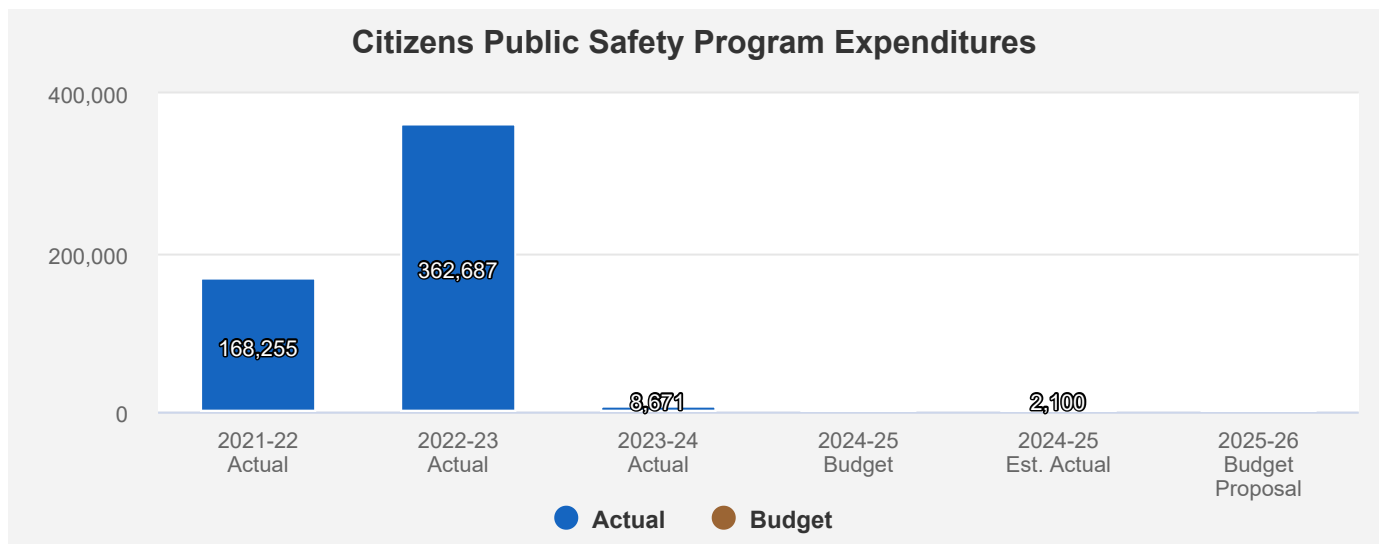
Citizens Public Safety Program (COPS) (021-6100)

Budget Summary:

Citizens’ Option for Public Safety (COPS) is a California state-funded program that provides supplemental law enforcement funding to counties and cities.

Restructuring occurred within the Citizens Public Safety Program budget for the FY 2024-25 cycle. All expenses that would have been budgeted within the COPS budget have been transferred to the Public Safety budget. Examples of this include Emergency Management services, a law enforcement consultant, the Town’s ALPR system, private security expenses, and more. This restructuring was continued for the FY 2025-26 update.

The COPS fund will be used as a passthrough account for funds received from the state for public safety items. These funds will then be reclassified to the public safety accounts.



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Expenditures								
Personnel	\$ 1,042	\$ 1,082	\$ (548)	\$ -	\$ 1,034	\$ -	\$ -	0%
Contractual Services	47,523	344,745	9,209	-	160	-	-	0%
Operations	119,254	15,053	-	-	-	-	-	0%
Allocations Out	436	1,807	10	-	906	-	-	0%
Total Expenditures	\$ 168,255	\$ 362,687	\$ 8,671	\$ -	\$ 2,100	\$ -	\$ -	0%

Community Development

Planning Administration (011-3100)

Mission:

The mission of the Community Development Department is to provide professional, courteous, and efficient service to the public, ensure that new development complies with local, state, and federal land use and environmental regulations, and guide the physical development of the Town in a manner that is consistent with the goals and values of the community.

Organization & Description:

The Department comprises Planning, Building, Code Enforcement, and Sustainability Operations. Under the Direction of the Community Development Director, the Department consists of the following employees:

Planning & Code Enforcement Division

Community Development Director (1 FTE)
 Senior Planner (1 FTE)
 Associate Planner (1 FTE)
 Assistant Planner (2 FTE)
 Administrative Clerk/Technician (1 FTE)

Building Division

Building Technician/Inspector (2 FTE)
 Permit Tech (onsite contractor)
 Building Inspector (onsite contractor)
 Plans Examiners (off site contractor)



New Art Sculpture at Town Hall

Planning Administration (011-3100)

Program Summary & Major Services:

The four Divisions within the Department have distinct yet related taskings and areas of focus, allowing the Department to ensure that directives from the State regarding development and growth are complied with while striving to maintain the integrity of the fabric of the Town that makes Los Altos Hills the desirable community that it is. The Planning Division has two primary areas of focus. First, it is responsible for long range planning regarding growth and development of the Town. Long range planning involves the preparation, maintenance and implementation of the Town's General Plan and Municipal Code. Second, Planning is also responsible for the administration of the Town's Zoning and Site Development Codes which involves the review and processing of all site development and zoning applications, use permits, environmental reviews (CEQA compliance). The Building Division is responsible for the built environment of the Town, ensuring that development and construction activities are consistent with the land use management and development entitlement efforts performed by Planning, as well as compliant with construction standards and Life/Health/Safety regulations established by the State and other entities. This is achieved through plan checking, permitting, and inspection of building activity within the Town. Sustainability incorporates elements and activities of both Building and Planning to ensure that the development and operations of the Town promote compliance with environmental and energy efficiency standards while again protecting the elements that make Los Altos Hills one of the most desirable communities anywhere. Finally, Code Enforcement works with both Building and Planning to ensure that visitors, residents, and developers all abide by the rules and regulations within the Municipal Code.

Major Services:

- > Site development and Zoning permit review
- > Building permit review and inspections
- > Municipal Code maintenance
- > General Plan administration
- > Code enforcement
- > Town Hall public information/permit counter
- > Records retention and file management
- > Planning Commission and City Council support on development and land use matters and Municipal Code amendment
- > Intergovernmental relations: MTC/ABAG, LAFCO, SCVWD, BAAQMD, SCCAPO, BAHFA
- > Grant applications
- > Emergency planning-EOC planning function
- > Committee liaison: Environmental Design and Protection, Environmental Initiatives, History, Open Space and Pathways
- > State housing and land use legislation monitoring

Planning Administration (011-3100)



View from off-road Pathway to La Paloma Road

Program Summary:

Activity	Measurement Method	2022/23	2023/24	2024/25
1. Planning Applications	April thru March			
a. Applications Submitted		333	321	281
b. Applications Approved		268	169	85
2. Building Permits	April thru March			
a. Permits Issued		605	536	708
b. Permits Finaled		412	384	512
c. Total Valuation		\$88,441,457	\$77,692,627.72	\$62,651,030.50
d. Inspections Completed		2,401	2601	2807
e. Phone Calls Fielded				Unable to identify data source for this
		4,960	4,880	
3. Code Enforcement	April thru March			
a. Cases Opened		94	73	107
b. Cases Resolved		159	95	93

Planning Administration (011-3100)

Department Staffing

Community Development Department staffing is distributed to various divisions and programs as follows. The Management Analyst is shared with Finance & Administrative Services.

	BUILDING OPERATIONS	CODE	COMMITTEES	FINANCE &	PLANNING	PLANNING COMMISSION	TOWN CENTER OPERATIONS (for Internal Service Fund)	TOTAL
Administrative Clerk / Technician	0.10	-	0.05	-	0.30	0.10	0.45	1.00
Assistant Planner	-	-	-	-	2.00	-	-	2.00
Associate Planner	0.02	0.01	0.06	-	0.80	0.11	-	1.00
Building / Planning Technician	1.95	0.05	-	-	-	-	-	2.00
Community Dev. Director	0.25	0.10	0.05	-	0.55	0.05	-	1.00
Management Analyst	0.25	-	-	0.50	0.25	-	-	1.00
Senior Planner	0.02	0.01	0.06	-	0.80	0.11	-	1.00
Total Full Time	2.59	0.17	0.22	0.50	4.70	0.37	0.45	9.00



Car show at the Picnic

Planning Administration (011-3100)

Department Goals and Accomplishments:

2024-25 Accomplishments	2025-2027 Goals
Town Goal: Maintain Quality of Life & Community Character	
<ul style="list-style-type: none"> ▪ Housing Element – Certification by the Department of Housing and Community Development (HCD) ▪ Adopted permanent SB9 Ordinance ▪ Create SB330 Application form ▪ Simplified city permitting processes and provided rebate for electrification conversions ▪ Reach Code Update for remodel projects ▪ Implemented ADU survey form before building permit issuance ▪ Continue to implement Climate Action Plan 	<ul style="list-style-type: none"> ▪ Housing Element program implementation ▪ Amend the zoning code ▪ Complete General Plan and Housing Element Annual Progress Reports and transmit them to OPR and HCD respectively ▪ Rezoning Municipal Code Amendment, Objective Design Standards, and Program EIR for multi-family zoning districts ▪ Continue to implement Climate Action Plan
Town Goal: Promote Public Safety	
<ul style="list-style-type: none"> ▪ Continued to implement processes and protocol to share information with the community, manage construction activities, and maintain permitting services ▪ Participated in emergency preparedness planning and training opportunities ▪ Continued to focus on prompt response times to code compliance matters ▪ Continued to engage a part-time consultant (24 hrs./week) to oversee and manage code compliance issues and complaints ▪ Updated Fire Code and Reach Code for remodel construction 	<ul style="list-style-type: none"> ▪ Continue to work with the County on Hazard Mitigation Plan (HMP) and Community Fire Protection Plan (CFPP) in preparation for the Town's Safety Element update ▪ Continue to update Reach Code for all projects ▪ Participated in emergency preparedness planning and training opportunities ▪ Continued to engage a part-time consultant (32 hrs./week) to oversee and manage code compliance issues and complaints ▪ Continued to focus on prompt response times to code compliance matters ▪ Continued to implement processes and protocol to share information with the community, manage construction activities, and maintain permitting services
Town Goal: Increase Effective Service Delivery & Governance	
<ul style="list-style-type: none"> ▪ Continued to engage residents and neighbors on site development projects ▪ Continued to maintain daily public counter hours and staff prioritization of customer service ▪ Implemented additional public access portals and continue to make improvements to the Community Development websites ▪ Worked with advisory committees to improve effectiveness and transparency ▪ Update Town's GIS Base Map to include recorded maps and other easements ▪ Completed Ordinance and Checklists for streamlining permitting for EV charging stations ▪ Updated Master Fee Schedule for Planning and Building applications 	<ul style="list-style-type: none"> ▪ Complete Online Application Intake platform ▪ Continue to engage residents and neighbors on site development projects ▪ Continue to improve checklists and other forms of communications to inform new residents and interested developers of Town planning and building codes ▪ Continue to maintain daily public counter hours and staff prioritization of customer service ▪ Implement additional public access portals and continue to make improvements to the Community Development websites ▪ Work with advisory committees to improve effectiveness and transparency ▪ Develop additional handouts with Planning and Building fee information ▪ Update Town's GIS Base Map to include recorded maps and other easements

Budget Summary:

The Planning Division continued to experience a shift in workload during FY 2024-25, with a substantial focus on Housing Element implementation, long-range planning efforts required by state law, and legal challenges to the Town's policies and development processes. Although planning application volumes have softened due to new streamlining laws, significant staff time and consultant resources have been dedicated to housing element amendments, zoning code updates, rezoning efforts, and general plan updates.

Revenue projections as of March 31, 2025, were at 70% of budget, while expenditures were at 82%, resulting in a widening funding gap for long-range planning efforts, which are subsidized by the General Fund. Current planning

Planning Administration (011-3100)

services — such as site development and zoning permits — remain the primary focus of cost recovery efforts, with a cost recovery target set at 90%. However, overall cost recovery in FY 2024-25 is estimated at approximately 30%, reflecting the ongoing imbalance between long-range planning activities and fee-based services.

The transition from a deposit-based system to flat fees in April 2020 made planning revenue collections more predictable but has not fully addressed the shortfall between revenues and expenditures. To improve future alignment, the Planning Division will implement recommendations from the Cost Allocation Plan and User Fee Study currently underway, which aim to adjust user fees to better reflect the true cost of service delivery and improve cost recovery performance.

In FY 2025-26, Planning Division revenues increased by \$117,873, or 23% from the FY 2024-25 adopted budget to \$633,673. Expenditures increased by \$20,084, or 1% from the FY 2024-25 adopted budget. This modest expenditure reduction reflects the completion of certain Housing Element adoption activities; however, long-range planning activities will remain at a high level as the Town continues implementing the 6th Cycle Housing Element and prepares for future cycles.

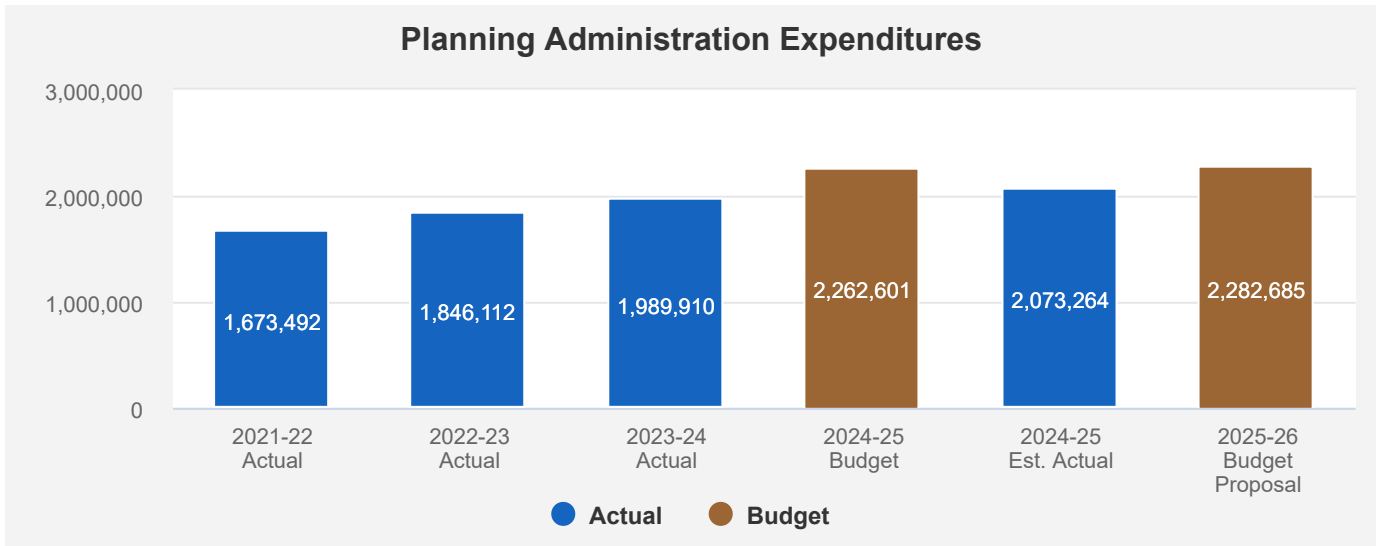
To meet the complexity of ongoing work, the Town will continue augmenting staff capacity in key areas. As a result, costs for services may continue to fluctuate, particularly with the continued reliance on consultant services to meet variable workload demands. FY 2024-25 also included several unique projects, such as the preparation and adoption of the 6th Cycle Housing Element and the processing of several complex Builder's Remedy applications, which required significant resources and drove up departmental expenses. The Town anticipates these elevated costs will continue through 2026 as Housing Element implementation and long-range policy planning proceed.

Cost Recovery:

The Department's cost recovery target for current planning services — primarily zoning and site development permits — remains at 90%, based on the previous fee study. However, as reflected in the financial table and chart on page 97, overall revenues have consistently fallen short of covering total expenditures. This shortfall is primarily due to significant long-range planning activities and legal challenges, including Housing Element implementation, builder's remedy applications, and SB 330 processing, which are not fee-recoverable and require ongoing General Fund subsidy. Revenues are also down because Planning Entitlement fees are artificially low and their percentage of Buildings fees are also low.

The FY 2025-26 budget anticipates improved cost recovery for fee-based current planning activities, following the adoption of updated fee structures resulting from the Cost Allocation Plan and User Fee Study currently underway. Nonetheless, even with improved fee alignment, long-range planning demands — including implementation and ongoing management of the 60 Housing Element programs — will continue to ensure that a portion of Planning Administration operations will remain dependent on General Fund support.

Planning Administration (011-3100)



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Charges for Services	\$ 649,761	\$ 653,932	\$ 627,950	\$ 515,800	\$ 359,921	\$ 633,673	\$ 117,874	23%
Total Revenues	\$ 649,761	\$ 653,932	\$ 627,950	\$ 515,800	\$ 359,921	\$ 633,673	\$ 117,874	23%
Expenditures								
Personnel	\$ 622,196	\$ 592,784	\$ 626,482	\$ 631,690	\$ 592,300	\$ 940,479	\$ 308,792	49%
Contractual Services	166,290	307,895	363,253	443,000	338,010	281,000	(162,000)	-37%
Professional Services	15,359	6,143	5,128	17,500	2,778	12,500	(5,000)	-29%
Operations	25,495	41,089	53,400	40,487	53,419	48,275	7,787	19%
Capital Outlay Spending	232	-	-	2,000	-	-	(2,000)	0%
Allocations Out	843,921	898,201	941,648	1,127,924	1,086,757	1,000,431	(127,492)	-11%
Total Expenditures	\$ 1,673,492	\$ 1,846,112	\$ 1,989,910	\$ 2,262,601	\$ 2,073,264	\$ 2,282,685	\$ 20,087	1%

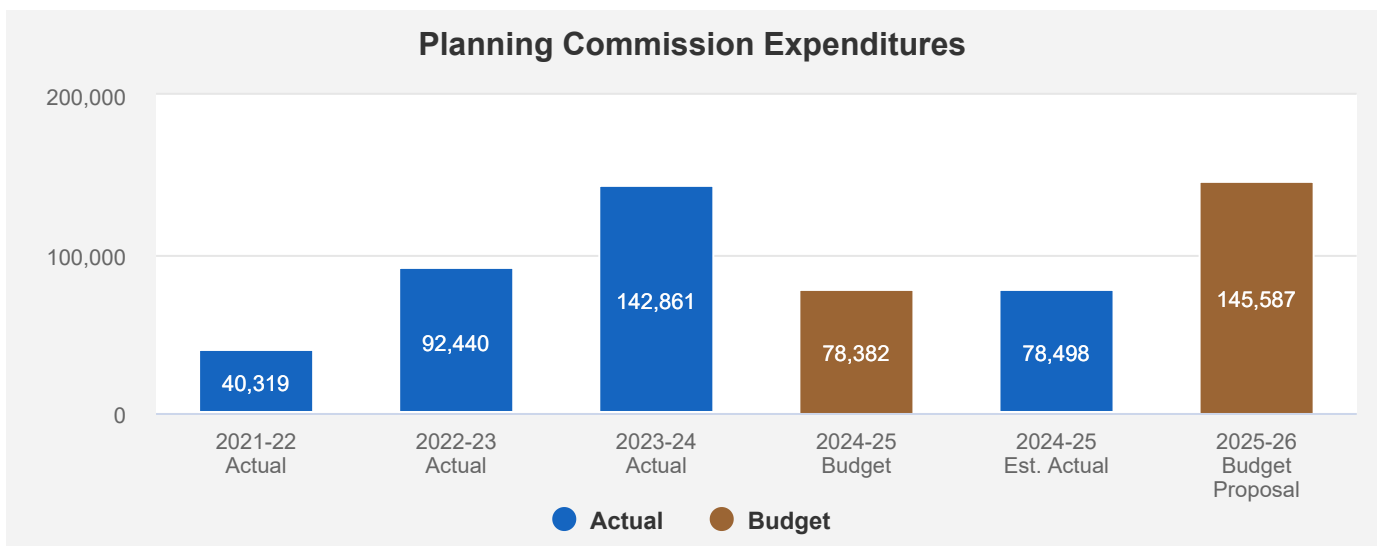
Planning Commission (011-3110)

Budget Summary:

The Planning Commission is a five-member body that acts in an advisory capacity to the City Council and reviews and acts on land use, planning, and development applications. The annual compensation for a Planning Commissioner is \$1,200, and the Commission typically meets once a month. Costs to operate and support the Planning Commission are generally stable, with minor increases year to year. However, Planning Commission expenditures increased during FY 2024-25 due to extensive work sessions and public hearings related to the Housing Element implementation.

In FY 2025-26, Planning Commission activity is projected to stabilize slightly, although significant meetings will continue for Housing Element program implementation, multifamily rezoning, and adoption of Objective Design Standards. Ongoing legislative changes at the state level, and the continued need for long-range planning updates, will require the Planning Commission’s continued involvement in major policy discussions which in turn will continue to impact the budget.

The Planning Commission budget increased by \$67,205, or 86% from the FY 2024-25 adopted budget due to an increase in Allocations from a new Cost Allocation Plan.



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Expenditures								
Personnel	\$ 26,590	\$ 69,366	\$ 119,919	\$ 49,361	\$ 57,946	\$ 69,135	\$ 19,773	40%
Professional Services	1,186	1,531	690	1,200	680	1,200	-	0%
Operations	4,196	12,965	13,200	17,050	11,840	13,193	(3,857)	-23%
Allocations Out	8,349	8,577	9,052	10,771	8,032	62,059	51,288	476%
Total Expenditures	\$ 40,319	\$ 92,440	\$ 142,861	\$ 78,382	\$ 78,498	\$ 145,587	\$ 67,204	86%

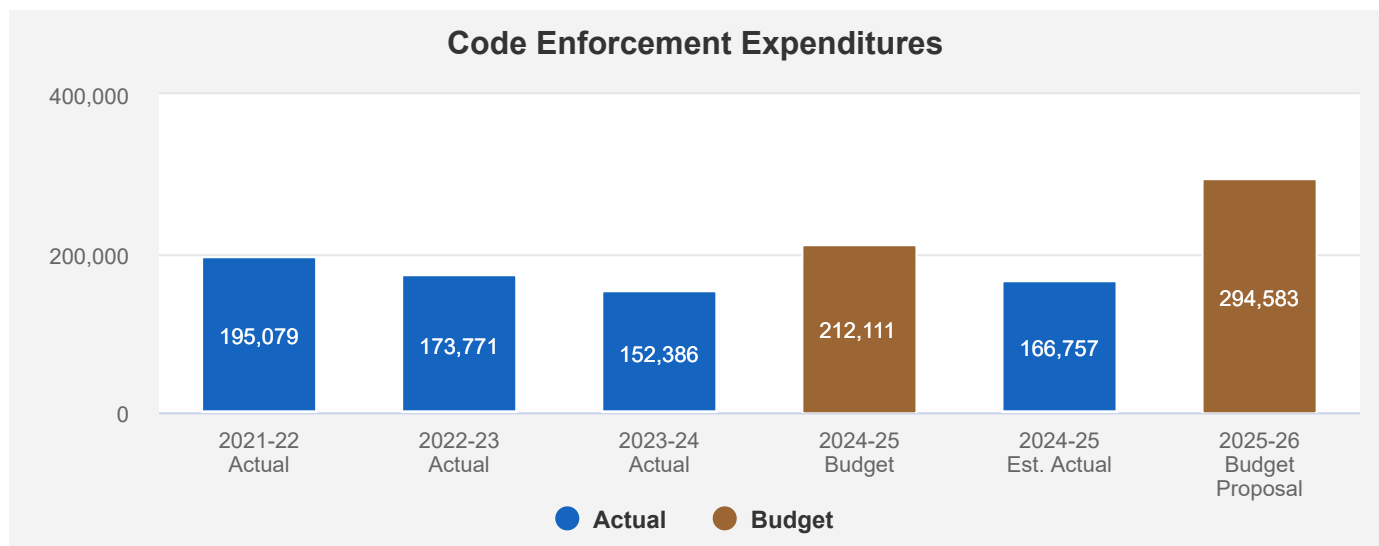
Code Enforcement Operations (011-3120)

Budget Summary:

Code Enforcement Operations are administered by the Community Development Department and overseen by the Community Development Director. The primary expenditure is related to the contract for a part-time code enforcement officer, whose hours were expanded during FY 2024-25 from two to three days per week to four days per week (32 hours weekly) to meet increased community needs. In addition to the contracted officer, Community Development, Building, and Public Works staff support case evaluations and enforcement actions. While limited revenue is generated through fines and penalties, the primary goal of Code Enforcement remains the preservation of community quality of life through adherence to the Municipal Code and timely response to complaints.

Code Enforcement expenditures are expected to hold in FY 2024-25 until program recommendations are evaluated in fall of 2025. However, code enforcement activity is anticipated to increase as more hours are available for case management. Therefore, the projected FY 2025-26 budget is based on the hourly rate of the contract code enforcement officer’s time at 32 hours per week.

The Code Enforcement Operations budget increased by \$82,472, or 39% from the FY 2024-25 adopted budget due to the increased hours.



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Expenditures								
Personnel	\$ 38,202	\$ 21,649	\$ 34,809	\$ 42,489	\$ 26,909	\$ 39,361	\$ (3,128)	-7%
Contractual Services	131,395	126,940	91,915	138,000	116,252	208,000	70,000	51%
Operations	83	-	164	-	16	36	36	0%
Allocations Out	25,399	25,181	25,498	31,621	23,580	47,186	15,564	49%
Total Expenditures	\$ 195,079	\$ 173,771	\$ 152,386	\$ 212,111	\$ 166,757	\$ 294,583	\$ 82,472	39%

Building Operations (011-3200)

Budget Summary:

The Building Division experienced strong permit activity throughout FY 2024-25, with annual permit volumes increasing approximately 14% on average over the past several years. However, as of March 31, 2025, actual revenues were lower than projected due to timing delays in the start of several large development projects. Despite this, overall revenues are projected to increase in FY 2025-26 compared to the prior year's budget, as deferred development activity moves forward.

During FY 2024-25, expenditures rose significantly due to expanded use of consultant services for plan review, inspections, and administrative support, as well as continued enhancements to the Town's permitting system. These investments prioritized customer service improvements and operational flexibility to respond to fluctuating construction demand.

The FY 2025-26 budget maintains this approach, with additional investments in permitting technology and administrative capacity to further improve service levels. The Building budget decreased by \$493,595, or 18% from the FY 2024-25 adopted budget due to decreases in Contractual Services, Professional Services, and Operations.

Personnel costs are projected to rise with the proposed conversion of a contract Building Technician to a full-time position and the addition of a shared Management Analyst (in coordination with Finance & Administrative Services). These staffing changes reduce the need for outsourced support, leading to the corresponding decline in contractual expenditures.

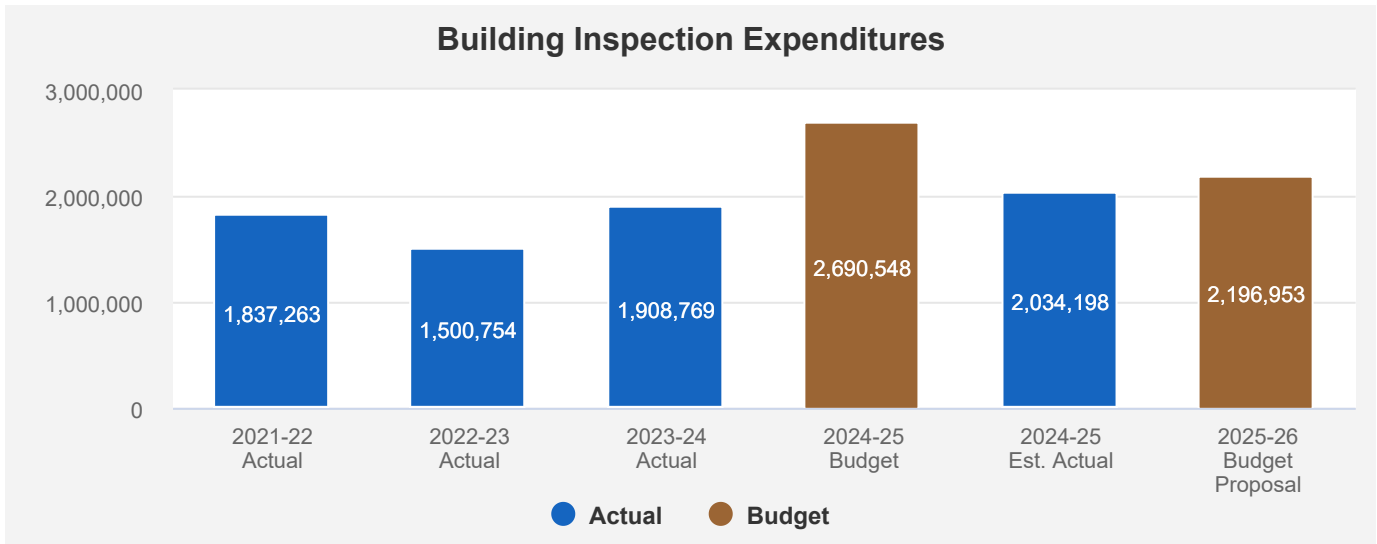
To ensure fees more accurately reflect the cost of providing services, the Building Division will implement updates from the Cost-of-Service Study and User Fee Study currently underway. These updates are intended to stabilize future revenue collections and help the division maintain its long-term financial sustainability.

Budget Item Comparison FY24-25 vs FY25-26

Budget Items	FY2024-25 Budget	FY2024-25 Est. Actual	FY2025-26 Budget
Administrative, Plan Review, and Inspection Services	\$ 415,000	\$ 850,000	\$ 975,000
One-Time Costs for Studies and Software	N/A	N/A	\$ 195,000
Miscellaneous Projects (e.g., File Scanning, Climate Action Plan Support)	\$ 100,000	N/A	\$ 297,000
New Annual Costs for Town Center	N/A	N/A	\$ 97,000
New Software Subscriptions	N/A	N/A	\$ 106,000
Salary Savings from Elimination of One FTE	N/A	N/A	\$ (125,000)
Total	\$ 515,000	* \$ 850,000	\$ 1,545,000 *

* Roughly one million in new expenses for FY25-26.

Building Operations (011-3200)



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Licenses and Permits	\$ 2,529,635	\$ 1,364,594	\$ 1,835,241	\$ 1,647,892	\$ 1,043,121	\$ 2,012,774	\$ 364,882	22%
Charges for Services	7,830	5,265	10,330	105,000	-	149,752	44,752	43%
Miscellaneous Revenues	32,400	18,588	37,720	-	12,064	-	-	0%
Total Revenues	\$ 2,569,865	\$ 1,388,447	\$ 1,883,291	\$ 1,752,892	\$ 1,055,185	\$ 2,162,527	\$ 409,634	23%
Expenditures								
Personnel	\$ 372,573	\$ 315,439	\$ 476,537	\$ 587,500	\$ 524,542	\$ 542,188	\$ (45,312)	-8%
Contractual Services	994,245	639,362	819,917	1,106,558	740,629	782,373	(324,185)	-29%
Professional Services	185	1,400	24,241	31,955	24,487	-	(31,955)	0%
Operations	20,436	65,247	72,579	362,641	164,615	237,498	(125,143)	-35%
Allocations Out	449,825	479,307	515,496	601,894	579,925	634,893	33,000	5%
Total Expenditures	\$ 1,837,263	\$ 1,500,754	\$ 1,908,769	\$ 2,690,548	\$ 2,034,198	\$ 2,196,953	\$ (493,595)	-18%

Cost Recovery:

The Building Division’s cost recovery target remains between 90% and 95%, consistent with prior financial policies and state law requirements for fee-supported services. As reflected in the financial tables and chart, revenues collected in FY 2024-25 covered a substantial portion of operating costs but fell short of cost recovery, primarily due to fees being less than necessary to achieve targeted revenues

Given that the purpose of cost recovery is to collect sufficient fees to offset the staff and consultant costs associated with the full lifecycle of a project, it is important to recognize the timing differences between fee collection and service delivery. The town’s building permit workflow is outlined below.

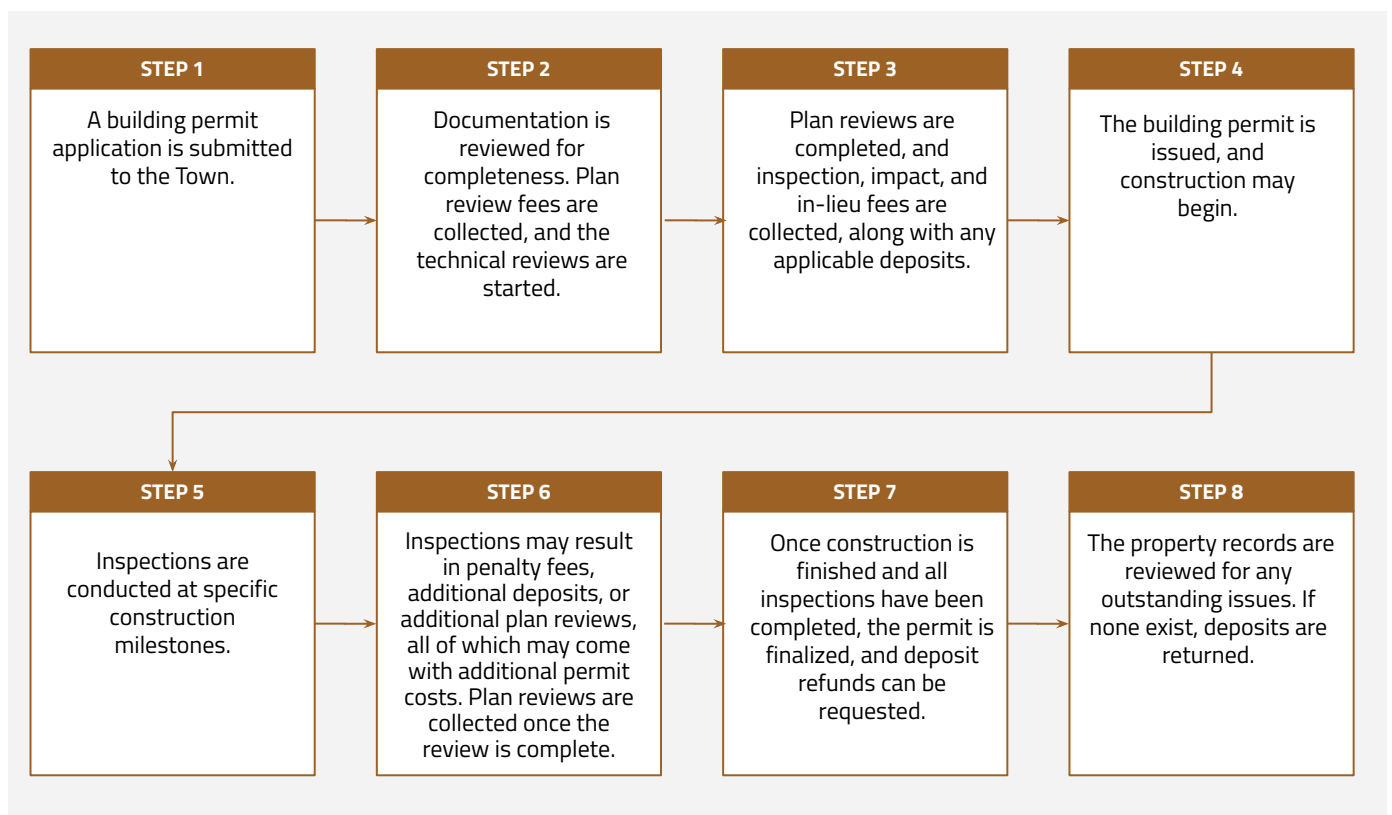
Plan check fees are collected at the time of initial permit application submittal, while administrative, inspection, impact, and in-lieu fees are collected at permit issuance. However, the services funded by these fees — particularly inspections and construction monitoring — often extend across multiple fiscal years, as many projects in Los Altos Hills, including new home construction and major remodels, typically take two to three years or more to complete.

Building Operations (011-3200)

Recent trends, particularly following the COVID-19 pandemic, have led to some projects exceeding even the three-year construction timeline.

To better align revenues with the timing of expenditures, the Town is implementing a refined strategy to defer the use of inspection-related revenues across multiple fiscal years. This approach will ensure that the revenues collected at permit issuance are matched to the duration of construction activities, smoothing year-over-year revenue and expenditure patterns and protecting the Town against future shortfalls tied to economic cycles or project delays.

Looking forward, the Building Division expects cost recovery performance to improve following the adoption of updated fees based on the Cost-of-Service Study and User Fee Study currently underway. Routine reassessment of fees will ensure continued alignment between fees collected and the actual costs of service delivery while maintaining the Town's commitment to customer service and operational transparency.



With the delay between the collection of permit fees and the associated expenditure of staff and consultant time, it is important to understand that Building Division revenues and expenses do not necessarily align with the cost recovery model for each fee type. Thus, as long as inspection revenues are pushed forward and the Town's expenses remain balanced, the Town will be able to maintain cost recovery of 90-95% moving forward. Reassessment every five years is recommended to help ensure effective cost recovery is achieved. This same approach will also be applied to fees within the planning division and engineering departments to ensure they are meeting their cost recovery goals.

Community Services (Formerly Parks and Recreation)

Community Services Administration (011-1000)

Mission:

The department develops, implements, and evaluates recreational programs, activities and events for youth, adults, and seniors. Coordinates and supervises recreational uses of Town Hall, Purissima Park, Town Riding Arena and Westwind Community Barn.

Description:

Under the City Manager's direction, the department comprises one full-time employee, a Community Services Supervisor. Department staff oversees part-time seasonal staff throughout the year, community events, recreation programs, community outreach, independent contractors, Purissima Park, janitorial services for Town facilities, and works closely with Westwind Community Barn Concessionaire.

Program Summary & Major Services:

The Community Services Department performs a variety of assignments including the development, promotion, and management of Town community events, facilities, and recreation programs.

Major services include:

- > Community events
- > Manages Public Information, and Community Outreach/Engagement on social media, website, and email marketing.
- > Produces Bi-Annual Activity Guides
- > Manages vendor contracts for community services and recreation services.
- > Works with Public Works on maintenance/CIP for Purissima Park and Westwind Community Barn
- > Manages contract with Los Altos/Los Altos Hills Little League and Westwind Community Barn Concessionaire
- > Schedules Field and Facility use for Town Hall and Purissima Park
- > Staff support for Parks, Recreation, and Community Events Committee, Youth and Senior Commissions

Community Services Administration (011-1000)

Program Summary:

Activity	Measurement Method	2022/23	2023/24	2024/25
1. Recreation program				
a. Fee Based Classes/Camps	April - March	53	84	55
b. Fee-Based Participants	April - March	346	409	375
c. Free Programs	April - March	56	79	58
d. Total Programs	April - March	109	163	113
2. Events				
	FY	17	18	21
a. Shred Event	# Households	85/128=213	86/132=218	230
b. Guess the Pumpkins Weights	#Entries	98 Entries	223 Entries	210
c. TEDx	#Registrations		107	
d. Chamber Music	#Registrations		56	
e. Pathways Run/Walk	#Registrations	512	500	424
3. Notarial Acts				
	FY	207	305	110
a. Appointment		100	89	93
4. Field Rental (excludes Little League)				
# of Bookings	FY	98	60	64
Total Hours Rented		395.5	274.5	285
Revenue		\$15,680	\$5,300	\$10,545
4. Westwind Barn Operations				
	FY			
a. Summer Camp Registrations		139	145	147
b. Town's Summer Camp Revenue		\$17,600	\$21,381	\$23,358

(scheduled but not held due to COVID-19)

*Limited by Health Restrictions

**Limited due to Phase 1 Council Chambers construction

Department Staffing

The Community Services Department staffing is distributed to various divisions and programs as follows.

Department Staffing

	COMMITTEES	COMMUNITY SERVICES ADMINISTRATION	PARKS & REC SPECIAL EVENTS	WWB FACILITY	TOTAL
Community Services Supervisor	0.15	0.15	0.50	0.20	1.00
Total Full Time	0.15	0.15	0.50	0.20	1.00

Community Services Administration (011-1000)

Department Goals and Accomplishments:

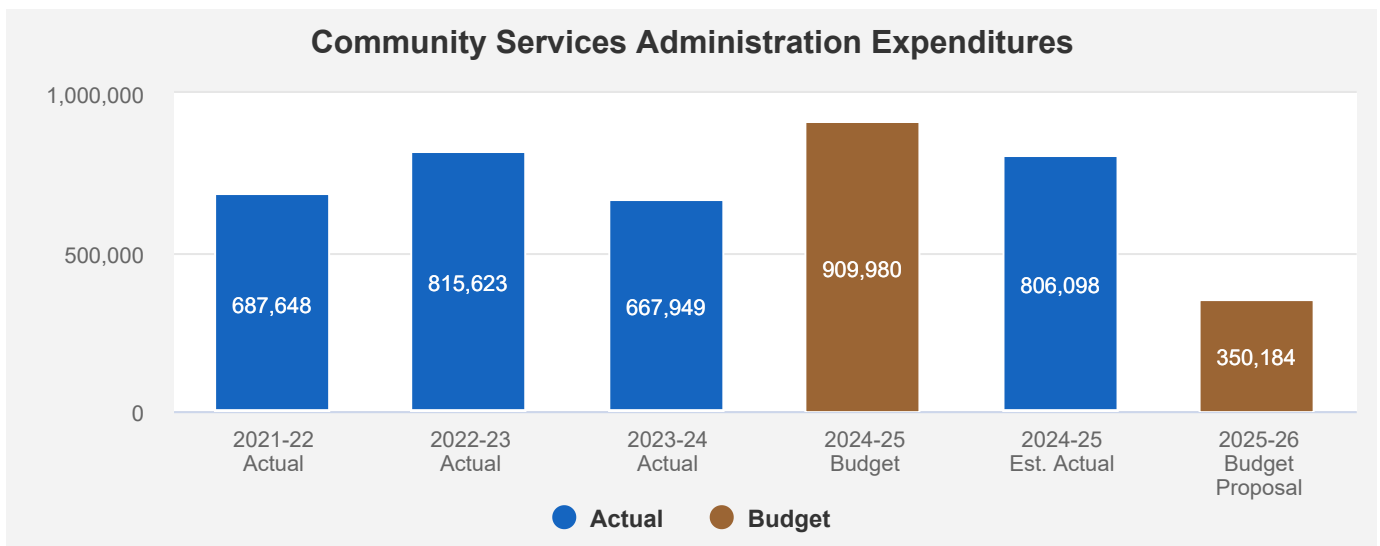
2024-25 Accomplishments	2025-26 Goals
Town Goal: Maintain Quality of Life & Community Character	
<ul style="list-style-type: none"> ▪ Provided community events and activities throughout the year for all ages ▪ Continue to pivot from virtual/in-person for the changing community needs with COVID-19 ▪ Provided the following in-person community events: Drive Thru Shred Events, Pathways Run/Walk, Car Show, Adult Softball Game, Hoedown, Touch a Truck, Halloween Trick-or-Treating at Town Hall, Barn Lighting, TEDx ▪ Increase usage of Open Spaces, Pathways and Parks, and Field Rentals ▪ Conduct Town Surveys for a Facilities Needs Assessment 	<ul style="list-style-type: none"> ▪ Deliver monthly community events/activities to enrich the lives of residents ▪ Promote positive customer service ▪ Increase program registration
Town Goal: Promote Public Safety	
<ul style="list-style-type: none"> ▪ Continue to use Nixle and social media to disseminate information ▪ Strengthened number of Community outreach through posting more frequently, updating website ▪ Completed Annual Inspections on Playground and Outdoor Fitness Equipment ▪ Ensured all contractors have the Town added as additional insured and contracts updated ▪ Fire Safety Plan/Emergency Preparedness: Provided consistent messaging and public education for residents regarding safety mitigation measures ▪ Committees/Volunteers to strengthen effectiveness and leveraged the use of volunteers ▪ Parks needs assessment: addressed through the budget process 	<ul style="list-style-type: none"> ▪ Continue working with PIO team to disseminate information to the community ▪ Attend trainings for Logistics ▪ Promote CERT and PEP trainings for the community ▪ Continue Playground and Outdoor Fitness Equipment annual inspections ▪ Ensuring all contractors have the Town added as additional insured and contracts updated
Town Goal: Increase Effective Service Delivery & Governance	
<ul style="list-style-type: none"> ▪ Made updates to the website, social media, print material, and email marketing materials ▪ Answered community questions and concerns ▪ Utilized Recreation software: CivicRec ▪ Work with community to answer questions and/or concerns ▪ Encouraged community engagement through Committees/Commissions, programs, activities, and events 	<ul style="list-style-type: none"> ▪ Assist and promote with updating the City Manager Weekly Report ▪ Work with community to answer questions and/or concerns ▪ Encouraged community engagement through Committees/Commissions, programs, activities, and events ▪ Improve Contract Management: Victoria Dye Equestrian Agreement and Little League Agreement ▪ Continue Emergency Prep: update training ▪ Improve Facility Use Policy ▪ Streamline Facility Rentals
Town Goal: Promote and Maintain Infrastructure	
<ul style="list-style-type: none"> ▪ Assist Public Works with delivery of CIP 	<ul style="list-style-type: none"> ▪ Assist Public Works with delivery of CIP

Community Services Administration (011-1000)

Budget Summary:

The Community Services Administration expenditures include costs associated with implementing City Council priorities, including community events, Town community surveys, improved communication with staff and Council, increased transparency, and continued emergency preparedness efforts.

The Community Services budget decreased by \$559,796, or 62% from the FY 2024-25 adopted budget due to reductions in personnel costs and allocations. This reflects a staffing change from a Community Services Manager and Recreation Specialist in the prior year to a single Community Services Supervisor in FY 2025-26. The increase in Contractual Services and Operations is primarily due to the transfer of activity guide-related costs—including content development, design, and printing—from the City Manager’s budget to the Community Services budget. With *The Quarterly* publication no longer in production, the design and implementation of the biannual activity guide has been reinstated within the department. As a result, it is more appropriate for Community Services to manage the project directly. The guide will continue to be supported by consulting services for both design and production.



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Expenditures								
Personnel	\$ 151,803	\$ 195,679	\$ 69,550	\$ 156,143	\$ 61,618	\$ 53,165	\$ (102,976)	-66%
Contractual Services	-	-	850	3,000	27	32,000	29,000	967%
Professional Services	1,633	9	244	2,500	405	2,700	200	8%
Operations	29,415	36,990	27,336	16,300	31,436	29,261	12,960	80%
Allocations Out	504,798	582,944	569,969	732,037	712,612	233,058	(498,980)	-68%
Total Expenditures	\$ 687,648	\$ 815,623	\$ 667,949	\$ 909,980	\$ 806,098	\$ 350,184	\$ (559,796)	-62%

Recreation Programs (011-4110)

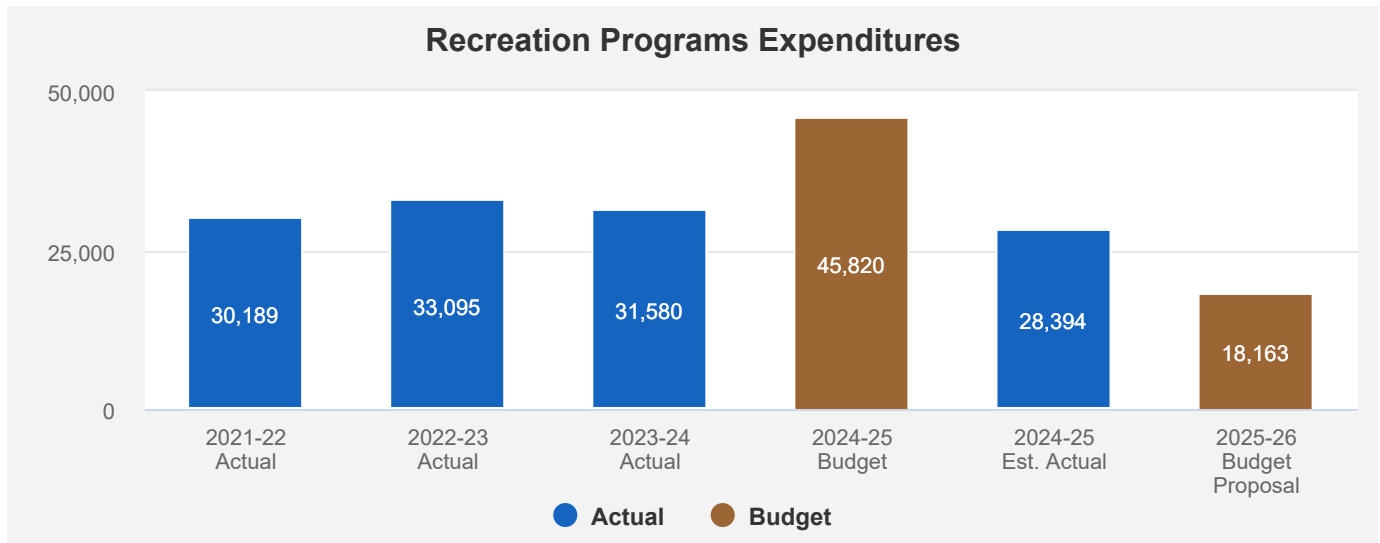
Budget Summary:

The Recreation Program’s FY 2024-25 actual expenditures were under budget, reflecting a transitional year marked by strategic realignment and operational efficiencies. While actual revenues were lower than projected, the reduced expenditures demonstrate the department’s ability to adapt and operate leanly during a period of reorganization.

This fiscal year underscored the value of partnerships like LAHCFD and SCCFD and the strength of our volunteer and consultant support network. The lower costs in Contractual Services and Operations are a result of intentional planning, as staff focused on evaluating program delivery models and identifying new opportunities for sustainable growth.

Looking ahead to FY 2025-26, the department is optimistic about re-energizing the Recreation Program through a blend of innovative course offerings and renewed community engagement. With foundational work laid this past year, staff will look to build on these efforts by exploring ways to increase participation, generate additional revenue, and enhance programming, all while continuing to prioritize cost-effective operations.

The Recreation Program’s budget decreased by \$27,657, or 60% from the FY 2024-25 adopted budget due to reductions in contract personnel and overhead allocations.



Recreation Programs (011-4110)

Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Charges for Services	\$ 10,124	\$ 9,481	\$ 9,584	\$ 9,500	\$ 6,827	\$ 9,500	\$ -	0%
Total Revenues	\$ 10,124	\$ 9,481	\$ 9,584	\$ 9,500	\$ 6,827	\$ 9,500	\$ -	0%
Expenditures								
Personnel	\$ -	\$ -	\$ -	\$ 605	\$ -	\$ -	\$ (605)	0%
Contractual Services	7,692	6,763	6,425	16,000	6,800	10,000	(6,000)	-37%
Operations	434	3,664	1,234	750	369	650	(100)	-13%
Allocations Out	22,063	22,667	23,921	28,465	21,226	7,513	(20,952)	-74%
Total Expenditures	\$ 30,189	\$ 33,095	\$ 31,580	\$ 45,820	\$ 28,394	\$ 18,163	\$ (27,657)	-60%



Tot Lot at Purissima Park

Special Events (011-4120)

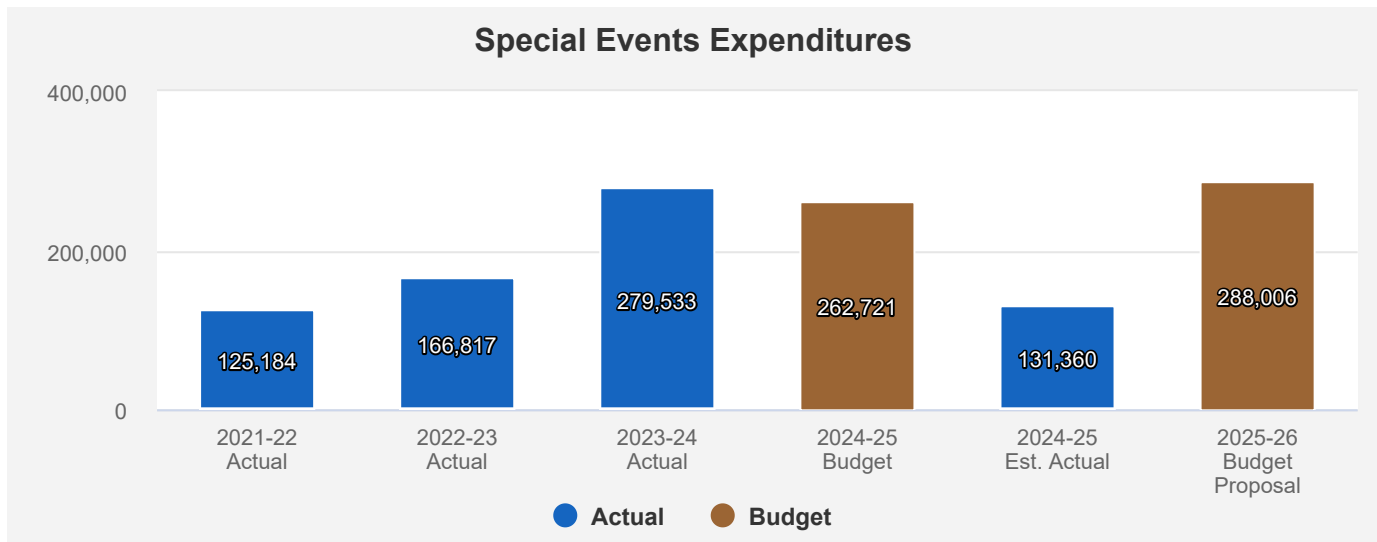
Budget Summary:

Special Events expenditures in FY 2024–25 came in significantly under budget due to a strategic scaling back of operations and a focus on cost containment. Despite reduced costs, the Town successfully delivered a robust calendar of events with the support of volunteers and careful resource management.

With community events remaining a City Council priority, the FY 2025–26 budget reflects a return to more typical funding levels and renewed investment in operations. Staff will continue to explore cost recovery strategies and utilize community feedback to guide programming decisions, ensuring events are engaging, inclusive, and fiscally responsible.

The Special Events budget increased by \$25,285, or 10% from the FY 2024-25 adopted budget. The increase is due to an increase in Allocations from a new Cost Allocation Plan. The decrease in Personnel is due to a staffing change: last year’s budget included a Community Services Manager and a Recreation Specialist, whereas the FY 2025–26 budget includes only a Community Services Supervisor.

This year, the Town experienced record-setting attendance at community events, reflecting strong resident engagement and enthusiasm. The event calendar also features a broader array of offerings than in prior years, including new events that appeal to a wide range of age groups and interests.



Special Events (011-4120)

Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Charges for Services	\$ 23,063	\$ 26,052	\$ 24,976	\$ 14,000	\$ 19,000	\$ 24,000	\$ 10,000	71%
Total Revenues	\$ 23,063	\$ 26,052	\$ 24,976	\$ 14,000	\$ 19,000	\$ 24,000	\$ 10,000	71%
Expenditures								
Personnel	\$ 7,536	\$ 13,398	\$ 115,647	\$ 115,669	\$ 89,581	\$ 77,311	\$ (38,357)	-33%
Operations	102,919	138,286	117,120	128,050	27,609	136,600	8,550	7%
Allocations Out	14,729	15,132	46,766	19,002	14,170	74,095	55,092	290%
Total Expenditures	\$ 125,184	\$ 166,817	\$ 279,533	\$ 262,721	\$ 131,360	\$ 288,006	\$ 25,285	10%



Pathways Run

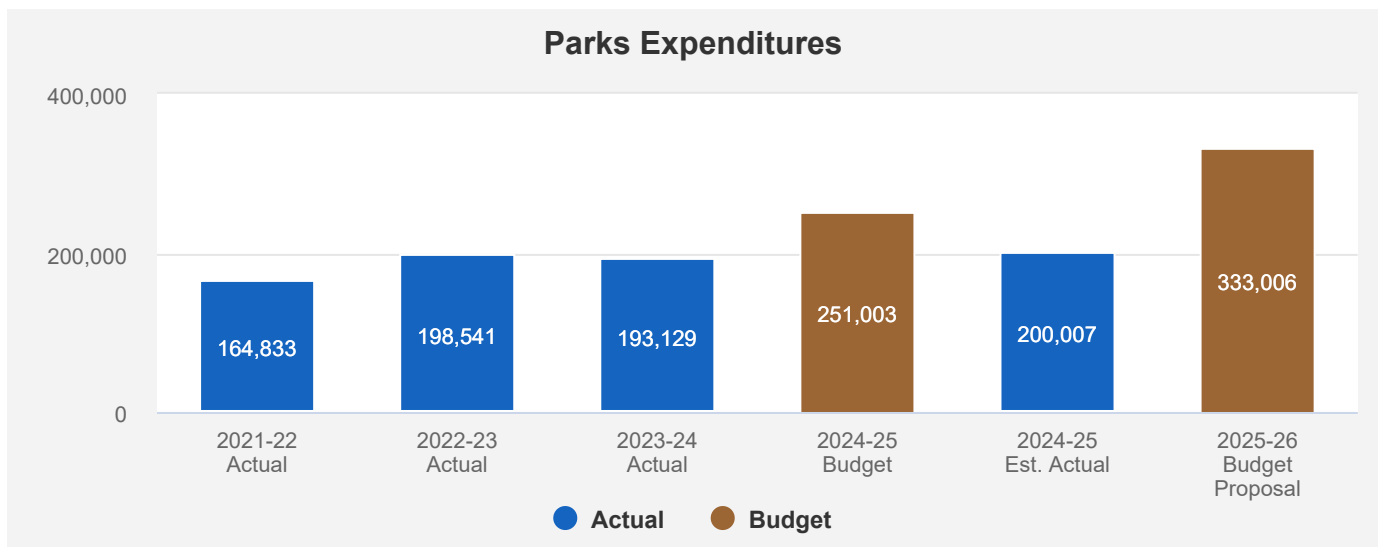
Parks (Renamed From Field Rentals) (011-5100)

Budget Summary:

The Parks budget reflects expenses related to field maintenance and rentals at Purissima Park and Edith Park.

The Parks budget increased by \$82,003, or 33% from the FY 2024-25 adopted budget. The increase in Operations is primarily driven by higher water and electricity costs. The decrease in Contractual Services reflects reduced lawncare and landscaping expenses, partially offset by increased clearing costs.

With rentals expected to rebound, staff will monitor field use trends and maintenance needs closely to ensure high-quality play spaces and sustainable operations moving forward.



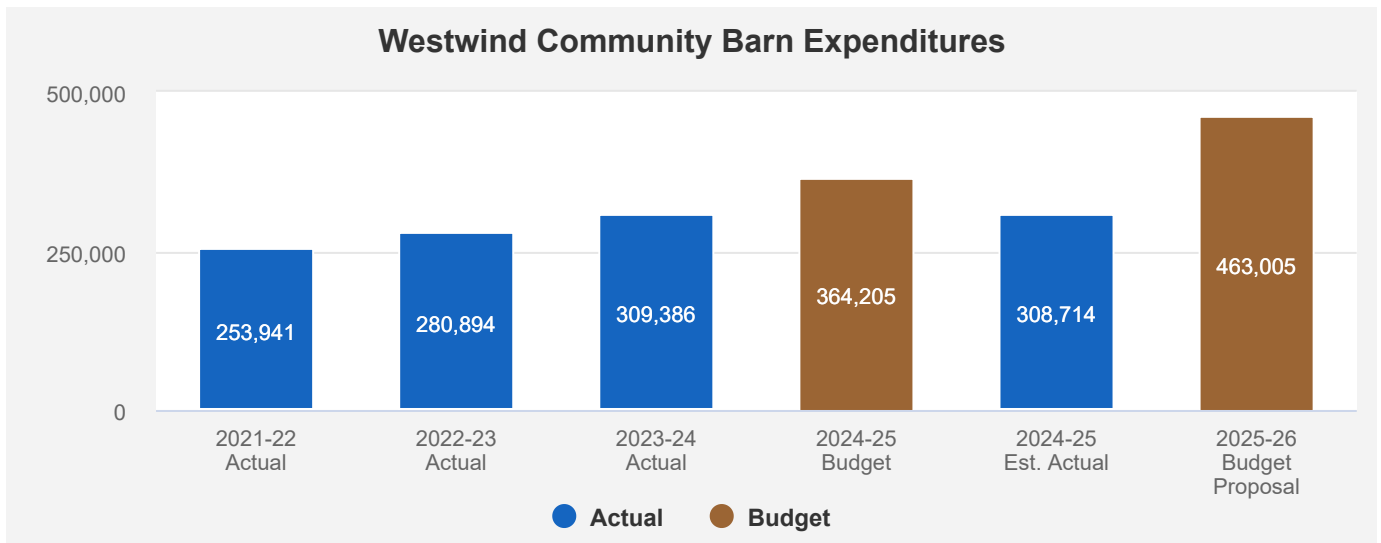
Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Charges for Services	\$ 51,493	\$ 50,212	\$ 52,585	\$ 55,000	\$ 55,000	\$ 57,500	\$ 2,500	5%
Total Revenues	\$ 51,493	\$ 50,212	\$ 52,585	\$ 55,000	\$ 55,000	\$ 57,500	\$ 2,500	5%
Expenditures								
Personnel	\$ 70,647	\$ 93,504	\$ 79,600	\$ 64,193	\$ 62,841	\$ 91,260	\$ 27,067	42%
Contractual Services	26,075	25,632	46,816	92,000	62,370	70,740	(21,260)	-23%
Operations	56,631	67,611	54,267	80,000	63,752	83,564	3,564	4%
Allocations Out	11,480	11,794	12,447	14,811	11,044	87,442	72,631	490%
Total Expenditures	\$ 164,833	\$ 198,541	\$ 193,129	\$ 251,003	\$ 200,007	\$ 333,006	\$ 82,002	33%

Westwind Community Barn (011-5300)

Budget Summary:

Westwind Community Barn is a 15-acre property owned by the Town of Los Altos Hills and managed by Concessionaire Victoria Dye Equestrian (VDE). VDE operates the boarding facility and provides instruction. The funding source is Charges for Services; VDE has a new contract and pays the Town 20% of the lesson’s gross revenue and has a step down after \$300,000 of gross revenue to 18%. Additionally, the Town collects payment for VDE Riding Camps. Contractual Services is the VDE 80% and 82% split of Camp gross revenue the Town collects and includes VDE concessionaire services approved by the City Council in March 2023. The contract is set to expire on July 31, 2026. In the event of damage caused by weather storms, wildfires, earthquakes or other natural disasters, the Town will cover the costs. For larger projects, VDE must obtain approval of the City Council or City Manager, depending on the scope of the work.

The Westwind Community Barn budget increased by \$98,800, or 27% from the FY 2024-25 adopted budget. The increase is due to an increase in Allocations from a new Cost Allocation Plan, as well as Operations costs for supplies.



Westwind Community Barn (011-5300)

Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Intergovernmental Subventions	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	0%
Charges for Services	256,065	248,595	233,545	215,000	198,145	215,000	-	0%
Miscellaneous Revenues	500	-	-	-	-	-	-	0%
Total Revenues	\$ 261,565	\$ 248,595	\$ 233,545	\$ 220,000	\$ 198,145	\$ 220,000	\$ -	0%
Expenditures								
Personnel	\$ 47,853	\$ 54,603	\$ 83,630	\$ 76,356	\$ 65,421	\$ 80,143	\$ 3,788	5%
Contractual Services	148,584	182,068	173,503	222,000	175,951	224,780	2,780	1%
Professional Services	1,750	-	-	-	-	-	-	0%
Operations	35,026	22,643	29,857	38,750	41,950	43,926	5,176	13%
Allocations Out	20,727	21,580	22,395	27,099	25,391	114,156	87,056	321%
Total Expenditures	\$ 253,941	\$ 280,894	\$ 309,386	\$ 364,205	\$ 308,714	\$ 463,005	\$ 98,800	27%

Public Works

Public Works Administration

Mission:

To effectively manage the Town's public infrastructure for the benefit of all users and to provide support to other Town departments.

Organization:

The Public Works Department is composed of engineering and maintenance staff providing support to Town communities and departments and overseeing the Town's public roadways, pathways, stormwater drainage infrastructure, sanitary sewer system, and facilities.

Description:

The Public Works Department is responsible for major capital projects as well as maintaining the Town's municipal infrastructure and assets. The department also reviews and inspects any work in the Town's public right-of-way and works closely with Planning and Building staff on private development projects. The department is headed by the Public Works Director/City Engineer.

Program Summary & Major Services:

The department provides support for private development projects, code enforcement issues, Town events, review and response of resident requests, management of the Town's capital improvement projects, and oversight and maintenance of the Town's infrastructure and assets.

Program Summary:

Activity	Measurement Method	2022/23	2023/24	2024/25
1. Capital project management				
a. In progress				
▪ Design phase		13	14	8
▪ Construction phase		5	5	6
b. Completed		7	8	7
2. Public right-of-way maintenance				
a. Pathways	Linear miles (LM)	83	83	83
b. Annual tree survey	# of trees inspected	220	111	147
▪ Sudden Oak Death spraying in Byrne Preserve	# of trees	238	-	238
c. Streets Maintained (% of 65 total miles)	Linear miles (LM)	7.4 (12%)	4.1 (6.6%)	4.5 (7.2%)
d. Sewer	Linear miles (LM)	24.7	25	25
3. Permit Review	Total #	120	152	116
a. Sewer	# of Sewer Permits	46	40	43
4. Los Altos Hills Connect APP / iWorQ Work Order System & Citizen Engagement	# of service requests (April 1 to March 31)	1183	768	700

Public Works Administration

Department Staffing

Public Works Department staffing is distributed to various divisions and programs as follows.

Public Works Administration

	Building Operations	Committees	Corp Yard Operations (for Internal Service Fund)	Engineering	Parks	Pathway Operations	Planning	Sewer Fund Operations	Storm Drain Operations	Street Operations	Town Center Operations (for Internal Service Fund)	Vehicle / Equipment Operations (for Internal Service Fund)	Wwb Facility	TOTAL
Assistant Engineer	0.10	0.10	0.05	0.45	0.05	0.40	-	0.40	0.10	0.10	0.25	-	-	2.00
Maintenance Superintendent	-	-	0.05	-	0.05	0.30	-	0.05	0.10	0.20	0.10	0.10	0.05	1.00
Maintenance Worker I	-	-	0.05	-	0.05	0.30	-	0.05	0.20	0.25	0.05	0.05	-	1.00
Maintenance Worker II	-	-	0.05	-	0.10	0.25	-	0.05	0.10	0.25	0.05	0.12	0.03	1.00
Maintenance Worker III	-	-	0.10	-	0.10	0.60	-	0.10	0.30	0.50	0.10	0.17	0.03	2.00
Project Manager	0.10	-	-	0.20	-	0.20	0.20	-	0.10	0.20	-	-	-	1.00
Public Works Director / City Engineer	0.05	0.10	0.05	0.10	0.05	0.20	0.05	0.15	0.05	0.10	-	0.05	0.05	1.00
Public Works Inspector	0.10	-	-	0.10	0.05	0.20	-	0.20	0.10	0.20	-	-	0.05	1.00
Utilities Manager	0.05	0.05	-	0.15	-	0.05	0.05	0.40	0.20	0.05	-	-	-	1.00
Total Full Time	0.40	0.25	0.35	1.00	0.45	2.50	0.30	1.40	1.25	1.85	0.55	0.49	0.21	11.00

Public Works Administration



Westwind Community Barn

Department Goals and Accomplishments:

2024-25 Accomplishments	2025-27 Goals
Town Goal: Maintain Quality of Life & Community Character	
<ul style="list-style-type: none"> ▪ Herbicide spraying for selected roadside and off-road pathways to fight stinkwort growth. ▪ Sudden Oak Death mitigation at Byrne Preserve. ▪ Addressed approximately 700 work order requests (by end of FY2024/25) through Citizen Engagement portal and iWorQ work order system. ▪ Stewardship and habitat restoration programs including removal of invasive plants at Byrne Preserve through Grassroot Ecology. ▪ Secured two-year contract extension with Grassroots Ecology for Open Space Stewardship and Education. 	<ul style="list-style-type: none"> ▪ Continue mitigation for roadside pathways and native paths to fight stinkwort growth. ▪ Increase areas for herbicide spraying to limit stinkwort growth. ▪ Continue Sudden Oak Death mitigation at Byrne Preserve. ▪ Continue to address work order requests through Citizen Engagement portal and iWorQ work order system.
Town Goal: Promote Public Safety	
<ul style="list-style-type: none"> ▪ Started construction for the 2025 Sanitary Sewer Repair Replacement Project. ▪ Completed Town-wide tree inspections on highly used roadways and pathways, park, and Byrne Preserve. Notified and guided residents on street trees identified as potential hazards. ▪ Sewer operation and maintenance through West Bay Sanitary District. 	<ul style="list-style-type: none"> ▪ Complete construction for the 2025 and 2026 Sanitary Sewer Repair and Replacement project. ▪ Continue Town-wide tree inspection on highly used roadways and pathways, park, and Byrne Preserve. ▪ Continue to notify and guide residents of street trees identified with potential hazards. ▪ Continue sewer operation and maintenance contract with West Bay Sanitary District. ▪ Apply for grants to complete Local Roadway Safety Plan. ▪ Implement road safety and traffic calming measures on at risk streets. ▪ Update the Tree Ordinance.

Public Works Administration

Town Goal: Increase Effective Service Delivery & Governance

- Preservation of institutional knowledge of Town staff by establishing a standardized filing and archive system.
- Developed a draft of the Public Works Manual for standardization of process and procedures.
- Provided Public Works updates for the City Manager's Weekly Report.
- Completed the 2024 Pathway Fee Nexus Study and updated the Pathway In-lieu Fee.
- Promoted biking, walking, and other active means of transportation through the Measure B Bike/Pedestrian Education & Encouragement Program.
- Purchased two electric vehicles (EVs) for fleet to replace two leased EVs for field visits, inspections, and other Town operations at Town Hall.
- Continue Promoting biking, walking, and other active means of transportation through the Measure B Bike/Pedestrian Education & Encouragement Program.
- Continue to provide Public Works updates for the City Manager's Weekly Report.
- Continue updating the Public Works Manual for standardization of process and procedures.
- Continue to replace and update Town vehicles and equipment to meet State regulations, Town policies, and goals for Climate Action Plan.

Town Goal: Protect and Maintain Infrastructure

- Bucket/boom truck procurement.
- Ford F250 truck replacement.
- Completed the State Water Board's annual Storm Water Annual Report.
- Continued to work with Pathway Committee to identify and develop new pathway projects and procedures.
- Completed FY2024/25 Pavement Rehabilitation and Drainage Improvement Project.
- For the El Monte Fire Station Utility Undergrounding (Rule 20A) project, advertised for bid, awarded the construction contract, and completed the joint trench construction for utility companies to underground overhead facilities.
- For the Heritage House Upgrade project, completed the Plans and Specifications, advertised for bid, awarded the construction project, and submitted all reimbursement invoices to the County for the CDBG program meeting grant requirements.
- For the Corporation Yard Locker Room Phase 1 project, completed the the Plans and Specifications, advertised for bid, and awarded the construction project.
- For the Matadero Creek Restoration and Bank Stabilization, completed the value engineering and the Plans and Specifications, advertised for bid, and awarded the construction project.
- Replaced over 1/3 of all street name and regulatory signs for the Street Sign Replacement Project.
- Completed offsite mitigation work at Byrne Preserve for the Matadero Creek Restoration and Bank Stabilization project.
- Negotiate a fiber infrastructure grant agreement with Los Altos Hills Community Fiber (LAHCF) at priority sites, which Council approved.
- Complete 2025 and 2026 Sanitary Sewer Rehabilitation CIP.
- Complete the annual State Water Board's Storm Water Annual Reports in time.
- Complete FY2025/26 and FY2026/27 Pavement Rehabilitation and Storm Drainage Improvements.
- Work with utility companies to fully underground all overhead facilities at Underground Utility District (UUD).
- Complete the Heritage House Upgrade project.
- Complete the Corp Yard Locker Room Phase 1 project.
- Continue monitoring and maintenance of the offsite mitigation work at Byrne Preserve for the Matadero Creek Restoration and Bank Stabilization project.
- Finalize design and start construction on the Parks & Recreation Building Renovation.
- Finalize updating the pathways fee and develop a long-term plan for pathway construction.
- Construct and rehabilitate pathways as prioritized and approved by the Pathways Committee and City Council.
- Provide routine pathway maintenance and work order service requests throughout the Town pathways.
- Complete design and construction of Phase 2 of the Summerhill Pathway project
- Complete design and construction of Magdalena Avenue Pathway.
- * Complete design and construction of Page Mill Road - Christopher's Lane Pathway Project.
- Initial the design for the Parks and Recreation Building Renovation.
- Work with LAHCF to complete the installation of fiber infrastructure at priority sites approved by the Technology Committee and the City Council.

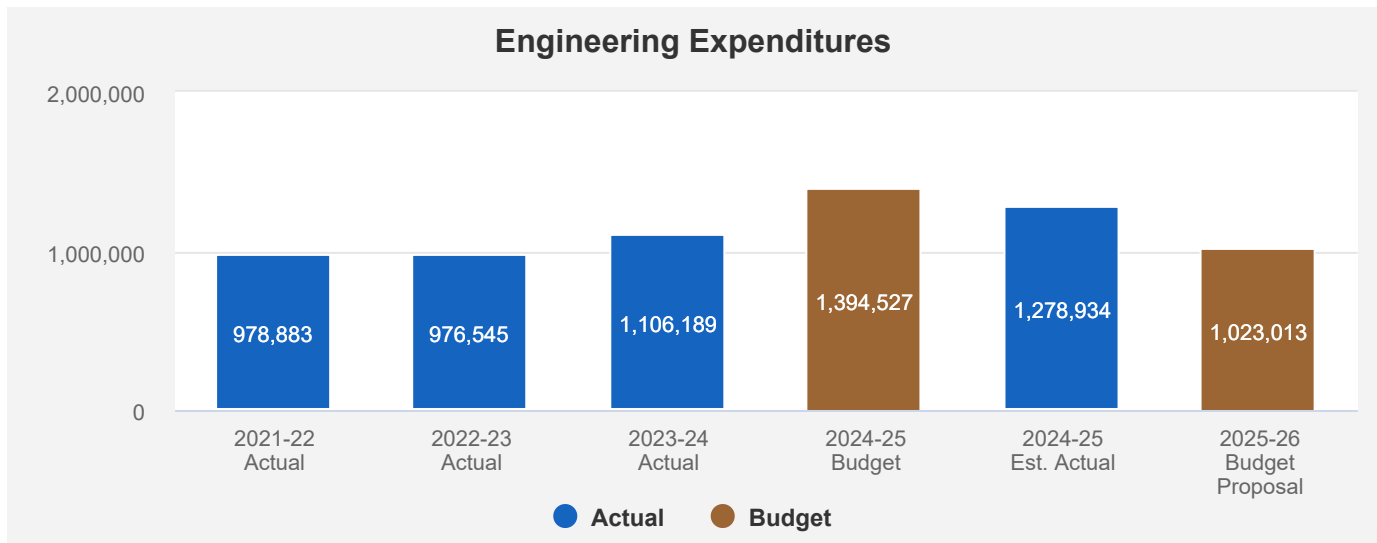
Engineering (011-3300)

Budget Summary:

Engineering Administration’s work includes capital improvement management, development reviews, site inspections, contract management, public inquiry research, and support of other Town departments and citizen committees.

The budget decreased by \$371,514, or 27% compared to the FY 2024-25 adopted budget largely due to a decrease in billable professional and contract services to be handled by in-house Engineering staff. Engineering review and inspection of private development and sewer projects are reimbursed by applicants. The cost for the Hazardous Waste Program also increased by \$15,000 to \$35,000.

For FY 2025-26, a Project Manager classification has been created as a mid-level manager position to assist in the management of the Engineering section. This is a promotional opportunity, so there is no change to the total number of full-time employees. The Utility Engineering Manager will focus on managing the sewer and storm infrastructure, while the Project Manager assists in managing engineers for land development reviews, encroachment permits, and CIPs.



Engineering (011-3300)

Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Charges for Services	\$ 155,081	\$ 23,663	\$ 105,116	\$ 100,000	\$ 149,806	\$ 130,000	\$ 30,000	30%
Total Revenues	\$ 155,081	\$ 23,663	\$ 105,116	\$ 100,000	\$ 149,806	\$ 130,000	\$ 30,000	30%
Expenditures								
Personnel	\$ 218,871	\$ 299,216	\$ 336,634	\$ 339,487	\$ 311,053	\$ 271,174	\$ (68,312)	-20%
Contractual Services	114,764	21,785	89,269	175,000	155,891	107,000	(68,000)	-39%
Professional Services	30,142	15,098	1,753	51,500	40,500	16,500	(35,000)	-68%
Operations	52,004	46,790	41,897	83,050	52,699	83,793	743	1%
Capital Outlay Spending	-	-	-	-	511	-	-	0%
Allocations Out	563,103	593,655	636,636	745,490	718,280	544,546	(200,944)	-27%
Total Expenditures	\$ 978,883	\$ 976,545	\$ 1,106,189	\$ 1,394,527	\$ 1,278,934	\$ 1,023,013	\$ (371,513)	-27%



Los Altos Hills Sewer Manhole Replacement Project

Sewer (048: Capital, 051: Operation)

Budget Summary:

The Sewer Fund is the Town's only enterprise fund and is fully supported by sewer service charges to residential and non-residential customers and sewer connection fees for new connections to the sewer system. In 2022, both the sewer connection fees and sewer rate fees were updated to meet the Town's long-term sewer enterprise funding needs. These funding needs include supporting operations and capital improvements to the Town's infrastructure. As a result, the FY 2025-26 and FY 2026-27 sewer service charge rates will increase respectively to \$1,957 and \$2,035 per main unit of service. FY2026-27 is the last sewer rate increase approved through the 2022 sewer rate study. Each Accessory Dwelling Unit (ADU) sewer service charge is 50% of the main unit service charge.

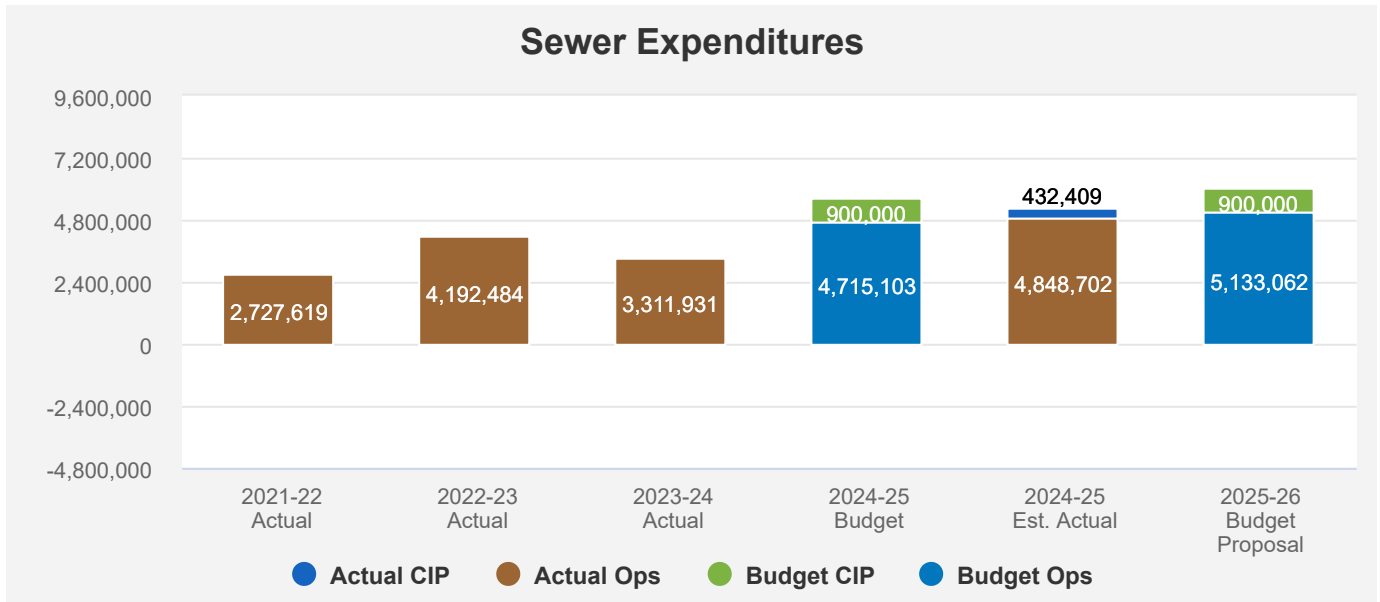
Due to increasing costs of the Palo Alto Regional Waste Quality Treatment Plant (RWQTP) operations and capital projects, it will be necessary to conduct another sewer rate study in FY 2025-26 in preparation for FY 2026-27.

The Town's capital budget for sewer main rehabilitation is around \$900,000 per year to address the backlog of repairs. In 2024, V.W. Housen & Associates assisted in the development of an asset management approach to the annual sewer capital program. With an overall review of the Town's sewer system and understanding of the Town's goals, V.W. Housen & Associates helped develop a five-year capital plan for Town staff to reference when prioritizing project segments for the annual sewer rehabilitation program. The goal still is to limit the number of sanitary sewer overflows (SSOs) and maintain the current service levels. The sewer program expenditures vary from year to year depending on the timing and scope of the capital improvement projects.

While staff manages the overall operations of the sanitary sewer system, the Town contracts with West Bay Sanitary District for the routine maintenance services. Staff manages the sewer contracts, develops and delivers sewer capital projects, prepares studies and long-range planning documents, assists residents with sewer connections and sewer main extensions, and responds to sewer related service requests and emergencies.

The budget increased by \$417,959, or 7% from the FY 2024-25 adopted budget. The increase in Contractual Services is primarily due to a \$160,000 rise in costs associated with the RWQTP. An additional \$125,000 is allocated for consultant services related to Council-directed negotiations with Palo Alto and Los Altos, as well as for a sewer rate study.

Sewer (048: Capital, 051: Operation)



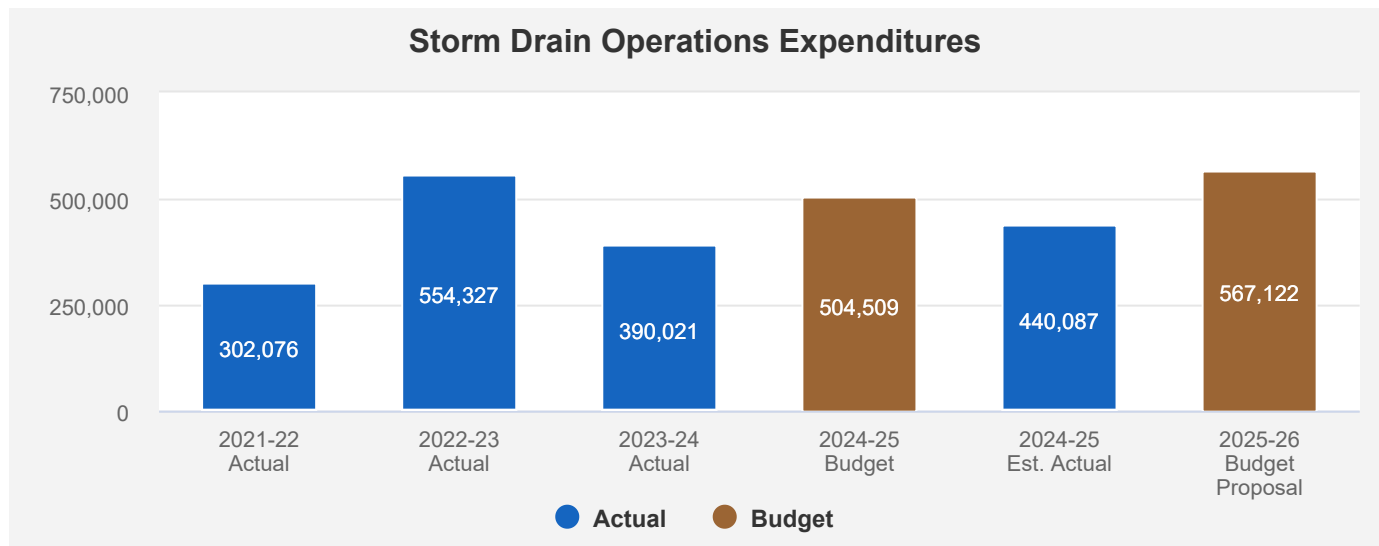
Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Use of Money and Property	\$ (189,081)	\$ 24,407	\$ 171,190	\$ -	\$ 351,516	\$ 166,116	\$ 166,116	0%
Charges for Services	7,349	-	6,145	-	6,691	-	-	0%
Miscellaneous Revenues	120	1,946	7,049	-	2,293	-	-	0%
Transfers In	9,300	1,179,650	9,858	900,000	910,452	910,976	10,976	1%
Sewer Connection Fees	236,512	97,754	154,081	125,660	211,884	129,430	3,770	3%
Sewer Assessment Charges	3,070,792	3,263,652	3,534,615	3,715,880	3,719,000	4,105,898	390,018	10%
Total Revenues	\$ 3,134,992	\$ 4,567,409	\$ 3,882,938	\$ 4,741,540	\$ 5,201,835	\$ 5,312,420	\$ 570,880	12%
Expenditures								
Personnel	\$ 67,090	\$ 353,709	\$ 280,727	\$ 309,808	\$ 461,311	\$ 283,190	\$ (26,618)	-9%
Contractual Services	1,981,724	2,088,210	2,461,461	3,141,121	3,068,771	3,436,000	294,879	9%
Professional Services	143,013	14,919	13,100	25,500	51,680	25,500	-	0%
Operations	29,305	14,823	14,787	18,600	18,498	18,794	194	1%
Capital Outlay Spending	(82,409)	(95,244)	(47,931)	900,000	432,409	900,000	-	0%
Miscellaneous Expenditures	236,129	260,918	260,918	-	-	-	-	0%
Transfers Out	-	1,170,350	-	900,000	(900,000)	(900,000)	-	0%
Allocations Out	270,358	289,555	280,939	320,073	348,441	469,578	149,505	47%
Total Expenditures	\$ 2,645,210	\$ 4,097,240	\$ 3,264,000	\$ 5,615,103	\$ 5,281,111	\$ 6,033,062	\$ 417,960	7%

Storm Drain Operations (011-4500)

Budget Summary:

The Storm Drain Operations Program involves ongoing management of the Town’s storm infrastructure, including drainage repairs and maintenance, project administration, monitoring, and annual storm water reporting. The major capital storm drainage improvements are funded by the Drainage Fund collected from developments creating more impermeable areas and are addressed by the annual Storm Drain Improvements on an as-needed basis. Staff continues to review updates needed to the 2004 Storm Drainage Infrastructure Master Plan.

The budget increased by \$62,613, or 12% from the FY 2025-26 adopted budget. The increase is due to increases in contract services to fund the Storm Drainage fee study.



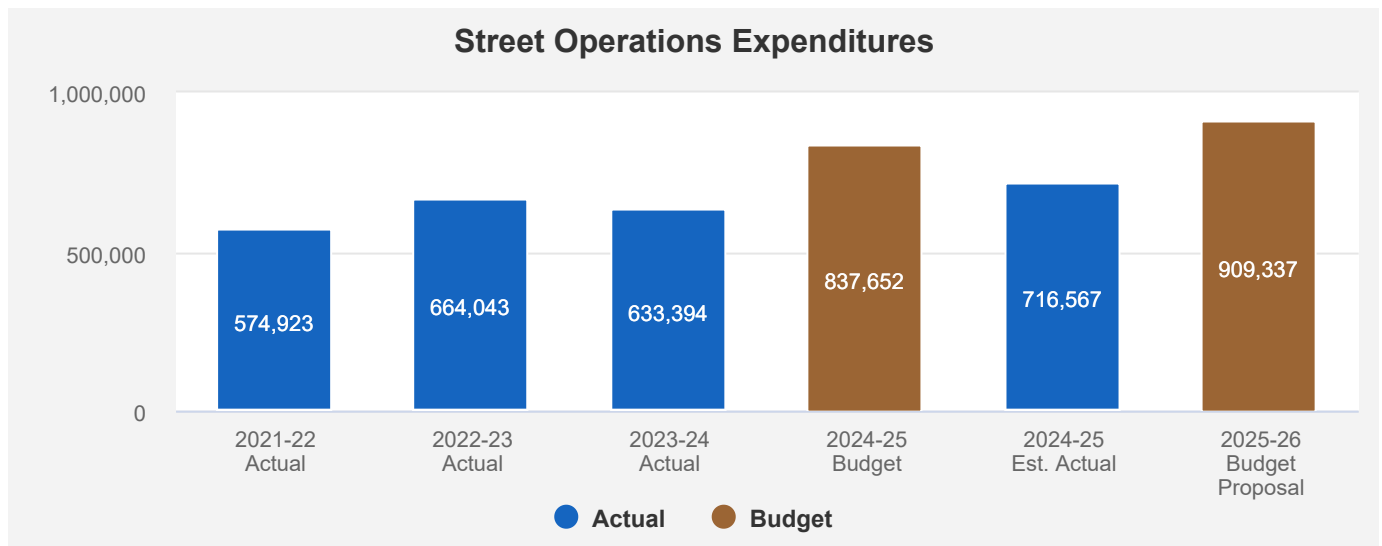
Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Expenditures								
Personnel	\$ 160,683	\$ 152,423	\$ 219,284	\$ 257,570	\$ 207,198	\$ 265,484	\$ 7,916	3%
Contractual Services	706	245,420	18,763	25,000	8,333	40,000	15,000	60%
Professional Services	-	800	-	15,000	5,000	15,000	-	0%
Operations	20,091	22,825	31,205	40,100	52,717	40,054	(46)	0%
Allocations Out	120,596	132,859	120,769	166,839	166,839	206,584	39,746	24%
Total Expenditures	\$ 302,076	\$ 554,327	\$ 390,021	\$ 504,509	\$ 440,087	\$ 567,122	\$ 62,616	12%

Street Operations (011-4600)

Budget Summary:

The Street Operations Program supports the ongoing roadway maintenance and operations by the maintenance staff, which includes pavement repairs, crack sealing, and roadside tree maintenance in the public street right-of-way. The Street Operations budget also covers efforts by the Engineer staff to manage the annual Road Rehabilitation capital program.

The budget increased by \$71,685, or 9% from the FY 2024-25 adopted budget. The increase in Personnel is attributed to bringing inspection services in-house, while the decrease in Contractual Services reflects a reduced budget for tree maintenance.

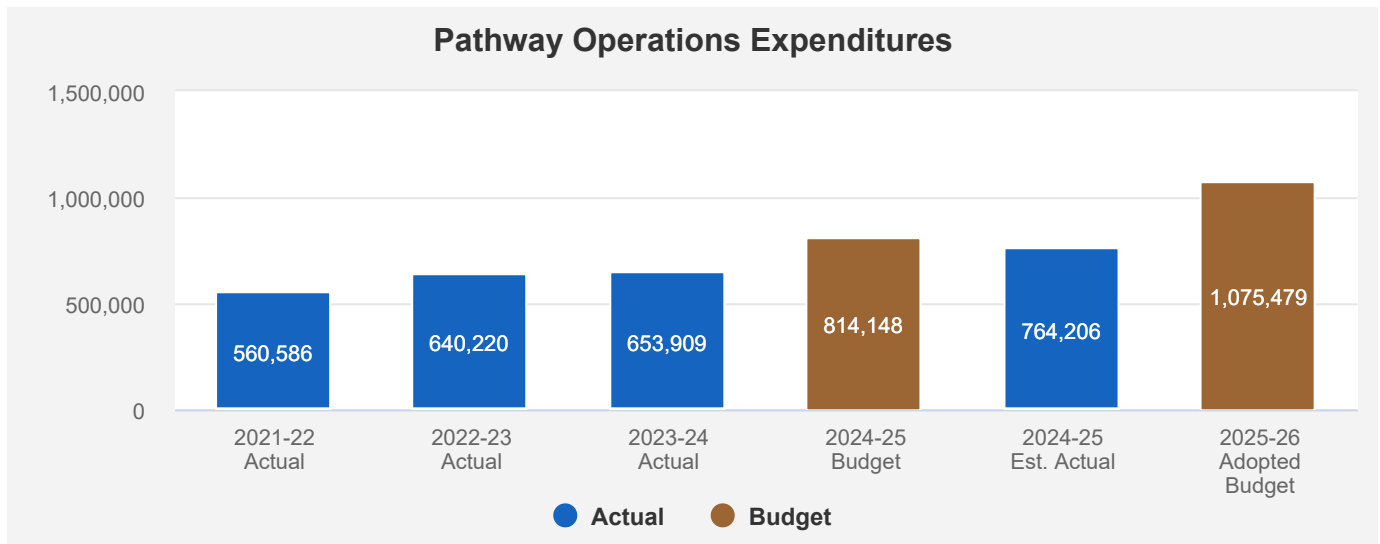


Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Licenses and Permits	\$ -	\$ 652	\$ 652	\$ -	\$ 1,387	\$ -	\$ -	0%
Miscellaneous Revenues	-	-	263	-	-	-	-	0%
Total Revenues	\$ -	\$ 652	\$ 915	\$ -	\$ 1,387	\$ -	\$ -	0%
Expenditures								
Personnel	\$ 208,315	\$ 242,952	\$ 266,353	\$ 314,363	\$ 274,345	\$ 396,411	\$ 82,048	26%
Contractual Services	113,487	142,459	87,840	178,300	99,073	148,300	(30,000)	-17%
Professional Services	3,958	-	2,756	-	159	-	-	0%
Operations	12,659	25,487	32,423	27,100	25,101	24,723	(2,377)	-9%
Allocations Out	236,504	253,144	244,022	317,889	317,889	339,902	22,014	7%
Total Expenditures	\$ 574,923	\$ 664,043	\$ 633,394	\$ 837,652	\$ 716,567	\$ 909,337	\$ 71,685	9%

Pathway Operations (011-4740)

Budget Summary:

The Pathway Operations budget increased by \$261,331, or 32% from the FY 2024-25 adopted budget, primarily due to higher Personnel costs.



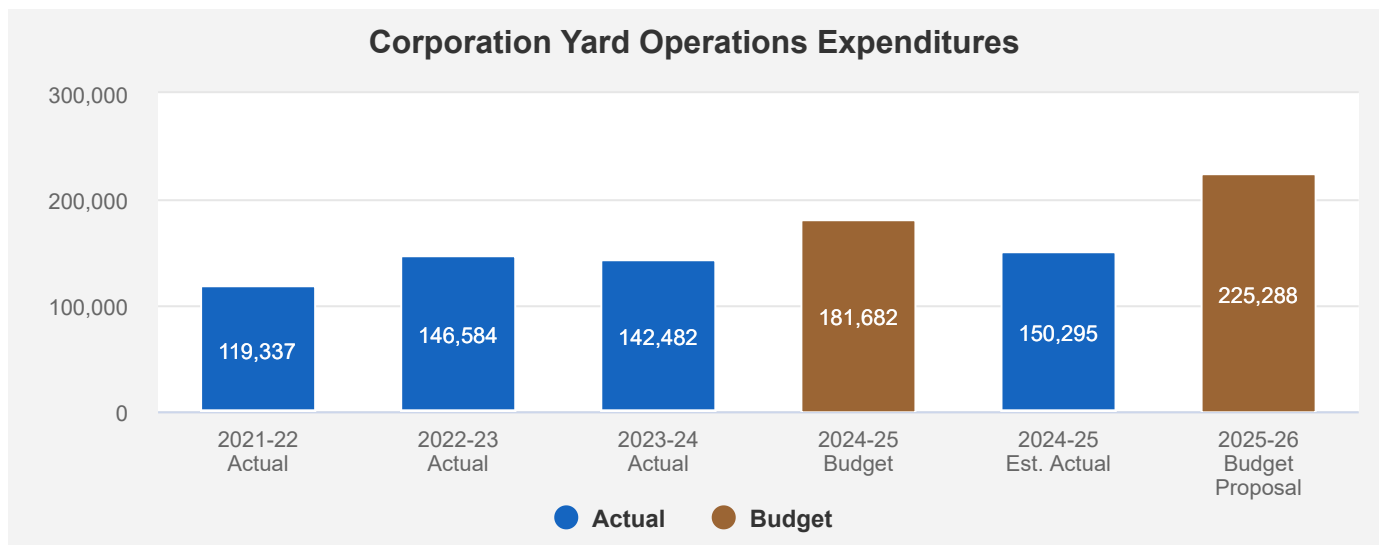
Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Adopted Budget	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Expenditures								
Personnel	\$ 284,552	\$ 348,295	\$ 397,589	\$ 453,907	\$ 438,778	\$ 523,648	\$ 69,741	15%
Contractual Services	84,912	81,431	59,826	90,000	63,881	85,000	(5,000)	-6%
Professional Services	-	-	-	-	350	-	-	0%
Operations	2,253	5,246	2,638	12,500	3,455	10,162	(2,338)	-19%
Allocations Out	188,869	205,248	193,855	257,742	257,742	456,669	198,928	77%
Total Expenditures	\$ 560,586	\$ 640,220	\$ 653,909	\$ 814,148	\$ 764,206	\$ 1,075,479	\$ 261,331	32%

Corporation Yard Operations (061-4300)

Budget Summary:

Corporation Yard Operations is an internal service fund division, meaning expenditures are allocated to various departments and accounted for within "Allocations Out".

The Corporation Yard Operations budget increased by \$43,606, or 24% from the FY 2024-25 adopted budget, primarily due to higher Personnel costs, including the addition of standby pay. Additionally, Contractual Services costs rose as a result of transferring Corporation Yard cleaning expenses from the Town Center to the appropriate program.



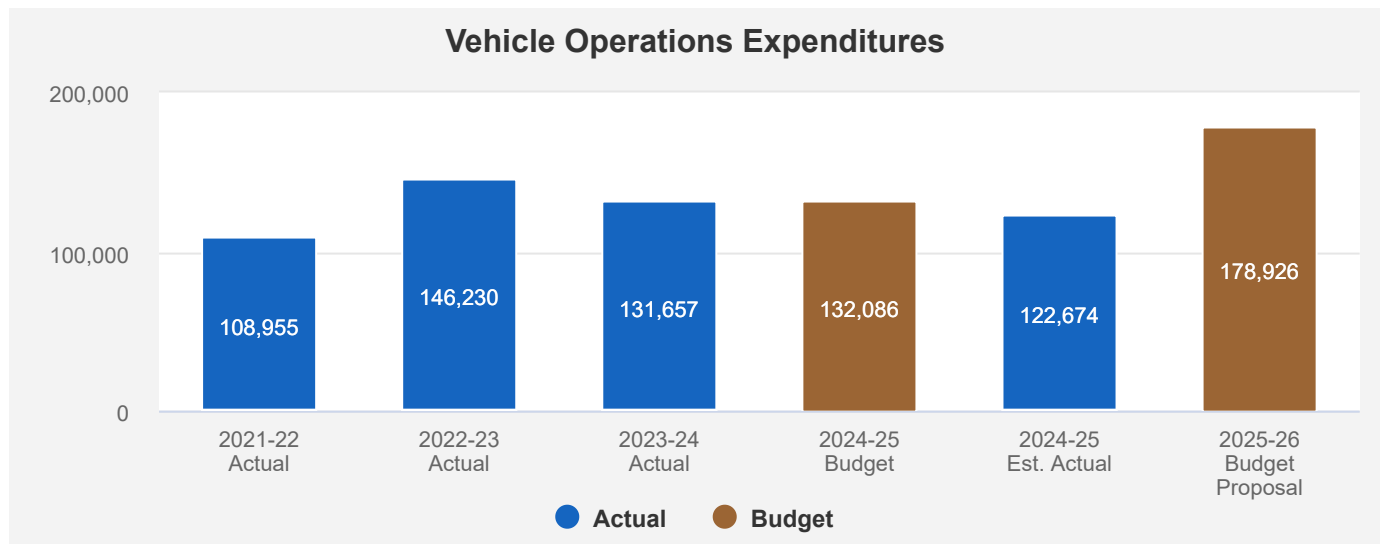
Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Allocations In	\$ 119,337	\$ 146,797	\$ 142,482	\$ 181,682	\$ 181,682	\$ 225,288	\$ 43,606	24%
Total Revenues	\$ 119,337	\$ 146,797	\$ 142,482	\$ 181,682	\$ 181,682	\$ 225,288	\$ 43,606	24%
Expenditures								
Personnel	\$ 39,772	\$ 59,514	\$ 53,210	\$ 50,432	\$ 75,648	\$ 84,169	\$ 33,736	67%
Contractual Services	29,835	12,035	28,259	25,500	22,347	38,000	12,500	49%
Professional Services	-	-	985	1,000	-	1,000	-	0%
Operations	49,729	69,291	58,662	102,250	49,449	99,619	(2,631)	-3%
Capital Outlay Spending	-	5,744	1,367	2,500	2,851	2,500	-	0%
Total Expenditures	\$ 119,337	\$ 146,584	\$ 142,482	\$ 181,682	\$ 150,295	\$ 225,288	\$ 43,605	24%

Vehicle Operations (061-4400)

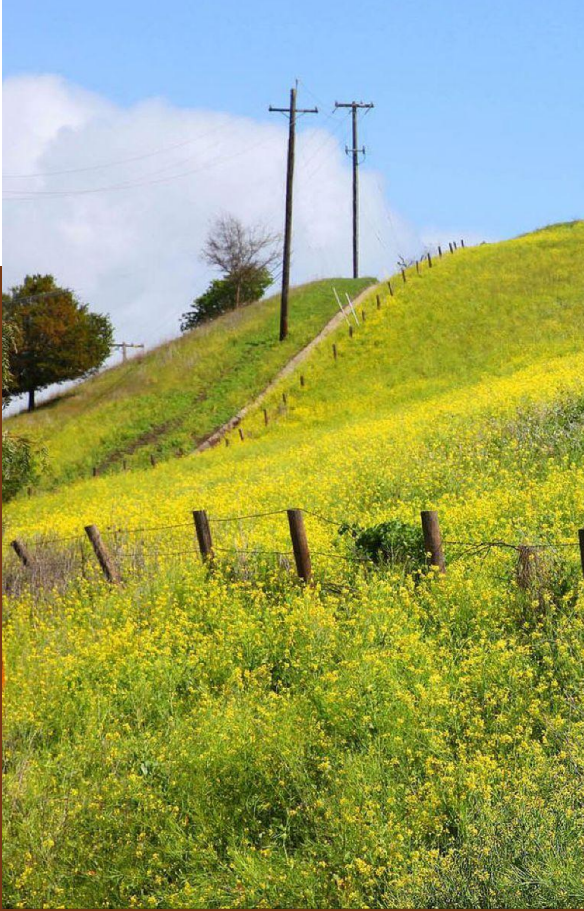
Budget Summary:

Vehicle Operations is an internal service fund division. Internal Service Fund expenditures are allocated to various departments and accounted for within "Allocations Out."

The Vehicle Operations budget increased by \$46,840, or 35% from the FY 2024-25 adopted budget, largely due to increases in personnel costs.



Six-Year Comparison	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Budget	2024-25 Est. Actual	2025-26 Budget Proposal	\$ Difference 2024-25 Budget to 2025-26	% Difference 2024-25 Budget to 2025-26
Revenues								
Allocations In	\$ 95,468	\$ 105,696	\$ 94,342	\$ 132,086	\$ 132,086	\$ 178,926	\$ 46,840	35%
Total Revenues	\$ 95,468	\$ 105,696	\$ 94,342	\$ 132,086	\$ 132,086	\$ 178,926	\$ 46,840	35%
Expenditures								
Personnel	\$ 36,063	\$ 44,799	\$ 48,707	\$ 56,386	\$ 84,579	\$ 97,165	\$ 40,780	72%
Contractual Services	1,241	5,332	1,107	5,000	286	5,000	-	0%
Operations	33,576	55,565	44,527	70,700	37,809	76,761	6,061	9%
Miscellaneous Expenditures	38,075	40,533	37,315	-	-	-	-	0%
Total Expenditures	\$ 108,955	\$ 146,230	\$ 131,657	\$ 132,086	\$ 122,674	\$ 178,926	\$ 46,841	35%



Guide to Five-Year CIP



Guide to 5-Year CIP

Introduction

The Capital Improvement Program (CIP) identifies the Town's capital investments over a five year term. It is both a fiscal and strategic device that allows for the planning, scoping, prioritization and monitoring of all capital projects. The document quantifies and defines costs, funding sources, departmental responsibilities, project phases and timing. Each year the CIP is reviewed and updated as part of the Citywide financial planning and goalsetting process. At the same time, it sets a vision for longterm planning. It is also valuable as a community outreach and communications tool as it speaks to major tax dollar investments that are placed in direct and very visible Citywide infrastructure improvements. Such projects involve larger dollar expenditures that normally have a long useful life cycle.

The CIP includes five years of projected capital needs, the first year of which will be appropriated within the annual budget process. Dollars in the first year of the fiveyear CIP will be authorized for spending in the project planning, bidding and award process. The remaining four years of the CIP serve as a proposed financial plan subject to annual review.

How this Document is Organized

The CIP is broken down into three major sections. The first section is a highlevel overview that describes projects from a variety of informational perspectives. In this section, projects are presented by year, by category and by funding source.

Guide to The Five-Year CIP

The second section provides a detailed description for each capital project within an improvement area or category. These categories are designed to emphasize the particular infrastructure needs of the Town of Los Altos Hills.

General Capital (041): Accounts for general capital projects including parks and open space improvements, technology purchases, and other infrastructure needs. The main source of revenue comes from the General Fund and special grants, if available.

Pathways (042): Includes updating the pathway system investments. The main sources of revenues are pathway construction fees assessed on site developments and grants. With City Council authorization, General Fund may subsidize any funding gaps. The Pathways Committee, in coordination with Staff, identify and address gaps in the existing pathway system.

Westwind Barn Capital (043): Accounts for facility improvements at Westwind Community Barn. The main source of revenue is Verizon Cell Tower site rental fees. As part of the Westwind Barn Concessionaire agreement, the contracted Barn Management, VDE, prepared a preliminary fiveyear improvement plan.

Drainage Capital (045): Accounts for drainage improvements on Town's right-of-ways and easements. The main sources of revenues are pathway construction fees assessed on site developments and grants. Annual maintenance program is completed in conjunction with the Annual Pavement Rehabilitation program.

Street Capital (046): Accounts for street paving and rehabilitation related capital expenditures. The main sources of revenues are State of California gas tax revenues, encroachment fees, grants and General Fund. The goal of the program is to maintain the Town's pavement condition index at 80 and above.

Sewer Capital (048): Is part of the Sewer Fund and accounts for sewer system replacements and improvements. The program is fully supported by sewer fees and charges.

Each of the project descriptions within the various service areas display projected costs for each of the next five years including the proposed allocation for FY 2025-26, planned costs for the following four years, a brief description of each project, the identified area of priority/benefit and a brief commentary of the status of ongoing and current expenditures. For projects where the operational cost impact is known, this information is also included in the description. Inflationary factors are also included where appropriate.

CIP Revenue Sources

How CIP Projects Are Financed

When it comes to CIP projects, many cities like the Town of Los Altos Hills, have had to develop a series of internal and external funding mechanisms. This is because local government resources are limited in nature. Many funding sources are restricted in use and subject to discretionary State subventions. Furthermore, local government revenues are highly sensitive to economic movement and prospects for increases are few and far between.

Wherever possible, the Town seeks out external funding sources. These sources, which are restricted to specific application areas, are defined below:

Restricted Revenue Funds

Roadways & Traffic

- > Gas Tax Financing is provided by the City's share of the State tax on gasoline, which can only be used for the research, planning, construction, improvement, maintenance, and operation of public streets and highways or public mass transit corridors.
- > Transportation Grants Grant funding from State and Federal sources that can only be used for transportation improvement projects in the Towns right-of-ways. Grants of this type in the Silicon Valley have originated from such agencies as the Valley Transit Authority, Federal Stimulus Funds, and the Metropolitan Transit Commission, among others.
- > State Traffic Development Act Funds The Transportation Development Act (TDA) provides two major sources of funding for public transportation: the Local Transportation Fund (LTF) and the State Transit Assistance fund (STA). These funds are for the development and support of public transportation needs that exist in California and are allocated to areas of each County based on population, taxable sales and transit performance. The allocation of these funds is discretionary at the State level.

Community Facilities

- > ParkInLieu Fees Funding for open space and parks and recreation facilities can be derived from State and Federal grants and/or mostly developer fees. Developer fees in this area, referred to as Parkinlieu Fees (PIL), are generated based on the growth in the number of livable housing units and can be applied to the acquisition, design, construction or repair of parks and recreation properties and facilities.

Enterprise Funds

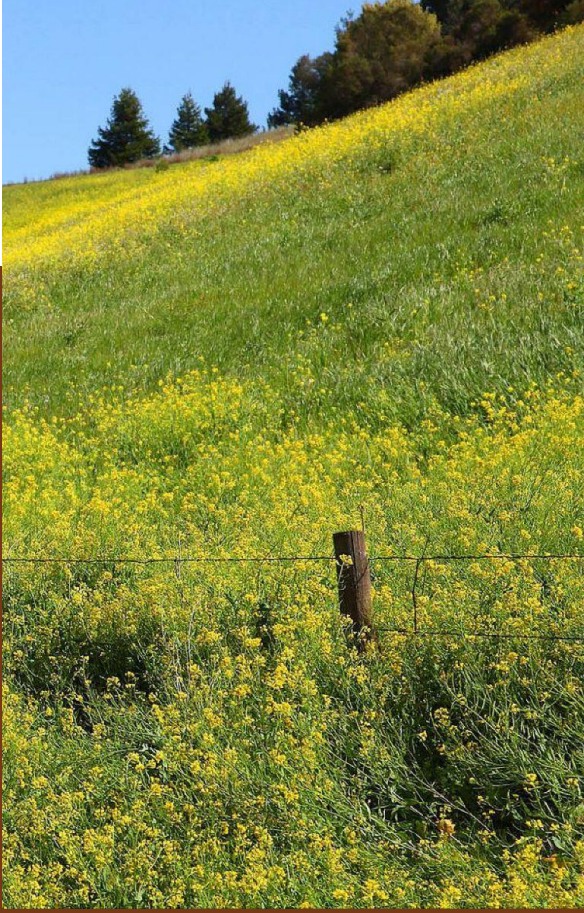
- > Wastewater Funding from the services rendered on a user surcharge basis to residents located in Los Altos Hills. These revenues also support operation and maintenance of the utility systems. The capital portion is used for underground pipelines, diversion systems, pump stations and distribution channels. CIP project costs in this area are supported by a multiyear Master Plan for this substantial utility system.

LOS ALTOS HILLS



CALIFORNIA

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Capital Improvement Plan Summary and Funding Sources



CAPITAL IMPROVEMENT PROGRAM SUMMARY
FY 2025-2026 through FY 2029-2030

Division	Project #	Project Name	Funding Sources	Remaining Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget	Total
Infrastructure										
	419300	BROADBAND INFRASTRUCTURE	CIP/ General Fund	\$ 759,624	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	759,624
	TR4169-26	BYRNE PRESERVE RESTORATION	CIP/ General Fund	\$ 57,754	\$ 101,310	\$ 104,349	\$ 0	\$ 0	\$ 0	263,413
	410209-26	CABLE SERVICE COST SHARING PROGRAM	CIP/ General Fund	\$ 0	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	250,000
	410234	CORPORATION YARD IMPROVEMENTS	CIP/ General Fund	\$ 96,548	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	96,548
	410230	CORPORATION YARD LOCKER ROOM	CIP/ General Fund	\$ 313,152	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	313,152
	410216	EL MONTE FIRE STATION UNDERGROUNDING PROJECT (RULE 20A)	Rule 20A	\$ 974,192	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	974,192
	410224	HERITAGE HOUSE UPGRADE	CIP/ General Fund	\$ 553,855	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	553,855
	410220	HOUSING ELEMENT	CIP/ General Fund	\$ 614,776	\$ 53,000	\$ 0	\$ 0	\$ 0	\$ 0	667,776
	410227-26	MISCELLANEOUS TECHNOLOGY	CIP/ General Fund	\$ 13,730	\$ 80,000	\$ 50,000	\$ 50,000	\$ 0	\$ 0	193,730
	NEW	PARKS AND RECREATION CENTER RENOVATION (NEW)	CIP/ General Fund	\$ 0	\$ 200,000	\$ 1,300,000	\$ 0	\$ 0	\$ 0	1,500,000
	410225	PURISSIMA PARK IMPROVEMENT PROGRAM (FIELD & FACILITY IMPROVEMENTS)	CIP/ General Fund	\$ 81,379	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 0	201,379
	NEW	ROAD SAFETY AND TRAFFIC CALMING	CIP/ General Fund	\$ 0	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	300,000
	410235	SECURITY CAMERA UPGRADE	CIP/ General Fund	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0	\$ 0	400,000
	410226	STREET SIGN REPLACEMENT	CIP/ General Fund	\$ 15,375	\$ 25,000	\$ 25,000	\$ 25,000	\$ 0	\$ 0	90,375
	410236	TOWN FACILITIES ENERGY EFFICIENCY (NEW)	CIP/ General Fund	\$ 60,000	\$ 150,000	\$ 0	\$ 0	\$ 0	\$ 0	210,000
	410233	TRAFFIC SIGNAL IMPROVEMENTS	CIP/ General Fund	\$ 30,821	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 0	50,821
	410228	WATER WELL AT PURISSIMA PARK	CIP/ General Fund	\$ 35,013	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 0	235,013
Infrastructure Total				\$ 3,706,219	\$ 1,069,310	\$ 1,719,349	\$ 315,000	\$ 140,000	\$ 110,000	\$ 7,059,878
Pathways										
	NEW	MAGDALENA AVENUE PATHWAY (NEW)	Pathway Fund	\$ 0	\$ 315,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 315,000
	NEW	MAPLE LEAF - MIDDLE FORK LANE PATHWAY (NEW)	Pathway Fund	\$ 0	\$ 100,000	\$ 150,000	\$ 0	\$ 0	\$ 0	\$ 250,000
	427913-26	MISCELLANEOUS PATHWAYS	TDA	\$ 45,136	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	45,136
			Pathway Fund	\$ 0	\$ 50,000	\$ 0	\$ 100,000	\$ 100,000	\$ 100,000	\$ 350,000

CAPITAL IMPROVEMENT PROGRAM SUMMARY

FY 2025-2026 through FY 2029-2030

Division	Project #	Project Name	Funding Sources	Remaining Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget	Total
	427902	SUMMERHILL PATHWAY	Pathway Fund	\$ 379,018	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 0	479,018
Pathways Total				\$ 424,154	\$ 565,000	\$ 150,000	\$ 100,000	\$ 100,000	\$ 100,000	1,439,154
Road Rehabilitation										
	467226-26	ANNUAL ROAD REHABILITATION PROGRAM	Vehicle Registration Fees SB 83	\$ 0	\$ 66,500	\$ 69,800	\$ 73,300	\$ 77,000	\$ 80,900	367,500
			Street Encroachment Fees	\$ 0	\$ 107,100	\$ 112,500	\$ 118,100	\$ 124,000	\$ 130,200	591,900
			SB1 Funds	\$ 0	\$ 229,559	\$ 241,000	\$ 253,100	\$ 265,800	\$ 279,100	1,268,559
			Measure B	\$ 0	\$ 254,596	\$ 214,158	\$ 224,900	\$ 236,100	\$ 247,900	1,177,654
			Gas Tax	\$ 0	\$ 247,920	\$ 260,300	\$ 273,300	\$ 287,000	\$ 301,400	1,369,920
			Drainage in-lieu	\$ 0	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	200,000
			CIP/ General Fund	\$ 111,212	\$ 429,325	\$ 437,242	\$ 392,300	\$ 345,100	\$ 320,500	2,035,679
	NEW	LOCAL ROAD SAFETY PLAN (NEW)	Other -TBD	\$ 0	\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 0	60,000
			CIP/ General Fund	\$ 0	\$ 20,000	\$ 0	\$ 0	\$ 0	\$ 0	20,000
	467228	MEASURE B BIKE/ PEDESTRIAN EDUCATION & ENCOURAGEMENT PROGRAM	Measure B	\$ 73,206	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	123,206
Road Rehabilitation Total				\$ 184,417	\$ 1,465,000	\$ 1,385,000	\$ 1,385,000	\$ 1,385,000	\$ 1,410,000	7,214,417
Sewer										
	487918-26	ANNUAL SANITARY SEWER REPLACEMENT AND REHAB	Sewer User Charges	\$ 465,579	\$ 900,000	\$ 1,150,000	\$ 1,050,000	\$ 1,050,000	\$ 0	4,615,579
Sewer Total				\$ 465,579	\$ 900,000	\$ 1,150,000	\$ 1,050,000	\$ 1,050,000	\$ 0	4,615,579
Storm Drain										
	467209	MATADERO CREEK EROSION	Drainage in-lieu	\$ 458,124	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	458,124
			CIP/ General Fund	\$ 514,500						514,500
	457202	STORM DRAIN IMPROVEMENTS	Drainage in-lieu	\$ 77,842	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	77,842
Storm Drain Total				\$ 1,050,465	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,050,465
Vehicle and Equipment										
	NEW	VEHICLE AND EQUIPMENT REPLACEMENT (NEW)	CIP/ General Fund	\$ 0	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	500,000
Vehicle and Equipment Total				\$ 0	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	500,000
Westwind Community Barn										
	437307-26	WESTWIND COMMUNITY BARN IMPROVEMENTS	Westwind Barn Capital	\$ 240,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	240,000
			CIP/ General Fund	\$ 50,000						50,000
			Cell Tower Rental	\$ 54,354	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0	\$ 0	204,354
Westwind Community Barn Total				\$ 344,354	\$ 50,000	\$ 50,000	\$ 50,000	\$ 0	\$ 0	494,354
Grand Total				\$ 6,175,188	\$ 4,149,310	\$ 4,554,349	\$ 3,000,000	\$ 2,775,000	\$ 1,720,000	22,373,847

CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCE
FY 2025-2026 through FY 2029-2030

Funding Source	Remaining Balance as of 3/31/2025	Fiscal Year 2025/26 Budget	Fiscal Year 2026/27 Budget	Fiscal Year 2027/28 Budget	Fiscal Year 2028/29 Budget	Fiscal Year 2029/30 Budget	Total Project Funding
CDBG	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Cell Tower Rental	\$ 54,354	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ -	204,354
CIP/ General Fund	\$ 3,407,738	\$ 1,618,635	\$ 2,256,591	\$ 807,300	\$ 585,100	\$ 530,500	9,205,865
Drainage in-lieu	\$ 535,965	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	735,965
Gas Tax	\$ -	\$ 247,920	\$ 260,300	\$ 273,300	\$ 287,000	\$ 301,400	1,369,920
Measure B	\$ 73,206	\$ 264,596	\$ 224,158	\$ 234,900	\$ 246,100	\$ 257,900	1,300,859
Other -TBD	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ -	60,000
Pathway Fund	\$ 379,018	\$ 565,000	\$ 150,000	\$ 100,000	\$ 100,000	\$ 100,000	1,394,018
Rule 20A	\$ 974,192	\$ -	\$ -	\$ -	\$ -	\$ -	974,192
SB1 Funds	\$ -	\$ 229,559	\$ 241,000	\$ 253,100	\$ 265,800	\$ 279,100	1,268,559
Sewer User Charges	\$ 465,579	\$ 900,000	\$ 1,150,000	\$ 1,050,000	\$ 1,050,000	\$ -	4,615,579
Street Encroachment Fees	\$ -	\$ 107,100	\$ 112,500	\$ 118,100	\$ 124,000	\$ 130,200	591,900
TDA	\$ 45,136	\$ -	\$ -	\$ -	\$ -	\$ -	45,136
Vehicle Registration Fees SB 83	\$ -	\$ 66,500	\$ 69,800	\$ 73,300	\$ 77,000	\$ 80,900	367,500
Westwind Barn Capital	\$ 240,000	\$ -	\$ -	\$ -	\$ -	\$ -	240,000
Grand Total	\$ 6,175,188	\$ 4,149,310	\$ 4,554,349	\$ 3,000,000	\$ 2,775,000	\$ 1,720,000	22,373,847

BROADBAND INFRASTRUCTURE



Department:	Public Works
Program:	Infrastructure
Project Number:	419300
Initial funding year:	FY 2022-23
Planned start date:	July 2022
Estimated completion date:	Q2 FY2025/26

Project Description

The Town applied for the American Rescue Plan Act funds (ARPA) in March 2021 and received \$1,007,480 on July 13, 2021. The same amount was received in 2022. At the February 17, 2022 City Council meeting, a resolution was passed to designate a portion of the ARPA funds to create a broadband master plan and to install broadband in areas of Los Altos Hills.

Project Status

The Broadband Feasibility Study was completed in 2023.

In April 2024, the City Council directed staff to work with the Technology Committee to find an eligible broadband infrastructure expenditure using ARPA funds. On May 21, 2024, the City Council authorized staff to negotiate an agreement with Los Altos Hills Community Fiber (LAHCF) to install underground fiber at priority Town sites. Working with the Technology Committee and LAHCF, a funding agreement was negotiated for underground fiber installation at priority sites that include along Fremont Road (near Town Hall) and at La Loma Drive/Prospect Avenue/Stonebrook Drive to the CERT emergency services facility (ARK) located at Foothill college. The funding agreement was approved by Council on October 22, 2024, and the term expires end of 2025.

LAHCF is working separately with Foothill College to install a broadband infrastructure connection between Foothill College and O’Keefe Road through El Monte Road under Highway 280. This work is proposed to be funded by Foothill College.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Broadband Infrastructure	\$ 813,105	\$ 40,376	\$ 772,729	\$ 13,105	\$ 759,624
Total:	\$ 813,105	\$ 40,376	\$ 772,729	\$ 13,105	\$ 759,624

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 759,624						\$ 759,624
Total Funding:	\$ 759,624	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 759,624

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Broadband Infrastructure							\$ -
Total Spending:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Recurring annual maintenance and operating costs, if applicable

Maintenance and operational needs would be determined through the feasibility study.

BYRNE PRESERVE RESTORATION



Department:	Public Works
Program:	Infrastructure
Project Number:	TR4 169-26
Initial funding year:	FY 2022-23
Planned start date:	July 2022
Estimated completion date:	June 2027

Project Description

Since 2013, the Town facilitated a stewardship program and public outreach activities for Byrne Preserve, with the goal of preserving Town assets and building community value that protects and enhances our environment. Grassroots Ecology has been the primary vendor at Byrne Preserve, providing habitat restoration activities along Moody Creek, removal of invasive plants, replanting native vegetation, monitoring plant establishment, and replanting as necessary. Grassroots Ecology has also organized volunteer and educational events related to the preservation of open space.

Grassroots Ecology was selected to continue providing services at Byrne Preserves for three years starting in July 2022.

Project Status

With the three-year contract expiring end of FY2024/25, the Town has negotiated a two-year extension for Grassroots Ecology to continue their services until June 30, 2027.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Byrne Preserve Restoration	\$ 289,575	\$ 231,821	\$ 57,754		\$ 57,754
Total:	\$ 289,575	\$ 231,821	\$ 57,754	\$ -	\$ 57,754

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 57,754	\$ 101,310	\$ 104,349				\$ 263,413
Total Funding:	\$ 57,754	\$ 101,310	\$ 104,349	\$ -	\$ -	\$ -	\$ 263,413

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Byrne Preserve Restoration	\$ 74,381	\$ 101,310	\$ 104,349				\$ 280,040
Total Spending:	\$ 74,381	\$ 101,310	\$ 104,349	\$ -	\$ -	\$ -	\$ 280,040

Recurring annual maintenance and operating costs, if applicable

The purpose of this program is to remove invasive non-native plants and allow native plants to grow naturally. There is no ongoing maintenance necessary once the native plants have matured.

CABLE SERVICE COST SHARING PROGRAM



Department:	City Manager's Office
Program:	Infrastructure
Project Number:	410209-26
Initial funding year:	FY 2022-23
Planned start date:	July 2024
Estimated completion date:	Ongoing program

Project Description

The City Council believes that it is in the public's interest to have adequate cable services available to all residents for better access to public safety information, more opportunity for civic engagement, and enhancing education and digital literacy. The purpose of this cost sharing program is to establish a means by which the Town can provide limited financial support for the construction of broadband/cable system equipment within public ways. In August 2016, the City Council approved and adopted Cost Sharing Policy for the Construction of Comcast Cable System Infrastructure Within Public Ways, where the Town will contribute 25% of the cable expansion cost, with a cap of \$25,000.

Project Status

In March of 2025 the City Council increased eligibility of this program to cover costs of any internet service provider installing any broadband/cable system equipment in the public right of way (no longer just Comcast). There are no current applications for cost sharing.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Cable Service Expansion	\$ 50,000		\$ 50,000	\$ 50,000	\$ -
Total:	\$ 50,000	\$ -	\$ 50,000	\$ 50,000	\$ -

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
Total Funding:	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Cable Service Expansion		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
Total Spending:	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000

Recurring annual maintenance and operating costs, if applicable

Maintenance and operational needs would be determined during the design phase.

CORPORATION YARD IMPROVEMENTS



Department:	Public Works
Program:	Infrastructure
Project Number:	410234
Initial funding year:	FY 2024-25
Planned start date:	Summer 2024
Estimated completion date:	Q2 FY2026/27

Project Description

In the summer of 2024, the Corporation Yard Master Plan Study was completed. This project would fund priority improvements recommended in the study, including the purchase and installation of Conex containers for additional on-site storage, garage door repairs/upgrades, seal coating of the yard pavement, installation of electric vehicle charging stations, and implementation of a backup power system.

Project Status

One Conex container has been purchased and installed in March 2025. The garage door repairs/upgrades anticipated by fall 2025 with a cost estimate of around \$25,000. Staff started investigating options for the electric vehicle charging stations.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Improvements	\$ 100,000	\$ 3,452	\$ 96,548	\$ -	\$ 96,548
Total:	\$ 100,000	\$ 3,452	\$ 96,548	\$ -	\$ 96,548

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 96,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,548
Total Funding:	\$ 96,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,548

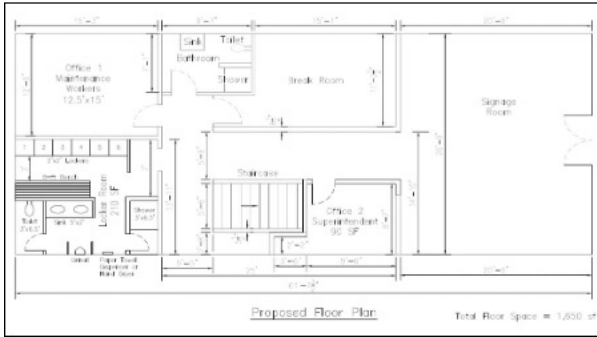
Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Improvements	\$ 96,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,548
Total Spending:	\$ 96,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,548

Recurring annual maintenance and operating costs, if applicable

Maintenance and operational needs would be determined during design and construction phases.

CORPORATION YARD LOCKER ROOM



Department:	Public Works
Program:	Infrastructure
Project Number:	410230
Initial funding year:	FY 2023-24
Planned start date:	Summer 2023
Estimated completion date:	Q2 FY2025/26

Project Description

In 2022, staff recommended improvements to the Corporation Yard Building to add a locker room with shower and restroom facilities. The Town’s maintenance members currently use an office space as a locker room to store their safety gear and personal items, and a single unisex restroom is shared. The project is to ensure that maintenance staff have adequate locker room facilities. The Corporation Yard Master Plan Study, completed in July 2024, identified the locker room as a priority project for the facility.

Due to the fire protection/sprinkler requirements for the full locker room on the second floor, the project has been phased. In December 2024, Council approved the conceptual plans for the Corporation Yard Locker Room Project - Phase I involving a new accessible unisex restroom with a shower and lockers on the first floor and a new HVAC system for the building. The future phase would include converting an office space on the second floor into a locker room adequate for the maintenance staff, as well as installing a new fire sprinkler system for the building, which would require a separate fire water line from Purissima Hills Water District.

Project Status

Phase I construction is anticipated to start in summer 2025.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Locker Corp Yard	\$ 340,000	\$ 26,848	\$ 313,152	\$ -	\$ 313,152
Total:	\$ 340,000	\$ 26,848	\$ 313,152	\$ -	\$ 313,152

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 313,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,152
Total Funding:	\$ 313,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,152

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Locker Corp Yard	\$ 313,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,152
Total Spending:	\$ 313,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,152

Recurring annual maintenance and operating costs, if applicable

A minor increase to the janitorial services contract.

EL MONTE FIRE STATION UNDERGROUNDING PROJECT (RULE 20A)



Department:	Public Works
Program:	Infrastructure
Project Number:	410216
Initial funding year:	FY 2019-20
Planned start date:	October 2020
Estimated completion date:	Q2 FY2025/26

Project Description

The California Public Utilities Commission (CPUC) Rule 20A underground program allows cities and counties to utilize Rule 20A credits (funded by PG&E ratepayers) to finance utility undergrounding projects at locally designated underground districts. The Town has currently \$4,656,261 in Rule 20A credit allocation.

The Town has identified the emergency routes near El Monte Fire Station (El Monte Road, Elena Road, and Moody Road) as the underground district area. In October 2020, the Town hired Bellecci & Associates to prepare the undergrounding composite plans and assist with coordination with PG&E and other utility companies. In March 2023, PG&E assigned an estimating team to the Town's project. The plans, specifications, and estimates (Form B) for the project were completed in April 2024 and approved by the participating utility companies (PG&E, AT&T, and Comcast).

The Town would initially cover the project costs, to be reimbursed through its Rule 20A credit balance and other utility undergrounding programs.

Project Status

The project was advertised for bid in April 2024 and bids were received in May 2024. Joint trench construction started August 2024 and was completed by February 2025. Overhead to underground conversion work by utility companies is anticipated to be completed by fall 2025.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
CIP/General Fund	\$ 300,000	\$ 300,000	\$ -		\$ -
Rule 20A credits	4,656,261	3,682,069	974,192		974,192
Total:	\$ 4,956,261	\$ 3,982,069	\$ 974,192	\$ -	\$ 974,192

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Rule 20A	\$ 974,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 974,192
Total Funding:	\$ 974,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 974,192

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Rule 20A expenditures	\$ 974,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 974,192
Total Spending:	\$ 974,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 974,192

Recurring annual maintenance and operating costs, if applicable

No maintenance and operating cost applicable.

HERITAGE HOUSE UPGRADE



Department:	Public Works
Program:	Infrastructure
Project Number:	410224
Initial funding year:	FY 2021-22
Planned start date:	February 2023
Estimated completion date:	Q1 FY2025/26

Project Description

The renovation of the Heritage House interior aims to better accommodate various users, including the community, volunteers, and staff who utilize the space. The renovations will ensure protection of historically significant elements of the house while complying with ADA and Building Code provisions. Having already extended a data line from Town Hall to the Heritage House, this CIP will further extend that line throughout the house and provide Wi-Fi service with a direct Ethernet cable connection from the IT room.

Project Status

The Town received \$400,000 in Community Development Block Grant (CDBG) funding from the U.S. Department of Housing and Urban Development (HUD) through the County Office of Supportive Housing in May of 2024. CDBG funds were approved solely for ADA access improvements to the Heritage House.

The Heritage House Upgrade project began construction in December 2024 and is expected to be completed by fall 2025. The Town has invoiced the full \$400,000 grant amount for CDBG by April 2025, meeting the grant program deadline. The County will retain ten percent of the amount until the completion of the project and when the first annual program report is received by HUD.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Heritage House Upgrade	\$ 1,270,000	\$ 716,145	\$ 553,855		\$ 553,855
Total:	\$ 1,270,000	\$ 716,145	\$ 553,855	\$ -	\$ 553,855

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 553,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 553,855
CDBG	-						-
Total Funding:	\$ 553,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 553,855

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Heritage House Upgrade	\$ 553,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 553,855
Total Spending:	\$ 553,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 553,855

Recurring annual maintenance and operating costs, if applicable

Additional costs for custodian service, routine maintenance, and utilities anticipated with more active use of the facility.

HOUSING ELEMENT



Housing Element Update 2023-2031

Department:	Planning
Program:	Infrastructure
Project Number:	410220
Initial funding year:	FY 2021-22
Planned start date:	July 2021
Estimated completion date:	May 2026

Project Description

Since 1969, California has required that all local governments (cities and counties) adequately plan to meet the housing needs of everyone in the community. To date, California is now in its sixth Housing Element cycle (2023-2031) for jurisdictions in the Bay Area). Before each cycle, the State provides a target for how many homes to plan for in every jurisdiction, known as Regional Housing Needs Allocation (RHNA). On January 30, 2023, the City Council adopted the 6th cycle Housing Element in substantial compliance with the State law, which was timely submitted to California Housing and Community Development Department (HCD) for post-adoption certification. The adopted 6th cycle Housing Element is introducing multi-family zones to accommodate density at twenty (20) to thirty (30) dwellings per acre. The proposed change will require an amendment to the Land Use Element of the General Plan and Municipal Code to establish the multi-family zones with objective development and design standards. In addition, the proposed rezoning requires a Program Environmental Impact Report (EIR) pursuant to the California Environmental Quality Act (CEQA). The state law requires Safety Element be to be updated with an Housing Element update. Safety Element identifies the need for local jurisdictions to understand their vulnerabilities to hazards such as seismic hazards, wildfires, geologic issues, flooding climate change, and other natural hazards. The Safety Element shall also comply with Senate Bill (SB) 379 requirements.

Project Status

The statutory deadline for jurisdictions in the Bay Area to adopt a Housing Element is January 31, 2023, and Los Altos Hills successfully achieved this. Jurisdictions that have their Housing Element certified as compliant by HCD by May 31, 2023 are allowed three (3) years to complete the EIR and Rezoning. The Town awarded a \$350,000 contract to Michael Baker International (MBI) for the Housing Element and Safety Element updates. After coordinating with HCD on several technical revisions to the Housing Element, the Town was advised by HCD on May 12, 2023 that the revised Housing Element had been certified as compliant by HCD. The Town also awarded another \$601,620 contract to the same consultant for preparation of Zoning standards, objective design standards, and Program EIR to meet the three (3) year timeframe to complete the EIR and Rezoning. Now in 2025 The town has chosen to reduce the density to twenty (20) to twenty four (24) dwellings per acre as well as adjusting the zoning approach to target less acreage being rezoned on the twin oaks opportunity site. This Amendment to the certified housing element will rerequire a contract amendment with MBI which if approved through budgeting process will add another \$300,000 to the existing contract.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Housing Element	\$ 1,456,000	\$ 841,224	\$ 614,776		\$ 614,776
Total:	\$ 1,456,000	\$ 841,224	\$ 614,776	\$ -	\$ 614,776

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 614,776	\$ 53,000					\$ 667,776
Total Funding:	\$ 614,776	\$ 53,000	\$ -	\$ -	\$ -	\$ -	\$ 667,776

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Housing Element	\$ 614,776	\$ 53,000					\$ 667,776
Total Spending:	\$ 614,776	\$ 53,000	\$ -	\$ -	\$ -	\$ -	\$ 667,776

Recurring annual maintenance and operating costs, if applicable

N/A

PURISSIMA PARK IMPROVEMENT PROGRAM (FIELD & FACILITY IMPROVEMENTS)



Department:	Public Works
Program:	Infrastructure
Project Number:	410225
Initial funding year:	FY 2021-22
Planned start date:	Ongoing
Estimated completion date:	Ongoing

Project Description

List of improvements at Purissima Park to be completed in phases:

1. Continued repair of fencing to provide better safety to those outside of playing fields.
2. Upgrade water fountains (4), adding a fillable station in the back by the basketball court.
3. Parking lot maintenance (re-stripe and seal coat)
4. Playground repair/maintenance, including installing new engineered fibar mulch.

Project Status

Field 3 (P3) fence repair and parking lot pavement digout repairs completed in summer 2023. Field 2 (P2) fence repair completed in spring 2025. Fields 1 (P1) & 4 (P4) fences are planned to be repaired in 2026.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Purissima Park Improvement	\$ 140,000	\$ 58,621	\$ 81,379		\$ 81,379
Total:	\$ 140,000	\$ 58,621	\$ 81,379	\$ -	\$ 81,379

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 81,379	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ 201,379
Total Funding:	\$ 81,379	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ 201,379

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Purissima Park Improvement	\$ 81,379	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ 201,379
Total Spending:	\$ 81,379	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ 201,379

Recurring annual maintenance and operating costs, if applicable

No maintenance and operating cost applicable.

SECURITY CAMERA UPGRADE



Department:	City Manager’s Office
Program:	Infrastructure
Project Number:	410235
Initial funding year:	FY 2024-25
Planned start date:	July 2024
Estimated completion date:	Ongoing program

Project Description

The security camera system at Town Hall, the Corporation Yard, and Westwind Community Barn need to be replaced. This replacement project was identified on the 2024-25 two-year City Council Work Plan, and reaffirmed in the update to the plan in January 2025. Staff is working with the Technology Committee to research options for each site. It is estimated that each location will cost roughly \$100,000 to install. The new system will comply with all state and federal requirements of security camera recording on public land. Given the large cost to the project, staff is recommending to upgrade one location per year at a time (Town Hall 2025, Corp Yard 2026, Westwind Barn, 2027)

Project Status

Staff began working on this project in late 2024, and should have a recommendation to bring to the City Council for contract in 2025 for the Town Hall location. No costs were incurred in FY 2024-25. Any budget augmentation can take place at that time.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Security Camera System	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ 100,000
Total:	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ 100,000

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 400,000
Total Funding:	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 400,000

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Security Camera System	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 400,000
Total Spending:	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ 400,000

Recurring annual maintenance and operating costs, if applicable

The camera system staff proposes include a service and licensing fee within the proposed budget.

STREET SIGN REPLACEMENT



Department:	Public Works
Program:	Infrastructure
Project Number:	410226
Initial funding year:	FY 2021-22
Planned start date:	March 2022
Estimated completion date:	Ongoing

Project Description

Town street signs require upgrades to meet current sign standards such as for retro-reflectivity. This street sign project began in 2022 with an annual budget of \$15,000, which was increased to \$25,000 in FY2024/25. The majority of the costs is to purchase street signs, posts, hardware, concrete, and other materials for installation by the Town's maintenance staff.

Project Status

Regulatory and warning signs such as STOP and YIELD are also being replaced in accordance with CA MUTCD's new standards. Town maintenance staff have replaced approximately 1/3 of all street signs as of spring 2025.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Street Sign Replacement	\$ 54,000	\$ 38,625	\$ 15,375		\$ 15,375
Total:	\$ 54,000	\$ 38,625	\$ 15,375	\$ -	\$ 15,375

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 15,375	\$ 25,000	\$ 25,000	\$ 25,000			\$ 90,375
Total Funding:	\$ 15,375	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ 90,375

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Street Sign Replacement	\$ 15,375	\$ 25,000	\$ 25,000	\$ 25,000			\$ 90,375
Total Spending:	\$ 15,375	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ 90,375

Recurring annual maintenance and operating costs, if applicable

No maintenance and operating cost applicable.

MISCELLANEOUS TECHNOLOGY



Department:	Administrative Services
Program:	Infrastructure
Project Number:	410227-26
Initial funding year:	FY 2022-23
Planned start date:	July 2022
Estimated completion date:	On Going

Project Description

The Miscellaneous Technology CIP for FY 25-26 is designed to improve the Town's Technology for larger projects that are identified under the Town's IT Master Plan and are not already included in the operating budget. Projects covered under this CIP will be managed by the City Manager's Office. This CIP is designed to allow for projects to be completed on shorter timelines as our IT Services vendor can complete.

Project Status

The Town just completed its next 3-year IT strategic plan which covered the years of 2026-2028. The proposed IT projects scheduled for FY 25-26 include (but are not limited to): Develop Intranet using SharePoint, Upgrade website, Implementation of an A.I. chatbot for the website, Deploy IT disaster recovery + business continuity plan, and launching a password manager for employees.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Technology	\$ 100,000	\$ 86,270	\$ 13,730		\$ 13,730
Total:	\$ 100,000	\$ 86,270	\$ 13,730	\$ -	\$ 13,730

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 13,730	\$ 80,000	\$ 50,000	\$ 50,000			\$ 193,730
Total Funding:	\$ 13,730	\$ 80,000	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 193,730

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Technology	\$ 13,730	\$ 80,000	\$ 50,000	\$ 50,000			\$ 193,730
Total Spending:	\$ 13,730	\$ 80,000	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 193,730

Recurring annual maintenance and operating costs, if applicable

N/A

TOWN FACILITIES ENERGY EFFICIENCY (NEW)



Department:	Public Works
Program:	Infrastructure
Project Number:	410236
Initial funding year:	FY 2024-25
Planned start date:	Summer 2024
Estimated completion date:	End of 2026

Project Description

Town is looking to work with an Energy Services Company (ESCO) to conduct energy audits of Town facilities including Town Hall, Heritage House, Parks & Recreation building, Westwind Community Barn, and Corporation Yard. ESCO will also provide recommendations and design for improvements for energy efficiency for implementation, if approved by the City Council. Government Code Section 4217 authorizes local governments to enter into Energy Saving Performance Contracts on terms that are found to be “in the best interests” of the agency, “notwithstanding any other provision of law.” In essence, this law allows a public entity to sole-source or directly engage into an energy contract as long as the anticipated cost(s) for the energy project or efficiency services is less than the anticipated energy cost savings to be derived from those services over the term of the contract.

Project Status

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Energy Audit & Design	\$ 60,000	\$ -	\$ 60,000		\$ 60,000
Construction					-
Total:	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 60,000	\$ 150,000					\$ 210,000
Total Funding:	\$ 60,000	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 210,000

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Energy Audit & Design	\$ 60,000						\$ 60,000
Construction	\$ -	\$ 150,000					\$ 150,000
Total Spending:	\$ 60,000	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 210,000

Recurring annual maintenance and operating costs, if applicable

Maintenance and operational needs would be determined during design and construction phases

TRAFFIC SIGNAL IMPROVEMENTS



Department:	Public Works
Program:	Infrastructure
Project Number:	410233
Initial funding year:	FY 2023-24
Planned start date:	Fall 2023
Estimated completion date:	Q4 FY2025/26

Project Description

Aging traffic signal equipment at the three signalized intersections along El Monte Road at Voorhees Drive, Stonebrook Drive, and Foothill College require upgrades and modernization. Controller units at Voorhees Drive and Stonebrook Drive intersections require replacements. This project scope will include replacement of traffic signal controller units, installation of battery backup systems and detection cameras, and other updates needed to the Town’s three signalized intersections.

Project Status

Controllers replaced and backup battery system installed for all three intersections. Install detection cameras by end of FY2025/26.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Equipment Replacements	\$ 70,000	\$ 39,179	\$ 30,821		\$ 30,821
Total:	\$ 70,000	\$ 39,179	\$ 30,821	\$ -	\$ 30,821

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 30,821	\$ 20,000					\$ 50,821
Total Funding:	\$ 30,821	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 50,821

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Equipment Replacements	\$ 30,821	\$ 20,000					\$ 50,821
Total Spending:	\$ 30,821	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 50,821

Recurring annual maintenance and operating costs, if applicable

New equipment will be maintained by traffic signal maintenance contractor as part of the current scope.

WATER WELL AT PURISSIMA PARK



Department:	Public Works
Program:	Infrastructure
Project Number:	410228
Initial funding year:	FY 2021-22
Planned start date:	2022
Estimated completion date:	TBD

Project Description

Investigate the viability of a new well and, if viable, drill a new water well; install a water pump and electrical wiring; upgrade the electrical panel; and modify irrigation conduits irrigation at the Little League Fields. A geological desktop study was conducted in September 2022. The geologist recommended additional field investigation, including a site-specific hydrogeologic analysis and drilling a pilot boring to a maximum depth of 400 feet to determine the water table.

Project Status

A geological desktop study has been completed. Additional field investigations and hydrogeologic analyses are expected to begin in 2026.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Water Well at Purissima Park	\$ 40,000	\$ 4,987	\$ 35,013		\$ 35,013
Total:	\$ 40,000	\$ 4,987	\$ 35,013	\$ -	\$ 35,013

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ 35,013	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 235,013
Total Funding:	\$ 35,013	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 235,013

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Water Well at Purissima Park	\$ 35,013	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 235,013
Total Spending:	\$ 35,013	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 235,013

Recurring annual maintenance and operating costs, if applicable

Maintenance and operational needs would be determined during design and construction phases.

ROAD SAFETY AND TRAFFIC CALMING (NEW)



Department:	Public Works
Program:	Infrastructure
Project Number:	NEW
Initial funding year:	FY 2025/26
Planned start date:	Q1 FY2025/26
Estimated completion date:	Ongoing

Project Description

Road safety and traffic calming measures shall implement strategies to improve road and pathway safety and reduce vehicle speeds, especially in pedestrian-heavy areas. The goal is to create safer environments for everyone, including drivers, pedestrians, and cyclists. Road safety and traffic calming measures can consist of signages and markings, intersection modifications, crosswalk enhancements, roadway narrowing, speed humps/tables/cushils, and others to be based on best traffic engineering practices and judgements to produce desired effects.

Project Status

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Design & Construction	\$ -	\$ -	\$ -	\$ -	\$ -
Total:	\$ -	\$ -	\$ -	\$ -	\$ -

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ -	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 300,000
Total Funding:	\$ -	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 300,000

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Design & Construction	\$ -	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 300,000
Total Spending:	\$ -	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 300,000

Recurring annual maintenance and operating costs, if applicable

May depend on the roadway safety and traffic calming measures.

PARKS AND RECREATION CENTER RENOVATION (NEW)



Department:	Public Works
Program:	Infrastructure
Project Number:	NEW
Initial funding year:	FY 2025/26
Planned start date:	Early 2026
Estimated completion date:	TBD

Project Description

As one of the design options for the Civic Center Improvements, the City Council approved the concept design for the renovation of the Parks & Recreation building. The goal of the project is to improve the Parks & Recreation Center to create a more functional workspace for Town employees and to make necessary improvements at Town Hall to accommodate any relocation of staffing and programs. The renovation scope for the Parks and Recreation Center will include making ADA upgrades, modifying the building configuration, creating additional workspaces, improvements to the HVAC system, optimize storage, and potentially expanding the building footprint. Additional funds may be need if fire sprinklers are required for the Parks and Recreation building and for electrification of the building.

Project Status

The final design phase is anticipated to begin early 2026.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Design	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	\$ -	\$ -	\$ -	\$ -	\$ -
Total:	\$ -	\$ -	\$ -	\$ -	\$ -

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ -	\$ 200,000	\$ 1,300,000	\$ -	\$ -	\$ -	\$ 1,500,000
Total Funding:	\$ -	\$ 200,000	\$ 1,300,000	\$ -	\$ -	\$ -	\$ 1,500,000

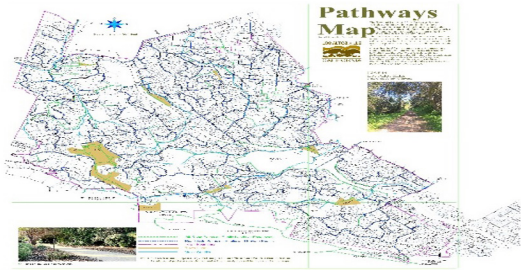
Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Design	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Construction	\$ -	\$ -	\$ 1,300,000	\$ -	\$ -	\$ -	\$ 1,300,000
Total Spending:	\$ -	\$ 200,000	\$ 1,300,000	\$ -	\$ -	\$ -	\$ 1,500,000

Recurring annual maintenance and operating costs, if applicable

Staff to continue maintenance of Parks & Recreation building.

MISCELLANEOUS PATHWAYS



Department:	Public Works
Program:	Pathways
Project Number:	427913-26
Initial funding year:	FY 2021-22
Planned start date:	Summer 2021
Estimated completion date:	Ongoing

Project Description

The Miscellaneous Pathways Capital Improvement Project is designed to improve the Town’s pathways system by filling in gaps and repairing existing segments. The projects included in this CIP will be selected from a list that is maintained and regularly updated by the Pathways Committee. Once the list of eligible projects has been established, work would be initiated and completed by staff and/or contractor. This CIP is intended to facilitate the completion of smaller pathway projects with shorter timelines as opportunities arise. Any projects requiring extensive planning, design, and construction would be converted to an individual CIP projects.

Pathway CIPs are funded by the Pathway Fund from pathway development impact fees. Due to escalating costs of pathways design and construction, the Town is in the process of updating the pathway impact fee to be implemented in FY2025/26.

Project Status

In 2024, Town Staff focused on the feasibility and analysis of off-road pathways. The Saddle Mountain–Stirrup Way off-road path was installed in December 2024. For 2025, staff is focusing on the feasibility of roadside pathways and the design of the roadside pathway on Magdalena Avenue. A separate CIP for Magdalena Avenue roadside pathway is proposed for FY2025/26.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to Pathway Fund	Remaining Budget
Design/Construction	\$ 1,020,136	\$ 520,647	\$ 499,489	\$ 454,353	\$ 45,136
Total:	\$ 1,020,136	\$ 520,647	\$ 499,489	\$ 454,353	\$ 45,136

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Pathway Fund	\$ -	\$ 50,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 350,000
TDA	45,136						45,136
Total Funding:	\$ 45,136	\$ 50,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 395,136

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Design/Construction	\$ 45,136	\$ 50,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 395,136
Total Spending:	\$ 45,136	\$ 50,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 395,136

Recurring annual maintenance and operating costs, if applicable

The projects in the CIP would be funded by a reoccurring annual contribution from the Pathway Fund, as determined by the City Council. The general maintenance of the Town’s pathway system would not be funded by this CIP.

SUMMERHILL PATHWAY



Department:	Public Works
Program:	Pathways
Project Number:	427902
Initial funding year:	FY 2015-16
Planned start date:	June 2016
Estimated completion date:	Q2 FY2026/27

Project Description

The existing pedestrian route along Summerhill Avenue on the Town side (west side) consists of pathway segments and paved roadway shoulders within the County of Santa Clara public right-of-way. Easements are normally secured as part of property development process; therefore, some parcels along Summerhill Avenue lack necessary easements. Additionally, existing pathways along Summerhill Avenue alternate between sides of the roadway, forcing pedestrians to cross the busy County street.

Phase 1 of the project installed pathways on Summerhill Avenue between El Monte Road and Nicole Lane in 2019. Phase 2 will be from Nicole Lane to Magdalena Avenue, which falls under County jurisdiction.

Project Status

Staff is still working with the County of Santa Clara Roads & Airports Department to obtain an encroachment permit for the project, pending approval of a tree removal permit, a maintenance and indemnification agreement, and improvement plans. Construction is anticipated to begin in summer 2026.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Design/Construction	\$ 526,103	\$ 147,085	\$ 379,018		\$ 379,018
Total:	\$ 526,103	\$ 147,085	\$ 379,018	\$ -	\$ 379,018

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Pathway Fund	\$ 379,018	\$ 100,000					\$ 479,018
Total Funding:	\$ 379,018	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 479,018

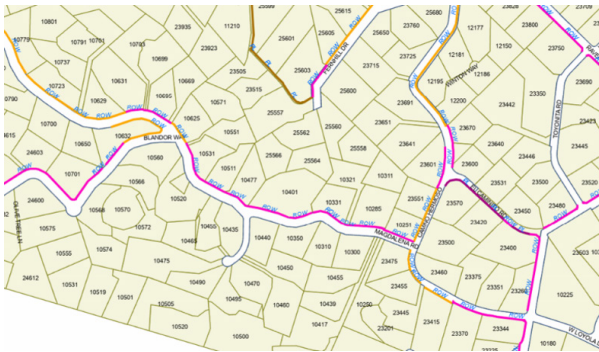
Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Design/Construction	\$ 379,018	\$ 100,000					\$ 479,018
Total Spending:	\$ 379,018	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 479,018

Recurring annual maintenance and operating costs, if applicable

Pathways require annual maintenance. Maintenance costs for the new pathway shall be determined.

MAGDALENA AVENUE PATHWAY (NEW)



Department:	Public Works
Program:	Pathways
Project Number:	NEW
Initial funding year:	FY 2025-26
Planned start date:	July 2025
Estimated completion date:	Q2 FY2026/27

Project Description

Magdalena Avenue was identified as a priority location for new roadside pathway for FY2025-26 by the Pathways Committee. Approximately 2,000 linear feet of new pathway segments are proposed along Magdalena Avenue, adjacent to Camino Hermoso Drive on the northern side of the street. Currently, there are segments of unimproved shoulder, which are proposed to be improved with a Type 2B Roadside Path in accordance with the Town’s standards.

Project Status

Topographic survey and staking started in April 2025 and is funded through the Miscellaneous Pathways CIP.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Design & Construction	\$ -	\$ -	\$ -	\$ -	\$ -
Total:	\$ -	\$ -	\$ -	\$ -	\$ -

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Pathway Fund	\$ -	\$ 315,000	\$ -	\$ -	\$ -	\$ -	\$ 315,000
Total Funding:	\$ -	\$ 315,000	\$ -	\$ -	\$ -	\$ -	\$ 315,000

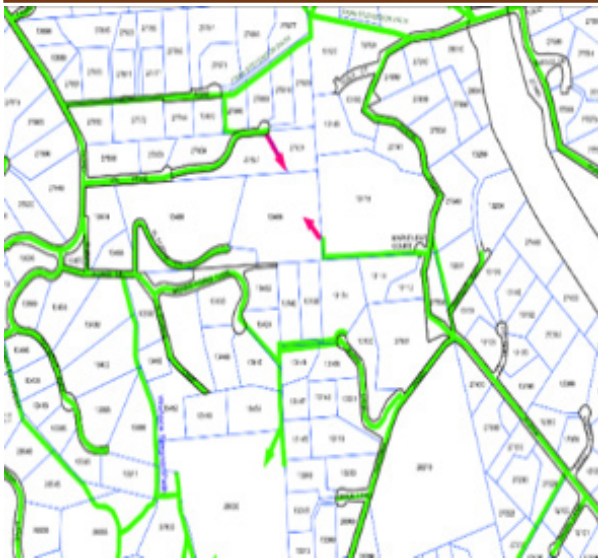
Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Design/Construction	\$ -	\$ 315,000	\$ -	\$ -	\$ -	\$ -	\$ 315,000
Total Spending:	\$ -	\$ 315,000	\$ -	\$ -	\$ -	\$ -	\$ 315,000

Recurring annual maintenance and operating costs, if applicable

Pathways require annual maintenance. Maintenance costs for the new pathway shall be determined.

MAPLE LEAF - MIDDLE FORK LANE PATHWAY (NEW)



Department:	Public Works
Program:	Pathways
Project Number:	NEW
Initial funding year:	FY 2025-26
Planned start date:	July 2025
Estimated completion date:	Q2 FY2027/28

Project Description

The City Council, following a recommendation from the Pathways Committee, directed staff to add the Maple Leaf Court to Middle Fork Lane pathway segment to the Town’s Master Path Plan (MPP). This off-road segment is approximately 1,230 feet long and would traverse through rolling hills, existing vegetation, and a seasonal stream. An Initial Study would be required for a CEQA determination before this segment can be considered for inclusion in the MPP. The Initial Study and CEQA determination may take up to a year to finalize. Changes to the MPP are considered General Plan amendments, as it is an integral component of the Pathway Element.

Project Status

Staff will issue an RFP in spring 2025 to hire a planning and environmental consultant for the Initial Study.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Initial Study	\$ -	\$ -	\$ -	\$ -	\$ -
Design/Construction	\$ -	\$ -	\$ -	\$ -	\$ -
Total:	\$ -	\$ -	\$ -	\$ -	\$ -

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Pathway Fund	\$ -	\$ 100,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 250,000
Total Funding:	\$ -	\$ 100,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 250,000

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Initial Study	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Design/Construction	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Total Spending:	\$ -	\$ 100,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 250,000

Recurring annual maintenance and operating costs, if applicable

Pathways require annual maintenance. Maintenance costs for the new pathway shall be determined.

ANNUAL ROAD REHABILITATION PROGRAM



Department:	Public Works
Program:	Road Rehabilitation
Project Number:	467226-26
Initial funding year:	FY 2025-26
Planned start date:	Fall 2025
Estimated completion date:	Q4 FY2025/26

Project Description

The annual street resurfacing program is designed to maintain safe and functional Town streets. The project includes 6" AC deep lift patching, 2" asphalt concrete overlay, micro-surfacing, and all associated work. Street resurfacing includes corresponding drainage improvements. The street selections are based on recommendations from the Metropolitan Transportation Commission's (MTC's) Pavement Management Program (StreetSaver), utility coordination, and field inspections. Upon completion of the design phase, a list of streets and the type of work required are presented to the City Council for an authorization to advertise for bid. The roadway segments currently prioritized for the FY2025/26 resurfacing project are shown in the table below. The FY2025/26 project street list is from an updated five-year StreetSaver plan developed by the Town's MTC consultant. After more indepth site evaluations, project coordination, design, and cost analysis, the FY2025/26 project street list may be further updated.

Project Status

Plans and specifications for the FY2025/26 street resurfacing project to be completed by early 2026 for construction start early summer 2026.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Annual Pavement Rehab	\$ 1,425,978	\$ 1,314,766	\$ 111,212		\$ 111,212
Total:	\$ 1,425,978	\$ 1,314,766	\$ 111,212	\$ -	\$ 111,212

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Gas Tax	\$ -	\$ 247,920	\$ 260,300	\$ 273,300	\$ 287,000	\$ 301,400	\$ 1,369,920
SB1 Funds	-	229,559	241,000	253,100	265,800	279,100	1,268,559
Vehicle Registration Fees SB 83	-	66,500	69,800	73,300	77,000	80,900	367,500
Drainage in-lieu	-	40,000	40,000	40,000	40,000	40,000	200,000
Street Encroachment Fees	-	107,100	112,500	118,100	124,000	130,200	591,900
Measure B	-	254,596	214,158	224,900	236,100	247,900	1,177,654
CIP/ General Fund	111,212	429,325	437,242	392,300	345,100	320,500	2,035,679
Total Funding:	\$ 111,212	\$ 1,375,000	\$ 1,375,000	\$ 1,375,000	\$ 1,375,000	\$ 1,400,000	\$ 7,011,212

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Annual Pavement Rehab	\$ 111,212	\$ 1,375,000	\$ 1,375,000	\$ 1,375,000	\$ 1,375,000	\$ 1,400,000	\$ 7,011,212
Total Spending:	\$ 111,212	\$ 1,375,000	\$ 1,375,000	\$ 1,375,000	\$ 1,375,000	\$ 1,400,000	\$ 7,011,212

Recurring annual maintenance and operating costs, if applicable

No additional maintenance and operating cost. This program focuses on addressing system deficiencies to maintain operating cost at the current level.

MEASURE B BIKE/PEDESTRIAN EDUCATION & ENCOURAGEMENT PROGRAM



Department:	Public Works
Program:	Road Rehabilitation
Project Number:	467228
Initial funding year:	FY 2024-25
Planned start date:	Summer 2024
Estimated completion date:	Ongoing

Project Description

Santa Clara County voters have approved 2016 Measure B, a 30-year, half-cent countywide sales tax to enhance transit, highways, expressways and active transportation (bicycles, pedestrians and complete streets). The measure passed by nearly 72%, the highest level of support for any Santa Clara County transportation tax. Collection of the tax began on April 1, 2017. As one of the approved Measure B programs, Bicycle and Pedestrian Education & Encouragement (E&E) Program provides annual funding to jurisdictions in the county for non-capital improvement projects to promote and educate communities to safely walk, bike, and resort to other multimodal and active transportation options. The E&E program funds are allocated by city population formula with a \$10,000 annual minimum allocation per city, and the funds are distributed on a reimbursable basis. The Town is responsible for submitting an annual education & encouragement work program and annual progress report. The Town's annual allocation of Measure B E&E funds since FY2017-18 has been between \$10,000 to \$20,000.

Project Status

As of FY2023-24, the total E&E allocation remaining for the Town is \$73,286.70. Since FY2023-24, staff has been working on various E&E eligible projects including participating in Bike Month events with the City of Los Altos, working on and implementing Safe Routes to School related programs, and distributing merchandise promoting pathway usage.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
E&E Program	\$ 80,853	\$ 7,647	\$ 73,206		\$ 73,206
Total:	\$ 80,853	\$ 7,647	\$ 73,206	\$ -	\$ 73,206

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Measure B	\$ 73,206	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 123,206
Total Funding:	\$ 73,206	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 123,206

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
E&E Program	\$ 73,206	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 123,206
Total Spending:	\$ 73,206	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 123,206

Recurring annual maintenance and operating costs, if applicable

Staff operating costs may be eligible for Measure B E&E fund reimbursement.

LOCAL ROAD SAFETY PLAN (NEW)



Department:	Public Works
Program:	Road Rehabilitation
Project Number:	NEW
Initial funding year:	FY 2025/26
Planned start date:	Early 2026
Estimated completion date:	Late 2026

Project Description

A Local Road Safety Plan (LRSP) is an initiative in the State’s Highway Safety Improvement Program (HSIP). Preparing a LRSP provides jurisdictions with an opportunity to address unique local roadway safety needs while contributing to the success of the Strategic Highway Safety Plan. The process of preparing an LRSP establishes a framework for systematically identifying and analyzing safety problems and recommending safety improvements. Additionally, preparing an LRSP facilitates the formation of local agency partnerships and collaboration, resulting in a prioritized list of improvements and actions that demonstrate a clear need and alignment with the Statewide plan. The LRSP offers a proactive approach to addressing safety concerns and showcases an agency’s commitment to improving roadway safety. An LRSP (or its equivalent) will be preferred or required for an agency to be eligible for future federal HSIP funds and other transportation projects.

Project Status

Staff to seek grant funds to implement LRSP, such as the Safe Street and Roads for All (SS4A) grant. SS4A grants have a 20% local match requirement.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
LRSP	\$ -	\$ -	\$ -	\$ -	\$ -
Total:	\$ -	\$ -	\$ -	\$ -	\$ -

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Other -TBD	-	60,000	-	-	-	-	60,000
Total Funding:	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ 80,000

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
LRSP	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ 80,000
Total Spending:	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ 80,000

Recurring annual maintenance and operating costs, if applicable

N/A

ANNUAL SANITARY SEWER REPLACEMENT AND REHAB



Department:	Public Works
Program:	Sewer
Project Number:	487918-26
Initial funding year:	Ongoing
Planned start date:	Ongoing
Estimated completion date:	Ongoing

Project Description

The main objective of the annual sanitary sewer replacement and rehabilitation program is to repair and improve defective sewer pipes in the Town’s sanitary sewer system, ensuring the uninterrupted conveyance of wastewater to the Palo Alto Regional Water Quality Control Treatment Plant (RWQCTP) through the collection systems of the Cities of Palo Alto and Los Altos. The selection of the sewer segments is based on the review and analysis of the first cycle of CCTV inspections of the Town’s sewer pipes, along with follow-ups from the Town’s sewer maintenance and operation contractor, West Bay Sanitary District.

The Regional Water Quality Control Board has placed an increased emphasis on reviewing sewer system capital improvement programs and operation/maintenance activities, requiring a higher annual sewer replacement rate for agencies with aging sewer collection systems. In alignment with this approach, Town staff recommends an annual average of \$900,000 in capital expenditures to address the most problematic areas and to reduce the need for high-frequency cleaning required to keep the system operational and prevent sanitary sewer overflows (SSOs). The annual allocation will be validated, reviewed, and updated as needed during each budget cycle.

In March 2024, V.W. Housen & Associate was hired to develop an asset management protocol to more effectively and holistically determine capital improvement needs and projects. The study was completed in fall 2024.

Project Status

Construction of 2025 Sewer Rehabilitation Project to be completed by fall 2025.

Due to rising capital costs from Palo Alto and Los Altos and in order to maintain an annual budget of \$900,000 for sewer capital projects, a new sewer rate study may be required in FY2025/26.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Sewer Rehab CIP	\$ 900,000	\$ 434,421	\$ 465,579		\$ 465,579
Total:	\$ 900,000	\$ 434,421	\$ 465,579	\$ -	\$ 465,579

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Sewer User Charges	\$ 465,579	\$ 900,000	\$ 1,150,000	\$ 1,050,000	\$ 1,050,000	\$ -	\$ 4,615,579
Total Funding:	\$ 465,579	\$ 900,000	\$ 1,150,000	\$ 1,050,000	\$ 1,050,000	\$ -	\$ 4,615,579

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Sewer Rehab CIP	\$ 465,579	\$ 900,000	\$ 1,150,000	\$ 1,050,000	\$ 1,050,000	\$ -	\$ 4,615,579
Total Spending:	\$ 465,579	\$ 900,000	\$ 1,150,000	\$ 1,050,000	\$ 1,050,000	\$ -	\$ 4,615,579

Recurring annual maintenance and operating costs, if applicable

The maintenance and operating costs for the Town’s sanitary sewer system is included in the annual operating budget for the sewer program.

FY2024-26 Anticipated Sewer Capital Projects:	
FY2024-26 Sewer Rehabilitation Projects	\$ 1,350,000.00
Manhole Cover Replacement Project	\$ 300,000.00
O'Keefe Pump Station - Control Panel Upgrade	\$ 100,000.00
Root foaming for sewer mains	\$ 50,000.00
Total	\$ 1,800,000.00

WESTWIND COMMUNITY BARN IMPROVEMENTS



Department:	Public Works
Program:	Westwind Community Barn
Project Number:	437307-26
Initial funding year:	Ongoing Program
Planned start date:	Ongoing
Estimated completion date:	Ongoing

Project Description

The annual Westwind Community Barn facility improvements program is designed to improve facility deficiencies and meet the needs of Barn users. Each year, the Town and Concessionaire, Victoria Dye Equestrian (VDE), identify and prioritize potential improvements. The following projects were identified and prioritized:

1. Lower Arena: Replace and upgrade the existing perimeter fence and sprinkler system, improve site drainage, and regrade and improve the footing.
2. Upper Arena: Regrade and reconstruct the footing with a new textile and sand blend.
3. Installation of Footing Grid Systems in Remaining Five Paddocks: Rain causes water pooling and mud, making paddock grounds unusable. Installing footing grid systems or paddock slabs will help stabilize the grounds. Footing grids for 13 paddocks have been installed. Regrading and the installation of footing grid systems for the remaining five paddocks are estimated cost \$60k for each paddock.
4. Paddock Retaining Wall/Fencing repairs: When installing or upgrading paddock footing grids, certain paddocks will also require repairs to their retaining wall/fencing. This involves reinforcing or replacing the posts and lagging boards.
5. Repair Footing Grids in Previously Upgraded Paddocks: Repair footing grids in paddocks that have previously been upgraded with grid systems.
6. Rehabilitation of Barn Exteriors: As funding allows, rehabilitate the lower half of 17 barn exterior doors, sliding doors, and the fence in the courtyard.
7. Additional Toilet: The Barn currently has one existing toilet and a room with a shower. As funding becomes available, adding an additional toilet to the shower room would be beneficial for camp participants, boarders, and event attendees.
8. Electrical Upgrade: Upgrades to the Barn's electrical systems.

Project Status

The repair of the retaining wall/fencing, regrading, and installation of footing grid systems for one paddock were completed in FY2023-24. For the Upper Arena, the current plan is to replace and upgrade the footing materials during the summer of 2025. Regarding the improvements needed at the Lower Arena, construction is also anticipated to begin in the summer of 2025, once authorized by the Council.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Paddock Footing	\$ 172,623	\$ 40,280	\$ 132,343		\$ 132,343
Wall/Fencing	129,994	7,389	122,605		122,605
Lower Arena			-		-
Upper Arena			-		-
Drinking Fountain	15,000	-	15,000		15,000
Electrical Upgrade	40,000	-	40,000		40,000
Restroom Renovation	\$ 3,043	\$ 3,043	\$ -		\$ -

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Cell Tower Rental	\$ 54,354	\$ 50,000	\$ 50,000	\$ 50,000		\$ -	\$ 204,354
Westwind Barn Capital	240,000						240,000
CIP/ General Fund	50,000						50,000
Total Funding:	\$ 344,354	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 494,354

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Paddock Footing	\$ 132,343	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ -	\$ 222,343
Lower Arena					\$ -	\$ -	-
Upper Arena					-	-	-
Wall/Fencing	122,605	20,000	20,000	20,000			182,605
Electrical Upgrade	40,000						40,000
Drinking Fountain	15,000						15,000
Restroom Renovation	-						-
Feeding Pasture Fencing	-						-
Water line repairs	-						-
Site Drainage	34,406						34,406
Total Spending:	\$ 344,354	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ 494,354

Recurring annual maintenance and operating costs, if applicable

These projects are part of an ongoing maintenance program. Minor maintenance is the responsibility of VDE. Repairs above \$500 are the Town's responsibility.

MATADERO CREEK EROSION



Department:	Public Works
Program:	Storm Drain
Project Number:	467209
Initial funding year:	FY 2011-12
Planned start date:	Ongoing
Estimated completion date:	Q1 FY2025/26; Mitigation monitoring for 10 years

Project Description

The project aims to repair erosion along the edge of Page Mill Road between Baleri Ranch Road and Berry Hill Court at Matadero Creek. This section of Page Mill Road is within Caltrans right-of-way. Due to the significant overall expense of the erosion repair project, the lengthy permitting process, and the risk of the travel lane being washed out, the project was divided into two phases.

Phase 1 stabilized the roadway and included a geotechnical investigation, topographic survey, design, construction, and inspection work. Phase 2 will address the creek erosion repair, including environmental study, hydraulic study, permitting process with state and federal agencies, design, construction, inspections, and mitigation/monitoring work as required by the State Water Resources Control Board (Water Board).

Project Status

The cattails and sediments in Matadero Creek at Page Mill Road were removed in January 2023 due to flooding concerns from the atmospheric river storm events.

The Matadero Creek Bank Stabilization onsite project was first advertised in June 2024, and bids opened in July 2024. Four bids were received, and bid prices were at least 21% higher than the Engineer’s estimate. In July 2024, the City Council approved a resolution to reject all bids. Subsequently, the design was value engineered and improved without a new soldier pile retaining wall. In March 2025, the City Council approved the plans and specifications for the project to be advertised. The bids will be opened in May, and construction is anticipated to begin in July and be completed by November.

Water Board has certified the project and conditioned a mitigation and monitoring plan (MMP). The tributary area to Moody Creek at Byrne Preserve is the location for the offsite mitigation, which involves planting vegetation across 1.96 acres of the riparian corridor. The offsite mitigation work at Byrne Preserve was completed in January 2025. Maintenance and monitoring of this offsite mitigation work will continue for ten (10) years as required by the Water Board.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to General Fund	Remaining Budget
Phase I	\$ 338,490	\$ 338,490	\$ -		\$ -
Phase 2 Design	429,800	404,169	25,631		25,631
Phase 2 Construction	716,000		716,000		716,000
Mitigation	300,000	69,008	230,992		230,992
Total:	\$ 1,784,290	\$ 811,666	\$ 972,624	\$ -	\$ 972,624

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Drainage in-lieu	\$ 458,124						\$ 458,124
CIP/ General Fund	514,500						514,500
Total Funding:	\$ 972,624	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 972,624

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Phase 2 Design	\$ 25,631						\$ 25,631
Phase 2 Construction	\$ 716,000						\$ 716,000
Mitigation	230,992						230,992
Total Spending:	\$ 972,624	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 972,624

Recurring annual maintenance and operating costs, if applicable

Upon completion, maintenance of the creek will be included as part of the ongoing drainage maintenance budget. There is no additional cost.

STORM DRAIN IMPROVEMENTS



Department:	Public Works
Program:	Storm Drain
Project Number:	457202
Initial funding year:	FY 2023-24
Planned start date:	Summer 2023
Estimated completion date:	Ongoing

Project Description

Address deficiencies and replace aging storm drain pipes to minimize future failures, flooding, ground erosion, and damage to roadways caused by storm events. Use video inspections to assess the condition of aging corrugated metal storm drain pipes that are prone to failure throughout the Town and schedule replacements as part of the project. As part of this effort, the Town's storm drain system will be entered into the Geographic Information System (GIS) application to support better asset management. Staff will continue to access and identify annual needs for storm drainage improvements.

Project Status

Staff compiled an inventory of the Town's existing storm drain system based on the 2004 Storm Drainage Master Plan, record drawings, and field visits. The Town also hired a contractor to record CCTV videos at two culverts to assess the pipe conditions: one is a 12-inch corrugated metal pipe (CMP) at Paseo Del Roble Drive, and the other is a 15-inch reinforced concrete pipe (RCP) on Fremont Road near Arastradero Road. This inventory of storm drain assets will help identify critical locations and prioritize improvements.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru March 2025	Available Budget	Return to Storm Drain Fund	Remaining Budget
Design/Construction	\$ 450,000	\$ 262,158	\$ 187,842	\$ 110,000	\$ 77,842
Total:	\$ 450,000	\$ 262,158	\$ 187,842	\$ 110,000	\$ 77,842

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Drainage in-lieu	\$ 77,842		\$ -	\$ -	\$ -	\$ -	\$ 77,842
Total Funding:	\$ 77,842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,842

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Design/Construction	\$ 77,842		\$ -	\$ -	\$ -	\$ -	\$ 77,842
Total Spending:	\$ 77,842	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,842

Recurring annual maintenance and operating costs, if applicable

Staff continues to maintain Town storm drain facilities throughout the year.

VEHICLE AND EQUIPMENT REPLACEMENT (NEW)



Department:	Public Works
Program:	Vehicle and Equipment
Project Number:	NEW
Initial funding year:	FY2025/26
Planned start date:	Summer 2025
Estimated completion date:	Ongoing

Project Description

One of the recommended strategies in the Town’s Climate Action Plan (last updated in October 2021) is the Green Fleet Program to consider and prioritize EVs for the Town fleet when possible to reduce greenhouse gas (GHG) emissions. The other recommended strategy is to transition Town fleet to renewable diesel to further cut emissions. Many of the Town’s maintenance vehicles and equipment may soon require major services and should be considered for replacement, such as the 2003 Dodge Dakota, 2008 Ford Ranger, 2010 John Deere tractor, 2010 John Deere backhoe, and 2009 Cariton Chipper. The Vehicle and Equipment Replacement Policy recommends replacements at 13 to 15 years of service, and many of Town’s vehicles and equipment have been in operations longer. The Town would also need to comply with the Advanced Clean Fleet Regulation of the California Air Resources Board (CARB), which requires all purchase of vehicles to be zero-emissions vehicles (ZEV’s) starting 2027 and all internal combustion engine vehicles to be retired after 13 year of service.

This project would be funded by the Vehicle and Equipment Replacement Reserve.

Project Status

In FY2024/25, the City Council approved the replacement of the Town’s F250 truck not to exceed \$120,000 and purchase of two small EVs not to exceed \$80,000. For FY2025/26, staff recommends the replacement of the 2003 Dodge Dakota with a ZEV. Staff anticipates replacement of at least one truck or equipment each fiscal year for the next five years.

Prior Budget and Actual

Project Summary	Project Budget	Spending Thru February 2025	Available Budget	Return to General Fund	Remaining Budget
Vehicle and Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Total:	\$ -	\$ -	\$ -	\$ -	\$ -

Project Funding Estimate

Funding Source	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
CIP/ General Fund	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000
Total Funding:	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000

Project Spending Estimate

Project Spending	Remaining Budget	2025-26 Planned	2026-27 Planned	2027-28 Planned	2028-29 Planned	2029-30 Planned	Project Total
Vehicle and Equipment	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000
Total Spending:	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000

Recurring annual maintenance and operating costs, if applicable

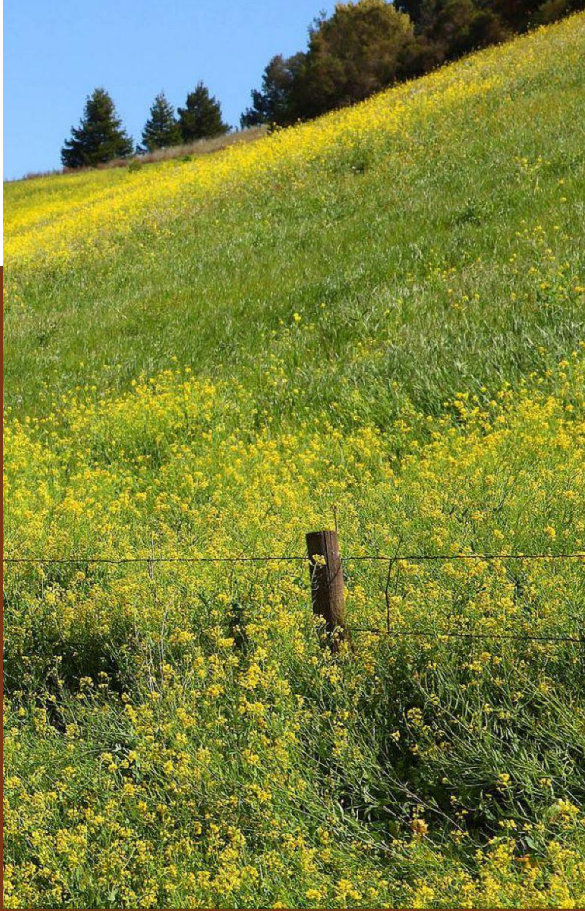
There will be routine vehicle and equipment maintenance anticipated. The maintenance costs will be lower with new vehicles/equipment and ZEV’s.

LOS ALTOS HILLS



CALIFORNIA

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Town Policies



Financial Policy

Adopted by the City Council on June 26, 2025 Resolution XX-XX

This document establishes policies and practices for the Town of Los Altos Hills that provides financial information and manages its financial resources. As well as establishing and maintaining prudent fund balance levels, financial reporting, and investment policies that are in accordance with State Law. Formally adopted financial policies assist elected officials and staff in saving time and energy in making financial decisions, promoting public confidence, and the development of sound fiscal management practices.

In contrast to larger public agencies, the Town of Los Altos Hills is a small town as measured by geography, population, staff, the absence of commercial businesses, and employees who perform fire, policing, water, and sewer services (which are provided by independent third parties.) It has a volunteer, resident elected, five-member Council who are subject to term limits and operates under a Council – City Manager form of government. Town has many volunteer resident committees appointed by Town Council to limited terms, who advise the Council on financial matters, recreation and hospitality events, land development, technology and environmental issues. Town staff perform planning and building functions, financial functions, maintenance of pathways, and contract for policing, trash removal, street maintenance, legal services, electronic recordkeeping, and recurring specialty services such as review of resident submitted building plans, town news media, treasury, insurance, and other occasional specialty needs.

While these policies will be updated intermittently, they provide the basic framework for many of the financial decisions that will be addressed by the Town. Support long-term planning and enhance the Town's effectiveness.

This policy will be reviewed annually during the ACFR process to ensure conformance with the Town's goals and objectives and compliance with any changes in regulations or standards. In conjunction with the annual policy review, the Administrative Services Director will include updated calculated thresholds, review of use and replenishment of the reserves, and any anticipated changes to be included in the annual ACFR preparations.

Financial Controls

Collection of revenues and disbursement of costs and expenses is performed by Town finance staff. An independent audit is performed annually along with the publication of an annual financial report. in accordance with GASB (Governmental Accounting Standard Board) , that includes a description of the Town's accounting policies (in footnote 1.) An annual or biennial budget is prepared following a format recommended by the Government Financial Officers Association (GFOA) and prepared by Town Staff for presentation to Town Council after review by the Town's Finance and Investment Committee. With exception of personnel records, Town records are public and are public information available upon request.

Investments

Most of the Town's funds are maintained, invested, and managed by independent third parties who report monthly and quarterly to the Town Council who, in turn, delegate some of the review responsibility to Staff and the Town's Finance and Investment Committee. Investments are made in compliance with the Town's Investment policy which is reviewed annually by the Town's Finance and Investment Committee.

Financial records

The collection of receipts is recorded and reviewed by Town staff before being deposited in the Town's bank accounts. Disbursements are prepared by the responsible Town staff, reviewed by Town finance staff, and signed by two independent check signers who are either senior employees or Council members. Bank reconciliations are prepared monthly. Other records are maintained and independently backed up offsite.

Specialty third party financial service providers

Payroll is independently prepared and processed by a third-party specialty service. Employee benefits are managed by responsible third-party health care providers, pension benefit managers, and related periodic reports are reviewed by Staff, the Town's Finance and Investment Committee and Town Council. Liability insurance services are provided by a Joint Powers Authority who report annually, and town staff attend periodic meetings in an oversight role. Electronic records are maintained offsite by an independent service. Physical asset inventories are conducted annually by Town staff and reviewed as part of the Town's annual financial audit. The Town maintains employee fidelity insurance purchased from its Joint Powers Authority provider.

Overall controls

The foregoing briefly describes a web of interrelated services performed periodically on annual, quarterly, and monthly cycles. In addition, reserves are provided for several financial risks subject to review by the Town's Finance and Investment Committee and Town Council. The Town's employees develop and maintain job descriptions and procedures the objective of which is to enable smooth transition when employee turnover occurs. Compensation surveys are used to assist management and Council in maintaining competitive compensation. Despite its small size, the Town maintains records, produces financial reports, and utilizes financial controls that are comparable to those performed and maintained by larger governmental agencies.

This policy is reviewed and assessed by the Town's staff, the Finance & Investment Committee, and elected officials and will also be updated annually, if necessary, to reflect any changes within the requirements.

This document discusses the important elements of financial management at the Town of Los Altos Hills, in an all-in-one format and organized into the following areas of discussion:

General Financial Principles	Cash Management
Operating Budget	Debt Management
Revenues	Capitalization Assets
Expenditures	Financial Reporting
Capital Improvement Program	

General Financial Principles

It is the overall policy of the Town of Los Altos Hills to:

- > Provide financial information in a relevant, thorough, timely fashion, and in a format that effectively communicates financial status to City Council, citizens, and Town employees.
- > Manage its financial resources in a responsible and planned manner.
- > Establish and maintain prudent fund balance levels.

- > Maintain financial reporting in compliance with current governmental accounting standards.
- > Promote and implement a relevant and strong system of internal financial controls to manage significant risks and monitor the reliability and integrity of financial and operating reporting.
- > Promote constructive and proactive financial decision making.
- > Integrate long-term operating and capital resources planning.
- > Allow for uncertainties and maintain a posture of financial flexibility.
- > Develop programs in a manner that supports the City's long-term ability to cover costs and provide the level and quality of service required by its citizens.
- > Managing debt responsibility.
- > Establish and maintain investment policies in accordance with State law.

Operating Budget

Budget Adoption

The City Council shall adopt the Town's annual or biennial budget no later than June 30 of each year. The City Manager is responsible for developing and presenting either an annual or biennial budget, as appropriate.

A balanced provisional operating budget will be submitted to the City Council for review and adoption. Total projected expenditures must not exceed estimated revenues, excluding internal overhead allocations. If necessary, the City Council may approve the planned use of accumulated fund balances from prior years to support specific appropriations within the budget.

No funds may be expended for a new fiscal year until the City Council has formally adopted the budget for that year.

One-time revenue sources shall not be relied upon to fund ongoing operations, ensuring structural financial sustainability.

Budgetary Control and Adjustments

Budgetary control is maintained at the fund level. The City Manager has the authority to approve budget transfers between departments or programs within the same fund, provided that such changes do not increase the fund's total appropriation. However, the following actions require City Council approval:

- > Transfers between funds
- > Overall increases in fund appropriations
- > Increases in capital project budgets

Transfers between departments should be reported to the City Council as part of periodic budget updates, such as during the mid-year review or at the start of a new budget term.

Department heads are accountable for developing and managing their departmental budgets. Budgetary authority is maintained at the department level. For departments operating across multiple funds, expenditures must remain within the appropriate allocation for each fund.

Encumbrances, Lapsed Appropriations, and Carryforwards

Operating expenditure appropriations that are not spent within the fiscal year shall lapse at year-end, with the following exceptions:

- > Encumbrances or legally binding commitments (e.g., purchase orders) issued during the fiscal year but not completed by year-end
- > Capital improvement projects or multi-year grant programs with approved life cycles extending beyond one fiscal year

For contracts that remain incomplete at fiscal year-end, the remaining balance must be reappropriated in the subsequent budget cycle.

Basis of Budgeting and Financial Reporting

Governmental funds are budgeted on a modified accrual basis, while proprietary and fiduciary funds follow the full accrual basis of accounting. The Town's Annual Comprehensive Financial Report (ACFR) is prepared in accordance with Generally Accepted Accounting Principles (GAAP), and the budget is developed in conformity with these standards.

Appropriations Limit Compliance

The Town's budget must comply with the annually calculated Appropriations Limit as required under Article XIII B of the California Constitution. A resolution establishing the Town's appropriations limit shall be adopted annually by the City Council in accordance with State law.

Revenues

The Town will seek out, apply for, and effectively administer federal, state, and other grants that address the Town's current operating and capital priorities.

Operating departments are to review existing fees periodically and recommend adjustments to fees, as necessary, to reflect changing direct and indirect costs of providing such services. Independent user-fee studies should be performed and updated periodically (three to five years) to ensure the proper balance of costs and service charges. The Town should strive to cover the full cost of providing non-tax and discretionary fee-based service operations except to the extent that the City Council approves defined subsidy levels by program area.

Operating departments are to periodically review public services to identify and determine those appropriate for fee collection.

Enterprise operations will be self-supporting and shall reimburse the General Fund for any and all material and services provided on their behalf.

Expenditures

Expenditures are to be budgeted and controlled to not exceed estimated revenues plus the approved and planned use of fund balances accumulated in prior years.

The Town will conduct a mid-year financial status review to determine if projected revenues and expenditures meet budgeted levels. If an operating deficit is projected at year-end, the Town should evaluate the need for immediate corrective and/or mitigating actions, including operating or capital expenditures reduction and /or activate the use of established contingency balances. The deferral of essential and scheduled operational expenditures into the following fiscal year or the use of short-term loans and transfers to balance the budget should be avoided.

Capital Improvement Plan

The Town will develop and maintain a five-year Capital Improvement Plan (CIP) to be updated annually in conjunction with the operating budget. The CIP should reflect the current and changing needs of the community as well as enhance the community's quality of life.

Cash Management

The Financial and Investment Committee will review the Town's Investment Policy annually and make recommendations to the City Council when appropriate.

The City Manager may delegate to the Administrative Services Director/Finance Director the responsibility of investing Town funds in accordance with the Town's Investment Policy. Additionally, the City Manager may authorize the Administrative Services Director/Finance Director to present quarterly investment reports to the City Council, providing a summary of the portfolio's status and its compliance with the Investment Policy's requirements.

Debt Management

The Town should plan the use of debt in a manner that sustains financing payments at manageable levels. The Town will seek to maintain a high credit rating through sound financial practices as a basis for minimizing borrowing costs. The Town will make every effort to use pay-as-you-go financing for capital improvement projects. Debt financing for a project can be used if the overall project's cost exceeds anticipated available resources and/or if financing terms are favorable. The Town will monitor all forms of debt annually in conjunction with the budget preparation process and report concerns and remedies, if necessary, to the City Council. The Town will diligently monitor its compliance with bond covenants.

The Town will not issue long-term debt to finance current operations. Debt financing should only be used for long-term capital improvement projects with a useful life exceeding the term of the financing and for which the project revenues or specific identified revenue sources are sufficient to service the long-term debt.

The Town may use a lease-purchase method of financing for equipment if the lease rates are more favorable than the Town's expected overall investment rate of return.

The Town will not incur general obligation indebtedness for public improvements which exceed in aggregate 15% of the assessed value of all real and personal property of the Town as specified in the California Government Code Section 43605.

Capitalization Assets and Leases

The Town's operations require the purchase and construction of certain assets that are used over a long-term period to provide services to the community. To facilitate the proper recording of these assets, the department has established the following procedure.

Acquisition

The acquisition of capital assets is planned in the Town's budget on an annual basis. Public projects are budgeted in lump sums based on recommendation from the City Manager. The City Manager oversees the various components of the public project to ensure overall budget compliance. Under direction from the City Manager, the Public Works Director has the authority to make necessary changes from the authorized plans, provided the project will not

exceed the approved budget. With the exception of public works projects, the acquisition of all other capital assets may be managed by the Administrative Services Director under the direction of the City Manager.

Accounting & Tracking

It is the Finance and Administrative Services Department's policy to record staff time, supplies, services, and applicable overhead to public projects. Public projects are budgeted in distinct capital project funds and tracked by unique account numbers. All costs required to acquire a public project are recorded to the respective account number.

The Administrative Services Director/Finance Director maintains a register of capital assets that is in conformance with generally accepted accounting principles. The register records the asset's identification (e.g., name, vehicle identification, etc.), year of acquisition, acquisition cost, useful life.

Depreciation Schedule

Capital assets are categorized into one of several categories, each with estimated useful lives. The Administrative Services Director/Finance Director determines the useful life of each item based on historical practice and input from the appropriate department head where necessary. Assets are classified as "capital assets" on the Town's financial statements and include any tangible goods with an acquisition cost of \$25,000 or more and a useful life greater than three years. Depreciation/amortization will be recorded on a straight-line basis (effective rate of interest method for leases) over the following estimated useful lives:

Infrastructure	20 to 50 years
Structures and improvements	10 to 30 years
Vehicles	5 to 10 years
Equipment	3 to 10 years
Leases	term of the leases

Disposal of Capital Assets

At the discretion of the City Manager, obsolete or unused capital assets may be recommended for disposal at any time. The Administrative Services Director/Finance Director is responsible for ensuring that all asset disposals comply with the provisions of the Municipal Code.

Leases

The Town is to record the depreciation of equipment, buildings and facilities, infrastructure, and leases as follows and in line with internally established capitalization guidelines:

- > Capitalization Thresholds
 - Land purchases at any value
 - Equipment - \$25,000
 - Buildings and facility improvements - \$100,000
 - Leases - \$100,000

The interest rate used for GASB 87 leases is the commercial real estate secured loan rate as of July 1st of the commencement year of the lease if there is not an explicit interest rate in the lease agreement.

Fund Balance

This policy is intended to ensure that the Town has sufficient cash flow to meet current and future needs and provide transparency to its residents by establishing fund reserve targets for each of the Town's governmental funds. Reserve funds are needed to provide funding for planned and unplanned events. Planned events include, but are not limited to, (1) accumulating balances to fund operating and capital needs; (2) debt service obligations; and (3) funding for employee-related pension and other post-employment benefits. Unplanned events include, but are not limited to, (1) accounting for revenue shortfalls; (2) unanticipated expenses; and (3) paying for unforeseen emergency events.

Adequate fund reserves are of value to: (1) provide working capital to fund operating needs; (2) provide a financial cushion for dealing with unanticipated financial needs and emergencies; and (3) are a component of achieving favorable credit ratings which can help reduce the costs of issuing debt. This policy designates specific reserve accounts. For each reserve, this policy specifies the reserve purpose, the threshold amount, allowable uses of reserves, and replenishment of the reserve. This policy establishes committed and assigned reserves. Committed or Assigned reserves may be established, changed, applied, and deleted by Council resolution. Committed reserves may be used for one or more limited activities noted in the purpose or usage of the reserve. Assigned reserves are not limited to one single activity and may be used for any Town specific activity described in the purpose or usage of the reserve.

Fund Balance Classifications

To set forth the Town's policy for establishing and maintaining fund reserve targets for each of the Town's governmental funds. Fiscal reserves provide working capital for operations and maintenance activities, funding for IT, vehicle, and equipment needs, fulfillment of legal, regulatory, and contractual obligations and mitigation of risk and liability exposures.

The Town is required to reclassify fund balances into the following five categories to comply with the Governmental Accounting Standards Board Statement (GASB) No. 54, Fund Balance, and Governmental Fund Types.

Non-Spendable: This is a portion of fund balance not available for appropriations by its nature or external restriction. Examples are inventories, prepaid expenses and loans to other agencies.

Restricted: The restricted portion of the fund balance is subject to externally enforceable legal restrictions. Examples are Gas Tax revenues and grant proceeds.

Committed: The committed portion of the fund balance is constrained by the limitations imposed through formal City Council action. Only formal City Council action can remove or modify a previously committed amount.

Unassigned: The Unassigned portion of fund balance is that remaining after the non-spendable, the restricted, the committed, and the assigned fund balances are identified and recorded. The general fund is the only fund that reports a positive unassigned fund balance.

Assigned: The assigned portion of the fund balance is established for intended use by either the City Council or its designee, such as the City Manager. No formal City Council action is needed to remove the intended use. GAAP required reserves, such as the Other Post-Employment Benefits (OPEB) reserve, belong to this category.

Order of Utilization

The Town will use GASB's definitions of fund balance for the annual financial reports (audits) and for all other financial reporting. For all financial planning purposes, the term Budgetary Fund Balance will be used and will include

any portion of the fund balance that is available for appropriation. Portions of the fund balance not available for appropriations will be identified as follows.

The Town shall strive to use the most restricted fund balances prior to utilizing those that are less restricted. This policy establishes the order of use of unrestricted resources as follows:

- > Nonspendable (if funds become spendable)
- > Restricted
- > Committed
- > Assigned
- > Unassigned

Finance Reporting

A system of effective internal controls will be maintained that ensures only properly authorized expenditures, recordings of financial transactions, and accounting entries are executed. Along with providing management information and meeting reporting requirements.

Accounting and Finance Responsibilities

Management's discussion and analysis (MD&A). MD&A should introduce the basic financial statements and provide an analytical overview of the government's financial activities. Each basic financial statement should include:

1. Government-wide financial statements, consisting of a statement of net assets and a statement of activities.
2. A series of statements that focus on information about the government's major governmental and enterprise funds, including its blended component units.

Annual Audit

The Town aims to maintain its accounting records, processes, and procedures in a manner that supports the issuance of an unmodified (clean) audit opinion. Responsibility for the accuracy of financial information and the completeness and fairness of its presentation—including all required disclosures—rests with Town management.

Each year, an independent public accounting firm with expertise in municipal finance conducts the Town's financial audit. The resulting audit opinion is included in the Town's Annual Comprehensive Financial Report (ACFR), which is organized into three primary sections: introductory, financial, and statistical. The independent auditor's report appears first within the financial section.

Following the auditor's report, the Management's Discussion and Analysis (MD&A) provides a narrative overview of the Town's financial performance. It includes a comparative analysis of current and prior year results, highlights significant financial trends, and discloses key events or decisions affecting the Town's fiscal position. The MD&A serves to enhance readers' understanding of the Town's financial statements by offering context and analysis.

Accounting During a Disaster

The Finance and Administrative Services Department is responsible for the Town's participation in disaster assistance funding. Breaking down responsibilities into four main sections, (1) Compensation and Claims Unit, (2) Cost and Purchasing Unit, (3) Time Keeping Unit, and the (4) Recovery Unit. Ensuring that the Finance and Administrative Services Department continues to assist staff, elected officials, and the Town in saving time and energy when making financial decisions, promoting public confidence, and the development emergency management.

In the case of an emergency all reimbursements that are based on disaster related expenses should be recorded by each department. Each department is responsible for keeping thorough, accurate and complete records regarding all expenses that are incurred as a latter result of a declared disaster. Without proper documentation, requests for reimbursement will be denied.

Investment Policy

Adopted by the City Council on February 20, 2025

1.0 Philosophy

It is the policy of the Town of Los Altos Hills to invest public funds in a manner that will provide a reasonable rate of investment return while minimizing exposure to loss of capital and thereby maintaining a consistent source of revenues for the Town. This policy establishes the parameters for the Town's investment strategies.

2.0 Delegation of Authority

Authority to manage the Town of Los Altos Hills' investment program is derived from the California Government Code Section 53600 et seq. The City Council shall approve all modifications to the investment strategy and the selection or dismissal of an investment advisor. Administration of the Council-approved investment strategy is hereby delegated to the City Manager, who shall be responsible for supervising all treasury activities of the Town's Finance Director and who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, delivery vs. payment, investment accounting, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegations of authority to persons responsible for investment transactions. No person may engage in any investment transactions except as provided under the terms of this policy and the procedures established by the City Manager or her/his designee. The City Manager or her/his designee shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

3.0 Scope

This investment policy applies to all financial assets of the Town of Los Altos Hills. These funds are accounted for in the Town of Los Altos Hills' Annual Comprehensive Financial Report (ACFR) and include:

3.1 Funds

General Fund	Enterprise Funds
Special Revenue Funds	Capital Projects Funds
Trust and Agency Funds	
Any new fund, unless specifically exempted	

3.2 *The following financial assets are excluded:*

Deferred Compensation Plans – Investments are directed by the individual plan participants.

Debt Service Funds Held by Trustees – Investments are placed in accordance with bond indenture provisions.

Notes and Loans – Investments are authorized by separate agreements approved by City Council.

Retiree and Retiree Medical Plans

Except as noted, the Town of Los Altos Hills will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

4.0 Prudence

Investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investments, considering the probable safety of their capital as well as the probable income to be derived.

4.1 *Standard of prudence:*

The standard of prudence to be used by investment officials shall be the “prudent investor” standard and shall be applied in the context of managing an overall portfolio. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

5.0 Objective

The primary objectives, in priority order, of the Town of Los Altos Hills’ investment activities shall be:

5.1 *Safety:*

Safety of principal is the foremost objective of the investment program. Investments of the Town of Los Altos Hills shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective is to minimize (1) credit risk, through diversifying the portfolio among the authorized investment types with pre-qualifying financial institutions and broker dealers, and (2) interest rate risk, by structuring portfolio maturities to match cash requirements and investing operating funds in shorter-term securities.

5.2 *Liquidity:*

The Town of Los Altos Hills’ investment portfolio will remain sufficiently liquid to enable the Town of Los Altos Hills to meet all operating requirements which might be reasonably anticipated. In addition to structuring the portfolio so that securities mature concurrent with cash needs, suitable investments (Section 6.0) consist largely of securities with active secondary or resale markets.

5.3 *Return on Investments:*

The Town of Los Altos Hills’ investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the Town of Los Altos Hills’ investment risk constraints and the cash flow characteristics of the portfolio.

6.0 Authorized and Suitable Investments

Where this section specifies a percentage limitation for a particular security type, that percentage is applicable only on the date of purchase. Credit criteria listed in this section refers to the credit rating at the time the security is purchased. Where credit requirements in this section refer to a minimum credit rating, this minimum is regardless of any category modifiers such as “+” or “-”. If an investment’s credit rating falls below the minimum rating required at the time of purchase, the City Manager will perform a timely review and decide whether to sell or hold the investment.

The Town of Los Altos Hills is empowered by Government Code Section 53601, 53601.6, 53601.8, 53635, 53635.2, 53638, and 53684 which includes a number of requirements on how and where public money may be invested. Within the context of limitations, the following investments are authorized, as further

limited herein. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment. The Town is empowered by statute to invest in the following type of securities:

1. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, Commission, agency or authority of the state or any local agency; provided that the obligations are rated in one of the three highest categories by a nationally recognized statistical rating organization (NRSRO). Purchases of municipal obligations in sections 3 and 4 combined may not exceed 30 percent of the Town's investment portfolio.
4. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of these states; provided that the obligations are rated in one of the three highest categories by a NRSRO. Purchases of municipal obligations in sections 3 and 4 combined may not exceed 30 percent of the Town's investment portfolio.
5. Bankers' Acceptances with a rating of the highest ranking or highest letter and number rating as provided for by a NRSRO. Purchases of bankers' acceptances may not exceed 180 days. No more than 40% of the Town's investment portfolio may be invested in bankers' acceptances and no more than 30% of the Town's investment portfolio may be invested in the bankers' acceptances of any one commercial bank.
6. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):
 - (1) The entity meets the following criteria:
 - (A) Is organized and operating in the United States as a general corporation.
 - (B) Has total assets in excess of five hundred million dollars (\$500,000,000).
 - (C) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a NRSRO.
 - (2) The entity meets the following criteria:
 - (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - (B) Has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
 - (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO. Eligible commercial paper shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and county, may invest no more than 25% of their moneys in eligible commercial paper.

Eligible commercial paper associated with less than \$100,000,000 of investments shall have a maximum maturity of 270 days or less. Local agencies, other than counties or a city and

county, may invest no more than 25% of their moneys and no more than 5% per issuer in eligible commercial paper. Eligible commercial paper associated with more than or equal to \$100,000,000 of investments and Pooled Funds shall have a maximum maturity of 270 days or less. Local Agencies other than counties or a city and county, may invest no more than 40% of their moneys and no more than 5% per issuer in eligible commercial paper.

7. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California, including U.S. branches of foreign banks licensed to do business in California. All time deposits must be collateralized in accordance with California Government Code section 53651. Purchase of FDIC insured or fully collateralized time certificates of deposit may not exceed 50% of the Town's investment portfolio.
8. Negotiable Certificates of Deposit (CD) issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally- or state-licensed branch of a foreign bank. No more than 30% of the Town's portfolio may be invested in negotiable CDs and eligible CDs must be rated in one of the three highest categories by a NRSRO.
9. Local Agency Investment Fund (LAIF). Investments in LAIF shall not exceed \$75 million.
10. Insured savings account or bank money market account. In accordance with California Government Code Section 53635.2 to be eligible to receive local agency deposits a financial institution must have received a minimum overall "satisfactory" rating for meeting the credit needs of California communities in its most recent evaluation.
11. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a1, et seq.). To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally recognized rating services or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds and with assets under management in excess of \$500,000,000. The purchase price of shares shall not exceed 20% of the investment portfolio and 10% per money market fund.
12. California Asset Management Program. (CAMP), as long as the portfolio is rated among the top two rating categories by a NRSRO. There is no limit on the percentage of CAMP that may be held in the Town's portfolio.
13. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed 30% of the agency's money and 5% per issuer that may be invested pursuant to this section.
14. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by a NRSRO and shall not exceed 30% of the agency's moneys that may be invested pursuant to this section. (Supranationals).

15. Mortgage Pass-Through and Asset-Backed Securities including equipment lease-backed certificates, consumer receivable passthrough certificates, or consumer receivable-backed bonds of a maximum remaining maturity of five year. Securities eligible for investment under this subdivision shall be rated in a rating category of "AA," its equivalent or better by at least one NRSRO. Purchase of securities authorized by this subdivision may not exceed 20 percent of the Town's total portfolio.

Summary Table of Permitted Investments

Investment Instruments	Calif. Code Limitation (Maturity, % of Portfolio, Rating)	Town Policy Limitation (Maturity, % of Portfolio, Rating)
U.S. Treasury	5 years 100% of portfolio	5 years 100% of portfolio
Federal Agency (including mortgagebacked securities and callable securities)	5 years 100% of portfolio	5 years 100% of portfolio
Municipal Obligations (including notes issued by the State of California, California local agencies, and the other 49 states)	5 years 100% of portfolio	5 years 30% of portfolio Credit rating category of "A" or its equivalent or higher by a NRSRO
Bankers' Acceptances	180 days 40% of portfolio 40% per issuer	180 days 40% of portfolio 30% per issuer
Commercial Paper (under \$100,000,000 of investments)	270 days 25% of portfolio 10% per issuer	270 days 25% of portfolio 5% per issuer
	Long term credit rating category of "A" and short term rating of "A-1" or its equivalent or higher by a NRSRO	Long term credit rating category of "A" and short term rating of "A-1" or its equivalent or higher by a NRSRO
Commercial Paper (min. \$100,000,000 of investments) and Pooled Funds	270 days 40% of portfolio 10% per issuer	270 days 40% of portfolio 5% per issuer
	Long term credit rating category of "A" and short term rating of "A-1" or its equivalent or higher by a NRSRO	Long term credit rating category of "A" and short term rating of "A-1" or its equivalent or higher by a NRSRO
Deposits (Collateralized/FDIC)	100% ¹ of portfolio	5 years 50% of portfolio
Negotiable CDs	5 years 30% of portfolio	5 years 30% of portfolio 5% per issuer
		Credit rating category of "A" or its equivalent or higher by a NRSRO
LAIF	\$75 million	\$75 million
Money Market Funds	20% of portfolio 10% per fund	20% of portfolio 10% per fund
JPA (CAMP)	100% of portfolio	100% of portfolio
Medium-Term Notes	5 years 30% of portfolio 10% per issuer	5 years 30% of portfolio 5% per issuer
	Credit rating category of "A" or its equivalent or higher by a NRSRO	Credit rating category of "A" or its equivalent or higher by a NRSRO
Supranationals	5 years 30% of portfolio	5 years 30% of portfolio
	Credit rating category of "AA" or its equivalent or higher by a NRSRO	Credit rating category of "AA" or its equivalent or higher by a NRSRO
Mortgage Pass-through and Asset-Backed Securities	5 years or less 20% of portfolio	5 years or less 20% of portfolio
	Credit rating category of "AA" or its equivalent or higher by a NRSRO	Credit rating category of "AA" or its equivalent or higher by a NRSRO

¹For deposit placement services.

7.0 Authorized Financial Dealers and Institutions

To provide for the optimum yield in the Town's portfolio, the Town's procedures shall be designed to encourage competitive bidding on transactions from an approved list of broker/dealers. The Town may engage the services of an external investment advisor to assist in the management of the Town's investment portfolio in a manner consistent with this investment policy. If the Town hires an investment adviser to provide investment management services, the adviser is authorized to transact with its direct dealer relationships on behalf of the Town. Approved investment adviser firms must provide their services to the Town on a fiduciary capacity and be registered with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940. The advisor shall have more than five years' experience in managing public funds and shall have at minimum \$1 billion under management. The City Manager, or the Town's investment advisor, shall maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes. This list will be developed after a comprehensive credit and capitalization analysis indicates the firm is adequately financed to conduct business with public entities. It shall be the policy of the Town to purchase securities only from those authorized institutions or firms.

8.0 Safekeeping and Custody

To protect against potential fraud and embezzlement, or losses caused by a collapse of an individual securities dealer all security transactions entered into by the Town of Los Altos Hills shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian, in the Town of Los Altos Hills' name and control, designated by the City Manager or her/his designee and evidenced by safekeeping receipts.

9.0 Collateralization

Collateralization will be required on certificates of deposit as specified under Government Code Section 63630 et seq in order to anticipate market changes and provide a level of security for all funds. All time deposits must be collateralized in accordance with California Government Code section 53651.

The Town of Los Altos Hills chooses to limit collateral to the following:

Collateral will always be held by an independent third party. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the Town of Los Altos Hills and retained.

The right of collateral substitution is granted.

10.0 Internal Control

The Town of Los Altos Hills is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuses. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by the City Manager and staff.

The City Manager or designee shall arrange for an annual audit by an external CPA firm in compliance with the requirements of state law and generally accepted accounting principles as pronounced by the Government Accounting Standards Board (GASB). As a part of the audit, investment transactions will be tested. The annual audit will be an integral part, but not the sole part of management's program of monitoring internal controls.

The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and recordkeeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

11.0 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. These officers and employees involved in the investment process shall disclose to the City Manager any material financial interest in financial institutions that conduct business with this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Town of Los Altos Hills, particularly with regard to the time of purchases and sales. Employees and investment officials shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Town of Los Altos Hills.

12.0 Diversification

The Town of Los Altos Hills will diversify its investments by security type and institution. Limits are provided for in Section 6.0. With the exception of U.S. Treasury and Federal Agency securities, municipal bonds, supranational bonds, and authorized pools such as CAMP or LAIF, no more than 5% of the Town of Los Altos Hills' total investment portfolio will be invested in a single issuer.

13.0 Maximum Maturities

To the extent possible, the Town of Los Altos Hills will attempt to match its investments with anticipated cash flow requirements. The Town of Los Altos Hills will not directly invest in securities maturing more than five (5) years from the settlement date unless City Council has provided approval for a specific purpose at least three (3) months before the investment is made. The calculation of an investment's remaining maturity/term is to be measured from the settlement date to final maturity.

Debt reserve funds may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

The Town of Los Altos Hills will retain operating reserves as adopted by the City Council. The amount of active deposits and inactive investments with a maturity of one year or less shall always be equal to greater than any draw on these reserves required by the annual operating budget.

Securities may be sold prior to maturity to accommodate the Town's cash flow requirements, to reposition the portfolio to perform well in the current market, or to take advantage of market opportunities to increase the Town's rate of return.

14.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the Town's investment risk constraints and cash flow needs.

14.1 Market Yield (Benchmark):

Suitability should be the standard for evaluating the success of the Town's investment portfolio. Given this strategy and the active investment management utilized by the Town, the basis used to determine whether market yields are adequate shall be the ICE BofAML 1-5 year U.S. Treasury Index. 15.0 Reporting The City Manager is charged with the responsibility of including a market report on investment activity and returns in the Town of Los Altos Hills' Cash and Investment Report. The Report will be in compliance with California Government Code Section 53646. 16.0 Investment Policy Adoption The Town of Los Altos Hills' investment policy shall be adopted by the City Council. The policy shall be reviewed annually by the Finance and Investment Committee and any modifications made thereto must be approved by the City Council.

15.0 Reporting

The City Manager is charged with the responsibility of including a market report on investment activity and returns in the Town of Los Altos Hills' Cash and Investment Report. The Report will be in compliance with California Government Code Section 53607 and will include:

- The monthly report shall include an accounting of all receipts, disbursements, and fund balances.
- The quarterly reports shall include the book and market value of the cash investment, the classification of the investment, the name of the institution or entity, the rate of interest, and the maturity dates for all securities.
- The quarterly report will include a statement of compliance of the portfolio with the investment policy or an explanation as to why the portfolio is not in compliance per Government Code 53646(b)(2).
- The quarterly report will include a statement on availability of funds to meet its obligations within the next six months per Government Code 53646(b)(3).

As a good reporting practice, the Report will be submitted on a quarterly basis and provided to the Council within 45 days following the end of the month.

16.0 Investment Policy Adoption

The Town of Los Altos Hill's' investment policy shall be adopted by the City Council. The policy shall be reviewed annually by the Finance and Investment Committee and any modifications made thereto must be approved by the City Council.

Glossary of Terms - Financial Policy

Bankers' Acceptances

Short-term credit arrangements that enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at maturity. An acceptance is a high-grade negotiable instrument.

Benchmark

A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk the average duration of the portfolio's investments.

Broker

Someone who brings buyers and sellers together and is compensated for her/his service.

California Asset Management Program (CAMP)

CAMP is a joint powers authority which provides investment services to local governments through its investment pool. The pool is AAAM-rated by Standard and Poor's, and provides same-day availability to funds up to 11:00AM Pacific. The pool strives to maintain stable asset value.

Certificates of Deposit

1. Negotiable Certificates of Deposit are large-denomination CDs. They are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. CDs that mature beyond this range pay interest semi-annually. Negotiable CDs are issued by U.S. banks (domestic CDs), U.S. branches of foreign banks (Yankee CDs), and thrifts. There is an active secondary market for negotiable domestic and Yankee CDs. However, the negotiable thrift CD secondary market is limited. Yields on CDs exceed those on U.S. treasuries and agencies of similar maturities. This higher yield compensates the investor for accepting the risk of reduced liquidity and the risk that the issuing bank might fail. State law does not require the collateralization of negotiable CDs.
2. Non-negotiable Certificates of Deposit are time deposits with financial institutions that earn interest at a specified rate for a specified term. Liquidation of the CD prior to maturity incurs a penalty. There is no secondary market for these instruments; therefore, they are not liquid. They are classified as public deposits, and financial institutions are required to collateralize them. Collateral may be waived for the portion of the deposits that are covered by FDIC insurance.

Collateral

Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Collateralization

Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security. Also refers to securities pledged by a bank to secure deposits of public moneys.

Dealer

Someone who acts as a principal in all transactions, including buying and selling from her/his own account.

Delivery v. payment

The preferred method of delivering securities, with an exchange of money for the securities.

Demand deposits

A deposit of monies which are payable by the bank upon demand of the depositor.

Derivative

Securities that are based on, or derived from, some underlying asset, reference date, or index.

Diversification

Dividing investment funds among a variety of securities offering independent returns.

Federal Depository Insurance Corporation (FDIC)

A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

Federal Home Loan Bank (FHLB)

A federal agency that provides credit and liquidity in the housing market. FHLB issues discount notes and semi-annual pay coupon securities.

Federal Home Loan Mortgage Corporation (FHLMC)

A federal agency that provides credit and liquidity in the housing market. FHLMC, also called "Freddie Mac," issues discount notes, semi-annual pay coupon securities and mortgage-backed securities.

Federal National Mortgage Association (FNMA)

A federal agency that provides credit and liquidity in the housing market. FNMA, also called "Fannie Mae," issues discount notes, semi-annual pay coupon securities and mortgage-backed securities.

Liquidity

An asset that can easily and rapidly be converted into cash without significant loss of value.

Local Agency Investment Fund (LAIF)

The LAIF was established by the State of California to enable treasurers to place funds in a pool for investments. There is a limitation of \$50 million per agency subject to a maximum of fifteen total transactions per month. The Town uses this fund when market interest rates are declining as well as for short-term investments and liquidity. Town funds in LAIF are limited to \$40 million.

Maturity

The date upon which the principal or stated value of an investment becomes due and payable.

Mortgage-Backed Security

Debt obligations that represent claims to the cash flows from pools of mortgage loans, most commonly on residential property.

Portfolio

Combined holding of more than one stock, bond, commodity, cash equivalent or other asset. The purpose of a portfolio is to reduce risk through diversification.

Repurchase Agreement

A form of collateralized loan involving the sale of a security with a simultaneous agreement by the seller to buy the same security back from the purchaser at an agreed-on price and future date. The party who sells the security at the inception of the repurchase agreement and buys it back at maturity is borrowing money from the other party, and the security sold and subsequently repurchased represents the collateral.

Safekeeping

Offers storage and protection of assets provided by an institution serving as an agent.

Supranational Bonds

A bond issued by a supranational agency such as the World Bank.

U.S. Treasury Bills

Commonly referred to as T-Bills, these are short-term marketable securities sold as obligations of the U.S. Government. They are offered in three-month, six-month and one year maturities. T-Bills do not accrue interest but are sold at a discount to pay face value at maturity.

U.S. Treasury Notes

These are marketable, medium-term interest-bearing securities sold as obligations of the U.S. Government with original maturities of one to ten years. Interest is paid semiannually.

U.S. Government Agency

Issues Issues which are unconditionally backed by the full faith and credit of the United States.

Yield

The rate of annual income return on an investment, expressed as a percentage. **Income yield** is obtained by dividing the current dollar income by the current market price for the security. **Net yield** or **yield to maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Reserve Policy

Proposed for City Council Adoption on June 26, 2025 Resolution XX-XX

Purpose

This policy establishes reserve targets for the Town's governmental funds to ensure financial stability, operational continuity, and long-term planning. Reserves provide:

- > Working capital for operations and maintenance
- > Funding for equipment, technology, and capital needs
- > Resources to meet legal, regulatory, and contractual obligations
- > A buffer against revenue shortfalls and unforeseen emergencies

Maintaining adequate reserves enhances transparency, supports credit ratings, and helps manage risk through economic or operational disruptions.

Policy

This policy ensures that the Town maintains sufficient cash flow to meet current and future obligations while providing transparency to the public. By establishing targeted reserve levels for each of the Town's governmental funds, the policy supports financial stability, risk mitigation, and long-term planning.

Reserves are essential to address both planned and unplanned needs:

- > Planned needs may include:
 - Funding operating requirements
 - Meeting debt service obligations (if any)
 - Addressing pension and other post-employment benefit (OPEB) liabilities
- > Unplanned needs may include:
 - Offsetting revenue shortfalls
 - Covering unanticipated expenses
 - Responding to emergencies or disasters

Establishing formal reserve targets helps the Town:

- > Maintain adequate working capital
- > Prepare for financial contingencies and emergencies
- > Support strong credit ratings and reduce borrowing costs

This policy defines specific reserve accounts by outlining their purpose, target thresholds, allowable uses, and replenishment procedures. It distinguishes between committed reserves, which are formally designated by City Council for specific purposes, and assigned reserves, which offer greater flexibility and may be used for a range of Town-identified needs. Both committed and assigned reserves may be established, modified, applied, or eliminated by City Council resolution. Committed reserves are restricted to the purposes explicitly stated at the time of designation. In contrast, assigned reserves may support multiple related activities, provided they align with the stated intent of the reserve.

Policy Review and Monitoring

This policy will be reviewed annually during the budget process to ensure alignment with the Town's financial goals and compliance with applicable regulations. As part of the annual review, the Administrative Services Director/ Finance Director will:

- > Recalculate reserve thresholds based on the most recent financial data
- > Evaluate reserve usage and replenishment
- > Recommend any policy or funding adjustments for inclusion in the budget

In addition to the annual review, reserve balances will be monitored mid-year and presented to the City Council as part of the mid-year financial update to promote transparency and timely decision-making.

Committed Reserves

1. Pension Contribution Reserve

Purpose of the Reserve:

The Pension Contribution Reserve is to set aside funds for the Town's estimated unfunded liability. CalPERS prepares an annual Actuarial Report for each of the Town's three pension plans. This reserve is for amounts not included in the Accrued Liability and represents the difference between the currently applied Discount Rate and the lowest Discount Rate measured by CalPERS in its most recent actuarial report. This difference is updated to the most recent past fiscal year end as reported in the related ACFR Pension Footnote.

Threshold of the Reserve:

The Pension Contribution Reserve shall maintain a maximum threshold based on the CalPERS annual actuarial report for each of the Town's three pension plans. The reserve threshold amount is calculated by the following: the difference between the accrued liability at the current discount rate and the accrued liability calculated using the discount rate that is one percentage point lower than the current rate, as shown in the most recent ACFR pension footnote.

The balance of the Town's Section 115 Pension Trust shall be included in the calculation of the Pension Contribution Reserve. The sum of the Pension Contribution Reserve and the Pension Trust balance shall be used to evaluate compliance with the policy threshold.

Usage of the Reserve:

Adjustments to the reserve will result from the discount rate changes in succeeding years per the CalPERS annual report per the Analysis of Discount Rate Sensitivity as updated in the most recent ACFR Pension footnote.

Replenishment of the Reserve:

During the annual budget cycle, the Pension Contribution Reserve will be adjusted to reflect the new threshold amount as described in the preceding Threshold of the Reserve section. These adjustments will be approved by the City Council as part of the annual budget cycle.

2. Technology Reserve

Purpose of the Reserve:

The Technology Reserve is to set aside funds for the Town's future Audio and Visual equipment and software replacement needs.

Threshold of the Reserve:

The threshold will be calculated based on \$460K, the budgeted amount of the AV system, and will be \$46K for the following 10 years for upgrades and replacement of the equipment.

Usage of the Reserve:

Eligible expenditures will be for AV System and software to be upgraded or replaced throughout the fiscal year. These expenditures will be determined on an annual basis.

Replenishment of the Reserve:

The Technology Reserve will be adjusted up or down, as necessary, to equal the threshold. These expenditures will be determined on an annual basis.

3. Vehicle and Equipment Replacement Reserves

Purpose of the Reserve:

The Vehicle and Equipment Replacement Reserve is to set aside funds for the Town's current and future vehicle and equipment replacement needs. The Town maintains a vehicle and equipment replacement schedule for all Town vehicles and equipment. This schedule is updated as equipment is added or removed from service.

Threshold of the Reserve:

The threshold of the Vehicle and Equipment Replacement Reserve will be calculated each year during the annual budget cycle. This threshold will be the sum of the amount determined for each piece of equipment on the Vehicle and Equipment replacement schedule based on future replacement costs of the item divided by its useful life and multiplied by the number of years in service, but in no event greater than the future replacement cost.

Usage of the Reserve:

Eligible expenditures include vehicles and/or equipment replacements purchased throughout the fiscal year. These expenditures will be determined on an annual basis.

Replenishment of the Reserve:

During the annual budget cycle, the Vehicle and Equipment Replacement Reserve will be adjusted up or down, as necessary, to equal the threshold. Any adjustments will be approved by the City Council as part of the annual budget cycle.

4. Facilities Replacement Reserves

Purpose of the Reserve:

The Facilities Replacement Reserve is to set aside funds for the Town's current and future facility improvement and replacement needs. The Town maintains a facility schedule for all Town facilities. Additions to the facilities schedule occur when Town facilities are either improved or new Town facilities are added. Deletions occur as Town facilities are demolished and removed from service.

Threshold of the Reserve:

The threshold of the Facilities Replacement Reserve will be calculated each year during the annual budget cycle. This threshold will be comprised of two parts. For existing buildings, it will be the cumulative depreciation of the buildings listed in the fixed asset schedule as reported in the most recent ACFR Capital Asset Footnote. Added to this amount is any remaining unspent funds appropriated to construct additions or improvements to facilities.

Usage of the Reserve:

Eligible expenditures include facilities improvements, renovations, or demolitions that occur throughout the fiscal year. These expenditures will be determined on an annual basis.

Replenishment of the Reserve:

During the annual budget cycle, the Facilities Replacement Reserve will be adjusted up or down, as necessary, to equal the threshold. Any adjustments will be approved by the City Council as part of the annual budget cycle.

5. Disaster Contingency Reserve:

The Disaster Contingency Reserve is to set aside funds for emergencies that may arise within the Town that have not been federally and or state declared disasters. To constitute a Town emergency, the disaster or emergency would be natural disasters (i.e. earthquakes, landslides, flooding) or temporary service outages of Town facilities and infrastructure (i.e. extensive debris cleanup from wind events that prohibits travel on Town roads). To be declared a Town Emergency, the Emergency Operations Center and team would be activated for any length of time. Town emergencies are smaller in nature than presidentially declared disasters and governor declared state disasters and are typically contained within the Town boundaries.

Threshold of the Reserve:

The Disaster Contingency Reserve shall maintain a balance not less than \$1,250,000. This amount shall be adjusted up or down, as necessary, each year. Adjustments will be based on the risk assessment performed by the Town's emergency services personnel.

Usage of the Reserve:

The City Manager is the Director of Emergency Services. In the event of a Town emergency, the City Manager would determine eligible expenditures allowable for use of the reserve on a case-by-case basis. If expenditures are incurred, use of the reserve will be considered on an annual basis.

Replenishment of the Reserve:

During the annual budget cycle, the Disaster Contingency Reserve will be adjusted as necessary to equal the threshold. Any adjustments will be approved by the City Council as part of the annual budget cycle.

6. Capital Projects Reserve

Purpose of the Reserve:

The Capital Projects Reserve is to set aside funds to start or complete projects for which the Council has previously appropriated funds, but the projects have not been started or completed.

Threshold of the Reserve:

The Capital Projects Reserve shall maintain a balance equal to the unused prior appropriated funds as shown in the list of capital projects prepared as part of the annual budget process. This amount shall be adjusted up or down, as necessary, each year.

Usage of the Reserve:

The Capital Projects Reserve will be used to fund the completion of the prior appropriated projects as shown in the list of capital projects in the budget.

Replenishment of the Reserve:

During the annual budget cycle, the Capital Projects Reserve will be adjusted as necessary to equal the threshold. Any adjustments will be approved by the City Council as part of the annual budget cycle.

Assigned Reserves

1. General Fund Stabilization Reserve

Purpose of the Reserve:

The General Fund Stabilization Reserve is to establish a minimum unassigned fund balance and to set aside funds for the Town's current and future operational needs in the event of economic downturns or unexpected expenditures.

Threshold of the Reserve:

The General Fund Stabilization Reserve shall maintain a maximum threshold that is equivalent to three months of average operating expenditures in the general fund. Operating expenditures are defined as those expenditures before transfers to other funds and exclude capital expenditures (less that portion of Community Development costs that are recovered through charges for services). The figures from the most recent ACFR shall be used for calculating the threshold amount.

Usage of the Reserve:

Allowable expenditures for use in this reserve shall be determined on a case-by-case basis. Examples of allowable expenditures include, but are not limited to, significant economic downturn that result in diminished property taxes revenues, thus resulting in a need for use of the reserve to balance the annual general fund budget. These expenditures will be recommended by the City Manager and approved by the City Council. If expenditures are recommended and approved, use of this reserve will be considered on an annual basis.

Replenishment of the Reserve:

During the annual budget cycle, the General Fund Stabilization Reserve will be reviewed and updated based on the most recent audited and issued Annual Comprehensive Financial Report. Any adjustments will be approved by the City Council as part of the annual budget cycle.

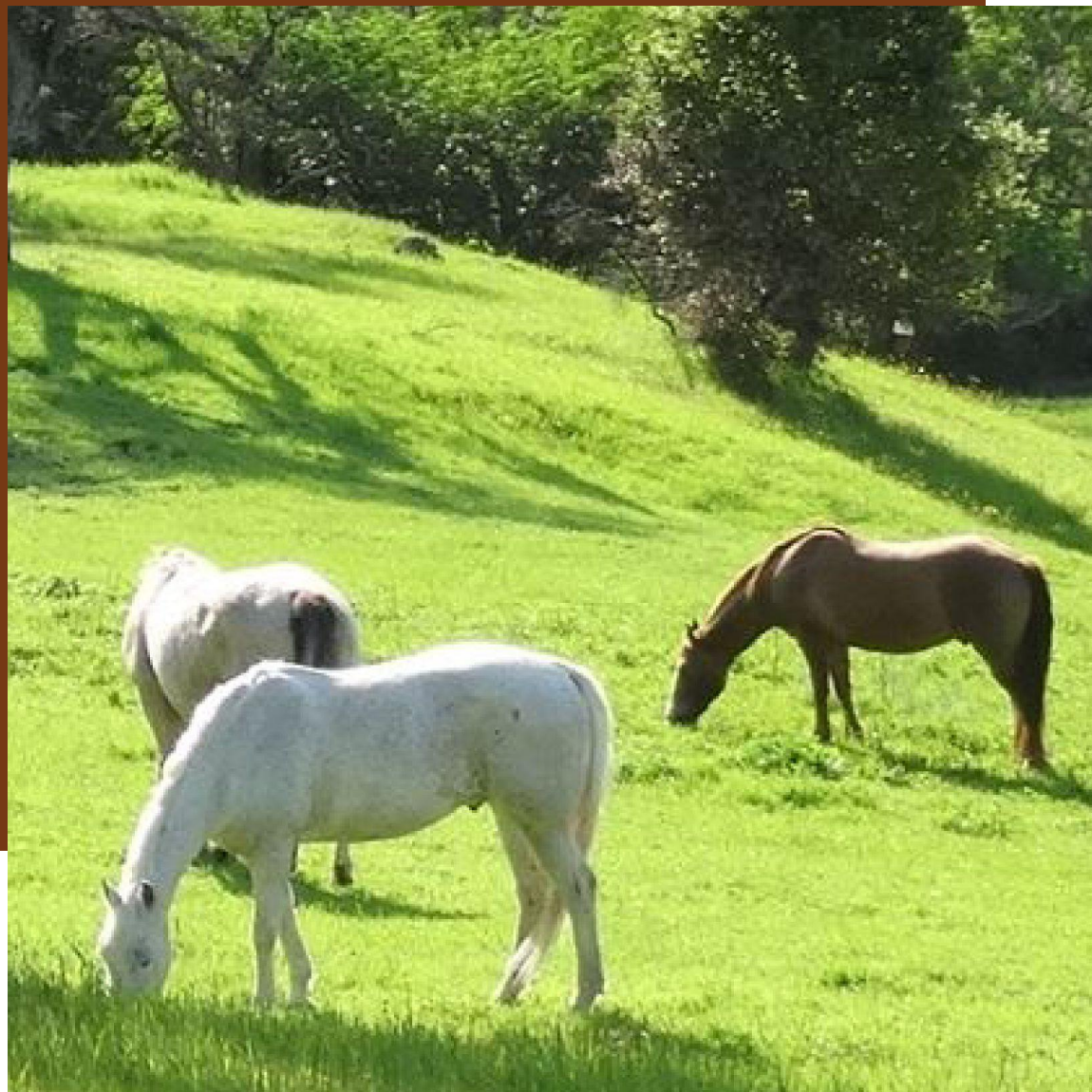
LOS ALTOS HILLS



CALIFORNIA

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Appendix



Glossary of Terms in Budget

Accounting System: The methods and records established to identify, assemble, analyze, classify, record and report a government's transactions and to maintain accountability for the related assets and liabilities.

ACFR: abbreviation. Annual Comprehensive Financial Report. This is the Town's financial statement, which includes auditor's opinion and other financial information pertinent in evaluating the Town's financial health.

Adopted Budget: The official budget as approved by the City Council at the start of each fiscal year.

Agency Fund: A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.

Amended Budget: The official budget as adopted and as amended by the City Council through the course of a fiscal year.

Annual Budget: A budget applicable to a single fiscal year.

Annual Financial Report: A financial report applicable to a single fiscal year.

Appropriated Budget: The expenditure authority created by the appropriation bills or ordinances, which are signed into law, and the related estimated revenues. The appropriated budget would include all reserves, transfers, allocations, supplemental appropriations and other legally authorized legislative and executive changes.

Appropriation: A legal authorization granted by a legislative body for a given period to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASD: abbreviation. Administrative Services Department

Assessed Valuation: The estimated value placed upon real and personal property by the County Assessor as the basis for levying property taxes.

Audit: Prepared by an independent Certified Public Accountant, the primary objective of an audit is to determine if the City's financial statements present fairly the City's financial position and results of operations in conformity with generally accepted accounting principles.

Authority: A government or public agency created to perform a single function or restricted group of related activities.

Balanced Budget: A balanced budget exists when total revenues are equal to, or greater than, total expenses.

Bond Covenant: A legally enforceable promise made by an issuer of bonds to the bondholders, normally contained in the bond resolution or indenture.

Budget: A plan of financial operation embodying an estimate of the proposed expenditures for a given period and the proposed means of financing them.

Capital Budget: A plan or proposed capital outlays and the means of financing them.

Capital Improvement Program: A plan for capital improvements to be implemented each year over a fixed period of years to meet capital needs arising from the assessment of long-term needs. It sets forth each project in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

Capitalized Expenditures: Expenditures resulting in the acquisition and/or construction of fixed assets.

Contracted Services: Services rendered in support of City operations and activities by external parties. These may be based upon either formal contracts or ad hoc charges.

Contingency: A budgetary reserve set-aside for emergencies or unforeseen expenditures not otherwise budgeted.

Cost Accounting: The method of accounting that provides for assembling and recording of all the elements of cost incurred to accomplish a purpose, to

carry on an activity or operation, or to complete a unit of work or a specific job.

Cost Allocation Plan: A comprehensive analysis of the appropriate distribution of overhead costs from the Town's General Government Departments to the various service departments – Public Works, Community Development and Parks & Recreation.

Cost of Services: Payments made by customers for publicly provided services that benefit specific individuals and exhibit "public good" characteristics. They include such fees as recreational fees, building permit fees, etc.

Debt Service Fund: A fund established for the payment of interest and principal on all debt other than payable exclusively from special assessments.

Department: A major organizational group of the City with overall management responsibility for an operation or a group of related operations within a functional area.

Depreciation: (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence. (2) That portion of the cost of a capital asset which is charged as an expense during a particular period.

Division: An organizational subgroup of a department.

Employee Services: Salaries plus fringe benefits earned by employees of the organization for work performed.

Encumbrance: The commitment of appropriated funds to purchase goods that have not yet been received, or services that have yet to be rendered.

Enterprise Fund: A fund established to account for operations financed and operated in a manner similar to private business enterprises. In this case, the governing body intends that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Entitlement: The amount of payment to which a state or local government is entitled pursuant to an allocation formula contained in applicable statutes.

EOC: abbreviation. Emergency Operation Center. This is only activated during an emergency situation by authorized Town personnel.

ERAF: abbreviation. **Educational Revenue Augmentation Fund.** A shift of property tax revenues from cities, counties and other local agencies to the State in support of schools.

Expenditure: Decreases in net financial resources. Expenditures include current operating expenses, which require the current or future use of net current assets, debt service, and capital outlays.

FIC: abbreviation. Finance and Investment Committee.

Fiscal Year: A 12-month period (usually July 1st through June 30th) to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations.

Fixed Assets: Equipment costing \$5,000 or more, including tax, and not qualifying as a capital improvement project.

Full-Time Equivalent (FTE): The conversion of full-time and part-time employee hours to an equivalent of a full-time position. For example: one person working half-time would count as 0.5 FTE.

Fund: A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance: The difference between fund assets and fund liabilities of governmental and similar trust funds.

General Fund: The fund used to account for all financial resources, except those required to be accounted for in another fund.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards of/ and guidelines for financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules and procedures necessary to define accepted

accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provides a standard by which to measure financial presentations.

Governmental Funds: Funds general used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

Grants: Contributions of cash or other assets from another governmental agency (usually) to be expended or used for a specified purpose, activity or facility.

Infrastructure: All City owned facilities supporting the operation of the governmental unit. It includes: streets, roads, bridges, curbs and gutters, parks, water and sewer lines, storm drains, water pump stations and reservoirs, water wells, sewer lift stations, all government buildings and related facilities.

Internal Service Fund: A fund used to account for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis.

Investment: Securities and real estate purchased and held for the production of income in the form of interest, dividends, rentals or base payments.

Long Term Debt: Debt with a maturity of more than one year after the date of the issues.

Materials & Services: Expenses which are charged directly as a part of the cost of a service.

Modified Accrual Basis: The accrual basis of accounting where revenues are recognized when they become both "measurable" and "available" to finance expenditures of the current period. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting.

Net Income (Loss): Proprietary fund excess (deficit) of operating revenues and operating transfers-in over operating expenses, non-operating expenses and operating transfers-out.

Non-Operating Expenses: Proprietary fund expenses not directly related to the fund's primary activities (e.g. interest).

Non-Operating Revenues: Proprietary fund revenues incidental to, or by-products of, the fund's primary activities.

Operating Expenses: Proprietary fund expenses related directly to the fund's primary activities.

Operating Income: The excess of proprietary fund operating revenues over operating expenses.

Operating Revenues: Proprietary funds revenues directly related to the fund's primary activities. They consist primarily of user charges for goods and services.

Operating Transfers: Legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended, such as transfers from the General Fund to a Special Revenue or Capital Projects Fund.

Ordinance: A formal legislative enactment by the City Council. If it is not in conflict with any higher form of law, it has the full force and effect of law within the boundaries of the City.

PCI: abbreviation. Pavement Condition Index.

Preliminary Budget: A budget in its preliminary preparation stage prior to review and formulation by the City Council. In the preliminary stage, a budget forecasts current costs into the future and new or modified spending proposals for the future.

Program: Group activities, operations, or organization units directed to attaining specific purposes or objectives.

Program Purpose: A general statement explaining the reason a particular program or division exists.

Proprietary Fund: The classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business and

quasi-business activities are accounted for through proprietary funds.

Reserved Fund Balance: Those portions of fund balance that have not been appropriated for expenditure or that are legally segregated for a specific future use.

Resolution: A special or temporary order of the City Council requiring less formality than an ordinance.

Retained Earnings: An equity account reflecting the accumulated earning of an enterprise or internal service fund.

Revenues: (1) Increases in net current assets of a governmental fund type from other than expenditure refunds and residual equity transfer. (2) Increases in the net total assets of a proprietary fund type from other than expense refunds, capital contributions and residual equity transfers.

Risk Management: All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

Self-Insurance: A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

Service Reimbursements: Transactions that constitute reimbursements to a department/division for expenditures or expenses initially made from it but that properly apply to another department/division.

Service Level Measure: A statement describing an activity conducted or performed by the program/division. A program will usually have many Service Level Measures. Service Level Measures provide quantifiable and qualifiable information as to the level of service to be provided in relation to the level of fund indicated in the budget.

Special Revenue Fund: A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Specific Program Objectives: An "action" statement indicating the new or special activities proposed for a program.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, user charges.

Transfers: Payments from one fund to another ideally for work or services provided, or to cover operating expense shortfalls.

Triple Flip: Backfill of the confiscated local sales tax reimbursed through a series of revenue swapping procedures to guarantee repayment for the California Economic Recovery Bond.

Trust Fund: Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or funds.

RESOLUTION xx-25**RESOLUTION ADOPTING THE PROPOSED FY 2025-26 OPERATING BUDGET AND
FY 2026-30 FIVE-YEAR CAPITAL IMPROVEMENT PLAN BUDGET AND GANN
LIMIT FOR THE TOWN OF LOS ALTOS HILLS AND RESOLUTION APPROVING
THE FY 2025-26 SALARY SCHEDULE**

WHEREAS, the City Council of the Town of Los Altos Hills has received and completed its review of the proposed FY 2025-26 Operating and Capital Budget; and

WHEREAS, the City Council of the Town of Los Altos Hills now desires to adopt the Appropriations Limit and budget for FY 2025-26.

NOW THEREFORE, the City Council of the Town of Los Altos Hills does hereby resolve as follows:

- I. The Gann Appropriations Limit as shown in Exhibit A is hereby approved; and
- II. The Operating and Capital Budget as shown in the FY 2025-26 Proposed Budget presented at the June 26, 2025 Council meeting is hereby approved; and
 - A. The amount of the FY 2025-26 budget for each account area of the budget may be drawn upon in the form of warrants issued for payment of demands and certified in accordance with the provisions of California Government Code Section 37208 and 37209.
 - B. The budget is adopted and shall be controlled at the fund level by department for the operating budget and by the project level for capital improvement projects.
 - C. The City Manager is hereby authorized to move budgeted dollars between departments (for the operating budget) and between projects (for the capital improvement budget) during the fiscal year if those transfers are from the same funding source and the overall cumulative appropriation is not increased.
 - D. The Administrative Services Director/Finance Director is hereby authorized to carry forward unspent appropriations to FY 2025-26 if such funds are necessary to complete budgeted projects.
 - E. The Administrative Services Director/Finance Director is hereby authorized to make corrections to the budget as reflected in the attached budget document that are errors or inconsistencies without increasing overall appropriations within the same funding source.
 - F. The City Manager is hereby authorized to solicit bids on the open market for projects budgeted herein.
 - G. The Administrative Services Director/Finance Director shall periodically report to the City Council the amount and classification of revenues received and expenditures made.
 - H. A copy of the adopted budget, signed by the Mayor and attended to by the City Clerk, shall be kept on file with the City Clerk of the Town of Los Altos Hills, as the official budget of the Town of Los Altos Hills for the FY 2025-26;

The above and foregoing Resolution was passed and adopted by the City Council of the Town of Los Altos Hills at a regular meeting held on the 26th day of June 2025 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

BY: _____
Kavita Tankha, Mayor

ATTEST:

Arika Birdsong-Miller, City Clerk

Town of Los Altos Hills

FY 2025-26 Gann Limit Calculation

The Town is required by Article XIII B of the California Constitution (Proposition 4) to calculate, each fiscal year, the maximum amount of appropriations subject to limitation. This “Gann Limit” is designed to restrict the annual growth of tax revenues used to fund governmental operations.

Proposition 111, approved by voters in June 1990, amended Article XIII B to provide greater flexibility in calculating the limit by allowing the use of additional growth factors. Each year, the Town selects the applicable factors—such as population and cost of living changes—to determine the maximum allowable increase in the appropriations limit.

For FY 2025–26, the Town’s appropriations subject to limitation are below the Gann Limit.

Appropriations Limit		Amount
Prior Year Appropriations Limit	\$	9,499,965
Adjustment Factors *		
Population Change (POP)		0.33% City Population
Cost of Living (COL)		6.44% State Per Capita Personal Income
Adjustment Factor = (1+COL)*(1+POP)		106.79%
Current Year Appropriations Limit	\$	10,144,994
Appropriations Subject to Limitation		
Proceeds of Taxes	\$	10,051,954
Less: Exclusions	\$	1,502,095
Appropriations Subject to Limitation	\$	8,549,859
Gann Limit Comparison		
Current Year Appropriations Limit	\$	10,144,994
Less: Appropriations Subject to Limitation	\$	8,549,859
Under / (Over) Limit	\$	1,595,135

* Source: California Department of Finance

ITEM7B Attachment 2

RESOLUTION xx-25**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN
OF LOS ALTOS HILLS APPROVING THE FY 2025-26
SALARY SCHEDULE**

WHEREAS, the City Council of the Town of Los Altos Hills approved the FY 2025-26 Budget by way of Resolution xx-25 on June 26, 2025; and

WHEREAS, the California Public Employees Retirement System (CalPERS) requires that the governing board of each participating agency approve the agency's salary schedule on an annual basis; and

WHEREAS, the City Council of the Town of Los Altos Hills now desires to increase the salary ranges by 2% to 16%, effective July 1, 2025; and

WHEREAS, Exhibit A reflects increases of 2% to 16% to the top and bottom of the range for each position; and

WHEREAS, this is not a cost of living adjustment and pay increases will continue to be determined through the performance review process;

NOW THEREFORE, the City Council of the Town of Los Altos Hills does hereby resolve to approve the FY 2025-26 Salary Schedule.

The above and foregoing Resolution was passed and adopted by the City Council of the Town of Los Altos Hills at a special meeting held on the 26th day of June 2025 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
Kavita Tankha, Mayor

ATTEST:

Arika Birdsong-Miller, City Clerk

FY 2025-26 Salary Schedule

	Annual Range		Hourly Range	
	Minimum	Maximum	Minimum	Maximum
City Manager-Set by Contract	\$ 303,960	\$ 303,960	<i>salary</i>	
Deputy City Manager	\$ 166,312	\$ 224,522	<i>salary</i>	
Assistant to the City Manager	\$ 139,261	\$ 188,004	<i>salary</i>	
Management Analyst II	\$ 114,903	\$ 155,121	<i>salary</i>	
Management Analyst	\$ 101,995	\$ 137,694	\$ 49.04	\$ 66.20
City Clerk	\$ 142,998	\$ 193,046	<i>salary</i>	
Admin Clerk/Technician	\$ 79,338	\$ 107,105	\$ 38.14	\$ 51.49
Administrative Services Director	\$ 202,451	\$ 273,309	<i>salary</i>	
Finance Director	\$ 192,135	\$ 259,643	<i>salary</i>	
Finance Manager	\$ 157,297	\$ 212,351	<i>salary</i>	
Senior Accountant	\$ 126,833	\$ 171,223	<i>salary</i>	
Accountant	\$ 104,098	\$ 140,531	\$ 50.05	\$ 67.56
Accounting Technician	\$ 94,306	\$ 127,314	\$ 45.34	\$ 61.21
Accounting Office Assistant	\$ 82,915	\$ 111,935	\$ 39.86	\$ 53.81
Community Development Director	\$ 202,451	\$ 273,309	<i>salary</i>	
Assistant Community Development Director/Building	\$ 166,312	\$ 224,522	<i>salary</i>	
Principal Planner	\$ 142,744	\$ 192,705	<i>salary</i>	
Senior Planner	\$ 126,639	\$ 170,962	<i>salary</i>	
Associate Planner	\$ 110,222	\$ 148,797	\$ 53.00	\$ 71.54
Assistant Planner	\$ 93,283	\$ 125,931	\$ 44.85	\$ 60.55
Building Official	\$ 144,241	\$ 194,725	<i>salary</i>	
Deputy Building Official/Plan Examiner	\$ 120,486	\$ 162,651	<i>salary</i>	
Senior Building Inspector	\$ 113,283	\$ 152,930	\$ 54.47	\$ 73.53
Building Inspector	\$ 100,323	\$ 135,435	\$ 48.23	\$ 65.12
Building Technician	\$ 83,353	\$ 112,527	\$ 40.08	\$ 54.10
Public Works Director & City Engineer	\$ 202,451	\$ 273,309	<i>salary</i>	
Utility Engineering Manager	\$ 147,086	\$ 198,567	<i>salary</i>	
Project Manager	\$ 138,479	\$ 186,946	<i>salary</i>	
Senior Civil Engineer	\$ 138,479	\$ 186,946	<i>salary</i>	
Associate Engineer	\$ 118,283	\$ 159,683	\$ 56.87	\$ 76.77
Assistant Engineer	\$ 104,909	\$ 141,628	\$ 50.44	\$ 68.09
Public Works Inspector	\$ 96,931	\$ 130,855	\$ 46.60	\$ 62.91
Maintenance Superintendent	\$ 133,740	\$ 180,549	<i>salary</i>	
Maintenance Worker III	\$ 85,307	\$ 115,164	\$ 41.01	\$ 55.36
Maintenance Worker II	\$ 73,559	\$ 99,307	\$ 35.36	\$ 47.74
Maintenance Worker I	\$ 65,802	\$ 88,832	\$ 31.64	\$ 42.71
Community Services Manager	\$ 124,726	\$ 168,375	<i>salary</i>	
Community Services Supervisor	\$ 102,966	\$ 139,005	\$ 49.50	\$ 66.83
Recreation Specialist	\$ 64,773	\$ 87,443	\$ 31.14	\$ 42.04



The Town of Los Altos Hills
26379 Fremont Road
Los Altos Hills, CA 94022

