



**CITY OF PALO ALTO
CITY COUNCIL
Special Meeting
Monday, June 15, 2026
Council Chambers & Hybrid
5:30 PM**

Agenda Item

3. PUBLIC HEARING: Adoption of an Ordinance Adopting the Operating and Capital Budgets, Revised Table of Organization, and Municipal Fee Schedule for Fiscal Year 2027; Adoption of a Resolution Proposing the Appropriations Limit for Fiscal Year 2027 - State Law/ City Charter; Accept the Bi-Annual Actuarial Valuation Report of Palo Alto's Retiree Healthcare and Other Post-Employment Benefits (OPEB) as of June 30, 2025 and Approve Annual Actuarially Determined Contribution for Fiscal Years 2027 and 2028; Authorize the City Manager or their Designee to Negotiate and Execute a Memorandum of Understanding and Funding Agreement (or Lease Agreement Amendment) with the Palo Alto Museum to Provide Cost Sharing for Repairs to the Basement and Waterproofing in the Roth Building and Improvements to Heritage Park Drainage *Supplemental Report Added, Staff Presentation*



City Council Staff Report

From: City Manager

Report Type: ACTION ITEMS

Lead Department: Administrative Services

Meeting Date: June 15, 2026

Report #:2512-5698

TITLE

PUBLIC HEARING: Adoption of an Ordinance Adopting the Operating and Capital Budgets, Revised Table of Organization, and Municipal Fee Schedule for Fiscal Year 2027; Adoption of a Resolution Proposing the Appropriations Limit for Fiscal Year 2027 - State Law/ City Charter; Accept the Bi-Annual Actuarial Valuation Report of Palo Alto's Retiree Healthcare and Other Post-Employment Benefits (OPEB) as of June 30, 2025 and Approve Annual Actuarially Determined Contribution for Fiscal Years 2027 and 2028; Authorize the City Manager or their Designee to Negotiate and Execute a Memorandum of Understanding and Funding Agreement (or Lease Agreement Amendment) with the Palo Alto Museum to Provide Cost Sharing for Repairs to the Basement and Waterproofing in the Roth Building and Improvements to Heritage Park Drainage

RECOMMENDATION

The Finance Committee and Staff recommend that the City Council hold a public hearing to:

1. Adopt the Fiscal Year 2027 Budget Ordinance (Attachment A), which includes:
 - City Manager's Fiscal Year 2027 Proposed Operating and Capital Budgets, previously distributed at the May 4th City Council Meeting (Attachment A, Exhibit 1)
 - Amendments to the City Manager's Fiscal Year 2027 Proposed Operating Budget (Attachment A, Exhibit 2)
 - Amendments to the City Manager's Fiscal Year 2027 Proposed Capital Budget (Attachment A, Exhibit 3)
 - Fiscal Year 2027 City Table of Organization (Attachment A, Exhibit 4)
 - Fiscal Year 2027 Municipal Fee Changes (Attachment A, Exhibit 5)
2. Accept the Fiscal Year 2027 – 2031 Capital Improvement Program (CIP)
3. Adopt a Resolution determining the Appropriations Limit for Fiscal Year 2027 (Attachment B)
4. Accept the June 30, 2025 actuarial valuation of Palo Alto's Retiree Healthcare Plan and fund the annual Actuarially Determine Contribution (ADC) for Fiscal Year 2027 and 2028
5. Authorize the City Manager or their designee to negotiate and execute a Memorandum of Understanding and Funding Agreement (or Lease Agreement Amendment) with the

Palo Alto Museum to provide cost sharing for repairs to the basement and waterproofing in the Roth Building and improvements to Heritage Park drainage.

EXECUTIVE SUMMARY

The FY 2027 Adopted Budget will be \$1.04 billion including the General Fund Budget of \$312.0 million and capital budget across all funds of \$316.8 million. The five-year 2027-2031 Capital Improvement Program (CIP) is \$1.2 billion. Compared to the proposed budget, General Fund expenses overall increased by \$0.9 million, offset by the recognition of estimated new revenue and a reduction of the general fund transfer to the CIP. This net adjustment reflects the combined actions including: restoring partial funding for school crossing guards and Track Watch rail crossing monitors contingent upon PAUSD matching funds, sustaining the Oversized Vehicle (OSV) program at Geng Road alongside enhanced towing capacity, providing a direct allocation to Option C of the Non-Profit Work Plan, capturing target operational savings from Junior Museum & Zoo hourly position reductions, and other technical adjustments. The capital budget across all funds had a net increase of \$2.1 million compared to the proposed budget.

This budget recommends citywide staffing levels of 1,089.10 FTE in FY 2027. This is a net increase of 1.00 full-time FTE. Additionally, a reduction of 0.48 FTE Zoological Assistant, a part-time part-time temporary position, is recommended from the proposed budget.

This memorandum provides all necessary documents and transactions for the City Council adoption of the Fiscal Year (FY) 2027 Operating Budget, Capital Budget, and Municipal Fee schedule effective July 1, 2026, unless otherwise regulated. This action reflects two months of public dialogue by the Council and Finance Committee and provides a summary of all changes to the City Manager's FY 2027 Proposed Budget received by the Council on May 4, 2026. The necessary supporting documents for formal adoption by the City Council include the FY 2027 Budget Ordinance and the Table of Organization, and Resolution for Appropriations Limit for FY 2027.

On May 19, 2026, the Finance Committee (Staff Report #: 2605-6339¹) recommended the City Council adopt the FY 2027 budget inclusive of the Final Recommended Changes (and technical changes) section of this memorandum. The Finance Committee voted unanimously (3-0) to recommend adoption of the Operating and Capital Budgets, the Municipal Fee Schedule, and the FY 2027-2031 Capital Improvement Program as amended. However, the motion to fund the approved City Council Administrative Assistant pilot program with FY 2026 funds through December 2026 was split for the purposes of voting and passed on a 2-1 vote. All changes to the Proposed Budget recommended by the Finance Committee are detailed for the FY 2027 Operating Budget, by fund and by department, in Attachment A, Exhibits 2 and 3.

¹ Finance Committee, May 19 2026; Agenda Item #1; SR #2605-6339

<https://recordsportal.paloalto.gov/WebLink/DocView.aspx?id=88191&dbid=0&repo=PaloAlto&searchid=ab93b1d7-9fab-454a-afcb-bedc8a387cdc>

The City continues to make infrastructure a priority through capital project investments in FY 2027 and through the 2027–2031 Capital Improvement Program (CIP). The FY 2027 budget includes projects to maintain current infrastructure such as streets, sidewalks, and facilities as well as enterprise funded capital needs such as electric, gas and water distribution networks and substantial improvements at the Regional Water Quality Control Plant. The 2027–2031 CIP also includes projects to upgrade the City’s infrastructure by accelerating design and construction timelines for key rail crossing Quiet Zone improvements, implementing regional transportation and bicycle pathway enhancements, and continuing multi-year investments in grid modernization and public safety facilities.

At the conclusion of the Finance Committee Budget Hearings, no referrals were recommended as part of staff’s workplan for FY 2027 for Council consideration.

FY 2027 Appropriation Limit

Also included in this staff report is the approval of the FY 2027 Appropriations (Gann) Limit that is required under Article XIII B to the California State Constitution, as amended by Proposition 98 in 1988 and Proposition 111 in 1990 (Attachment B). The appropriations limit for Fiscal Year 2027 is \$246.8 million with net budgeted appropriation subject to the limit of \$168.21 million. The budgeted appropriations are estimated to be \$78.59 million under the limit (Attachment B, Exhibit 1).

Actuarial Report of Retiree Healthcare and Other Post-Employment Benefits (OPEB)

The City of Palo Alto provides a Retiree Healthcare benefit plan administered by CalPERS. Every two years, staff contracts with an independent actuary to evaluate the plan's status. This actuarial report establishes baseline assumptions to calculate the annual Actuarially Determined Contribution (ADC) and guide trust pre-funding in accordance with Council policy. The report was provided to Finance Committee on May 19 (Staff Report #: 2512-5689). ³

BACKGROUND

The City Charter requires the City Manager prepare and submit to the Council a budget that provides a clear and complete financial plan for all City activities proposed for the coming budget cycle, or fiscal year. The FY 2027 Proposed Operating and Capital Budgets were released April 24, 2026 and transmitted to the City Council at their meeting on May 4, 2026. These documents represent the planned expenditures and revenues for FY 2027 for the various fund types that constitute the City’s Budget: General Funds, Capital Funds, Enterprise Funds, Internal Service Funds, Special Revenue Funds, and Debt Service Funds. The budget documents contain

³ Finance Committee, May 19, 2026; Agenda Item #2; SR #2512-5689
<https://recordsportal.paloalto.gov/WebLink/DocView.aspx?id=88190&dbid=0&repo=PaloAlto&searchid=d9f6aacd-de03-4347-9eca-ef790f500ab0>

an overview section with descriptions of each of these fund types and detailed information of the revenues and expenses for each fund as well as for each individual department.

The FY 2027 Proposed Operating and Capital Budgets May 4, 2026 Council Study Session presentation provided an overview of the budget for review and discussion, including Citywide budget strategies, assumptions used in budget development, and a summary of service adjustments. As part of this discussion, the City Council provided guidance to the Finance Committee for their review of the budget documents during hearings on May 5, 6, and 19.

The Finance Committee review of operating and capital budgets is structured around public hearings conducted prior to the City Council adoption to complete a detailed review of the budget documents and to incorporate opportunities for community input into the decision-making process. These meetings are organized by service area and include presentations by each City department to highlight areas of emphasis for their respective department and fund(s). The Finance Committee reviews individual budget sections for tentative approval of the budget, potential amendments, and requests for additional information to aid in their review. Staff held an additional study session on May 11 to check in with the City Council for their feedback before the final budget wrap meeting on May 19. At the conclusion of these hearings (Budget Wrap-Up), the Finance Committee is ultimately tasked to provide recommendations to amend the Proposed Operating and Capital Budgets and Municipal Fee Schedule for City Council consideration. These amendments, and additional information recommended for City Council review, are included in this adoption memorandum.

This memo also includes three additional actions. Two of the actions result in a complete and comprehensive adopted budget approval: the establishment of the statutory Fiscal Year 2027 Appropriations Limit and the acceptance of the bi-annual OPEB Actuarial Valuation Report, with the verified Actuarially Determined Contribution for Fiscal Year 2027 having been fully integrated into the final Adopted Budget. The third authorizes the City Manager to negotiate and execute a Memorandum of Understanding and Funding Agreement with the Palo Alto Museum to provide cost sharing for repairs to the basement and waterproofing in the Roth Building and improvements to Heritage Park drainage.

The City Council adoption of the City Manager's FY 2027 Proposed Operating and Capital Budgets and FY 2027 Municipal Fee Schedule, including the amendments summarized in the Budget Wrap-up Memorandum on May 19, 2026 (Staff Report #: 2605-6339)⁵, will represent the ratification of the amendments that were approved by vote through the budget hearings. These amendments include all changes to the Table of Organization. A comprehensive list of meeting materials issued during Finance Committee budget hearings is available on the City website, www.paloalto.gov/budget.

⁵ Finance Committee, May 19, 2026; Agenda Item #1; 2605-6339, <https://recordsportal.paloalto.gov/WebLink/DocView.aspx?id=88191&dbid=0&repo=PaloAlto&searchid=cd9f5ca8-35aa-47ce-9a87-5d6c17516935>

ANALYSIS

This report is organized by the following sections:

- *FY 2027 Final Recommended Changes*: A summary of final direction given by the Finance Committee on May 19th and additional recommended technical and staff adjustments organized by fund type.
- *Table of Organization*: A summary of additional changes to the Table of Organization because of adjustments made to the proposed budget that was presented to City Council on May 4, 2026.
- *Municipal Fee Schedule*: A summary of the changes in the review and recommendations to Council for the FY 2026 Municipal Fee Schedule for incorporation in the FY 2027 Proposed Budget (Staff Report #: 2604-6297).⁷
- *FY 2027 Utility Rate Changes*: A brief overview of the rate changes reviewed by the Utilities Advisory Commission and Finance Committee and the final decision the City Council will make on June 15, 2026; each of these rate changes are included in the FY 2027 budget assumptions.
- *FY 2027 Appropriation Limit Resolution*: Review and approval of a resolution based on California Article XIII B to the State Constitution, as amended by Proposition 98 in 1988 and Proposition 111 in 1990. The provisions of this article place limits on the amount of revenue that can be appropriated by all entities of government.
- *Attachments*: Attached to this report are several documents as outlined and referenced throughout the recommendation language and the report. In addition, links to all the materials presented throughout the budget process to the City Council such as staff reports, At Places Memorandums, presentations made during the budget hearings, and transcripts from City Council Budget Hearings are included.

Although Council only adopts the budget for the upcoming Fiscal Year, the FY 2027 Proposed Budget continues the practice of outlining a long-range balancing strategy, while investing in priority services, infrastructure, and saving for long-term liabilities. The strategy includes revenue enhancements, limiting or reducing ongoing costs and looking for innovations to mitigate the potential for greater future deficits. While there are continued unknowns and uncertainties ahead, the FY 2027 Budget offers the Council, community, and staff the ability to address community priorities while reducing expenses working toward an ongoing balanced financial strategy.

FY 2027 FINAL RECOMMENDED CHANGES

This section reviews amendments to the FY 2027 Proposed Operating and Capital Budgets presented to the City Council on May 4th, including final adjustments recommended by the

⁷ Finance Committee, May 6, 2026; Agenda Item #4; SR #2604-6297, <https://recordsportal.paloalto.gov/WebLink/DocView.aspx?id=87994&dbid=0&repo=PaloAlto&searchid=9902123d-9a2a-487e-841e-95ad41048777>

Finance Committee and technical adjustments recommended by staff. A comprehensive list of these adjustments by Fund Type, Fund, and Department is included in Attachment A, Exhibit 2 for changes to the FY 2027 Operating Budget, and Attachment A, Exhibit 3 for funding recommended to be reappropriated from FY 2026 to FY 2027 to continue work on capital projects. Changes to the Table of Organization are discussed later in this memorandum, and an updated Table of Organization is included in Attachment A, Exhibit 4.

Overall, these amendments and technical adjustments will adjust the FY 2027 Citywide Budget from a total of \$1.05 billion to \$1.04 billion. Specifically, this reflects a \$1.8 million, or 0.2%, decrease compared to the FY 2027 Proposed Budget across all funds. In addition, amendments to the budget include an increase from the FY 2027 Proposed Budget of net 1.00 FTE full-time staff, an Assistant Engineer in the Office of Transportation and a decrease of one 0.48 FTE part-time staff. These actions result in a total of 1,089.10 full-time positions (592.86 FTE in the General Fund).

OPERATING BUDGET

OPERATING BUDGET – General Fund

Overall, the City's General Fund FY 2027 budget is recommended to have \$312.0 million in revenues, \$311.8 million in expenses, and \$0.2 million in transfers. This budget addresses the financial challenge through multi-year comprehensive budget balancing strategies including spending reductions focused on greater government efficiencies where cost allocations are realigned to the appropriate funds to reduce reliance on the General Fund and major contracts and appropriations are thoroughly reviewed. Revenue enhancements maximize revenues by reflecting the higher investment earning yield from the recently updated investment policy and portfolio management change. To maintain service continuity, the strategies utilize one-time funding from Measure B, Stanford University Medical Center development agreement final proceeds, and the Hamilton Avenue Benefit Fund to sustain essential community and senior programming. Furthermore, the plan incorporates a CIP reduction that reduces capital funding from projected to appropriated levels, alongside proactive pension cost and liability management using the Section 115 Pension Trust to reduce pension costs and liability.

Budget Stabilization Reserve

The FY 2027 Proposed Budget recommended retaining the BSR at \$53.7 million or 17.4% of General Fund Expenditures for FY 2027. As part of the budget actions recommended for adoption by the Finance Committee, the BSR will be maintained at \$53.7 million; however, due to the increased budget of \$312.0 million, the BSR is projected at 17.2%. This is still below the 18.5% target level, but within the Council's recommended range of 15-20% of General Fund Expenditures. Staff anticipates a sales tax prior year one-time adjustment will be more favorable than assumed in this financial plan, which may improve the BSR by \$2.0 million bringing it to a projected \$55.7 million or 17.9% of General Fund expenditures.

Finance Committee Recommended Adjustments

Throughout budget hearings in May, the Finance Committee engaged in several meetings to review proposed budget documents and recommend tentative adjustments. Two of these adjustments will leverage FY26 budget funding via reappropriations. They include \$30,000 for the City Council Administrative Assistant pilot program and \$150,000 to support oversized vehicle compliance and enforcement work performed by the Office of Transportation. Table 1 summarizes the Finance Committee General Fund recommended adjustments to the proposed budget.

TABLE 1: FY 2027 General Fund Recommended Budget Adjustments

Dept	Descriptions	FY27 Revenue	FY27 Expense	FY27 Net Revenue/ (Expense)	FY28/ Ongoing (Savings)
CSD	JMZ Conservation Costs and explore utilizing existing conservation programs to fulfill the AZA requirements to the extent possible Reduce Hourly Positions	-	(64,000)	64,000	(64,000)
POL	School Crossing Guards Contingent upon 50% match from PAUSD	51,250	102,500	(51,250)	TBD
POL	Track Watch Contingent upon 50% match from PAUSD (March - June)	307,715	615,430	(307,715)	TBD
NON	OSV - Geng Road parking site from Sept-June (\$200k) and additional towing capacity to include (\$184K) for enforcement and street sweeping.	-	384,000	(384,000)	TBD
NON	Non-Profit Work Plan - Option C	-	124,000	(124,000)	TBD
PWD	Adjust Canopy contract with total reduction of \$15,000 instead of the \$43,550 and direct staff to communicate with Canopy regarding scope reductions	-	28,550	(28,550)	28,550
OOT	1.0 FTE Assistant Engineer - Office of Transportation (leveraging \$150K OSV Reappropriations from FY26)	38,646	38,646	-	TBD
OOT	Quiet Zone – accelerate design to FY27 and construction to FY28	-	1,000,000	(1,000,000)	N/A
NON	TOT Revenue Increase and Increase of CIP Transfer	542,000	542,000	-	N/A
NON	General Fund Base Transfer to CIP Decrease	-	(460,059)	460,059	N/A
NON	Use of Measure K Affordable Housing	-	(384,000)	384,000	N/A
NON	Use of Measure K Transportation	-	(1,000,000)	1,000,000	N/A

Dept	Descriptions	FY27 Revenue	FY27 Expense	FY27 Net Revenue/ (Expense)	FY28/ Ongoing (Savings)
NON	Technical Adjustments (net aggregated to balance)	-	12,544	(12,544)	N/A
	Total	939,611	939,611	-	

While the City adopts an annual budget, Finance Committee made recommendations for FY 2027 in consideration of our multi-year budget balancing strategy to reduce the City's multi-year budget deficit. Table 2 reflects the updated forecast:

TABLE 2: General Fund Long-Range Financial Plan Summary

Line Item	FY 2027 Forecast	FY 2028 Forecast	FY 2029* Forecast
Revenue	\$312.0	\$318.7	\$329.2
Expenses	\$311.8	\$322.7	\$331.1
Transfers (Measure K)	\$0.2	\$(2.3)	\$1.3
Projected Net Surplus / (Deficit)	-	\$(1.7)	\$(3.2)

*FY2029 does not reflect fiscal impact of bi-annual OPEB actuarial fluctuation, which staff roughly estimates an additional \$2 million of expense appropriation.

While the adjustments in Table 1 above outline the immediate balancing framework for Fiscal Year 2027, there are services and programs not integrated into the City's formal Long-Range Financial Forecast (LRFF) beyond the upcoming fiscal year within Table 2, as the formal LRFF is published annually in December. In the interim, a preliminary LRFF is published and shown as Table 2. However starting in FY 2028, these programs present an ongoing deficit risk to the General Fund that varies based on the status of Palo Alto Unified School District matching funds. With the 50% cost-share maintained, the ongoing deficit exposure to the General Fund increases by approximately \$1.41 million annually, which includes \$51,250 for crossing guards and current \$854,156 share of the full \$1.70 million full fiscal year cost for the Track Watch contract, alongside the fully absorbed \$384,000 oversized vehicle program and \$124,000 non-profit allocation. Without the school district cost-share, the deficit exposure increases by approximately \$2.31 million annually. These costs will be considered during the next update of the LRFF and especially FY 2028 budget development.

OPERATING BUDGET – Other Funds

Actuarial Report of Retiree Healthcare and Other Post-Employment Benefits (OPEB)

The City of Palo Alto provides a Retiree Healthcare benefit plan administered by CalPERS. Every two years, staff contracts with an independent actuary to evaluate the plan's status. This actuarial report establishes baseline assumptions to calculate the annual Actuarially Determined Contribution (ADC) and guide trust pre-funding in accordance with Council policy.

On May 19, 2026 the Finance Committee reviewed and accepted the June 30, 2025 actuarial valuation of Palo Alto's Retiree Healthcare Plan and recommended funding the annual ADC for Fiscal Year 2027 and 2028 (Staff Report #: 2512-5689).⁹ The FY 2027 Budget includes an ADC of \$26.1 million, an increase of \$3.5 million from FY 2026 Adopted levels of \$22.6 million. These costs were included in the FY 2027 Proposed Budget so this action does not require additional appropriation.

Community Development Block Grant (CDBG) Fund

The U.S. Department of Housing and Urban Development requires jurisdictions to prepare a five-year strategic plan, referred to as the Consolidated Plan, and an accompanying Annual Action Plan identifying projects and activities to be funded during the upcoming program year. On June 1, 2026, the City Council adopted the FY 2026-2027 Annual Action Plan and approved the associated CDBG funding allocations recommended by the Human Relations Commission. The FY 2027 Budget includes the associated appropriations and incorporation of these federally restricted funds within the CDBG for eligible community development activities benefiting low- and moderate-income residents.

Gas Tax Fund – Gas Tax Revenue Adjustment

This action is a technical update to increase Gas Tax revenue estimates for Palo Alto based on the California Department of Finance's May 2026 updates for estimated Highway Users Tax Account (HUTA) and Road Maintenance and Rehabilitation Account (RMRA) taxes for FY 2027.

CAPITAL BUDGET

The City's Capital Improvement Program reflects a \$316.8 million FY 2027 budget, and a \$1.2 billion program over the 2027-2031 five-year Capital Improvement Program (CIP). Of this, the Capital Improvement Fund FY 2027 budget reflects expected expense of \$106.5 million and \$390.8 million over the five-year CIP.

Capital Reappropriations

The Municipal Code requires City Council authorization to reappropriate funds for capital projects from one fiscal year to the next. The FY 2027 budget process continues this procedure, and the FY 2027 Proposed Capital Budget included approximately \$142.0 million in reappropriated funds for project expenditures across all funds. In the time since the FY 2027 Proposed Budget figures, staff refined the FY 2027 estimated project activity levels and provided further updates to increase the reappropriations by \$0.1 million, to \$142.1 million across all funds. The additional reappropriation adjustments are summarized in Attachment A, Exhibit 3.

⁹ Finance Committee, May 19, 2026; Agenda Item #2; 2512-5689, <https://recordsportal.paloalto.gov/WebLink/DocView.aspx?id=88190&dbid=0&repo=PaloAlto&searchid=e07b77d1-bb65-4a9f-9abc-790ee978c553&cr=1>

Other Capital Project Adjustments

In addition to the reappropriations from FY 2026 to FY 2027, several capital projects need to be adjusted based on updated information that became available after the release of the FY 2027 Proposed Capital Budget or as a result of actions recommended in this memorandum. These adjustments are discussed below and summarized in Attachment A, Exhibit 2.

Capital Improvement Fund

- **Art in Public Spaces (AC-86017):** Ordinance no. 5301 stipulates that one percent (1%) of the CIP budget be set aside for public art, with certain exceptions. Annual adjustments to allocated amounts are made as the CIP budget changes, and the recommended action does so based on the 2027-31 CIP, reducing the previously programmed FY 2027 budget by \$5,100.
- **Bicycle and Pedestrian Transportation Plan Implementation (PL-04010):** Consistent with Finance Committee action on May 5, 2026, the recommended action reallocates \$240,000 of previously programmed FY 2027 expenditure and Measure B LSR revenue to the new Chimalus Shared Use Path (TR-28000) project for use in FY 2028.
- **Embarcadero Road Improvements (TR-26000):** Consistent with Report #2604-6269, the recommended action adds \$260,000 of expenditure and Measure B LSR revenue as the second year of funding for the project.
- **Quiet Zone Improvements (TR-27000):** Consistent with Finance Committee recommendation on May 5, 2026, the recommended action moves \$1.0 million of design costs and Measure K revenue from FY 2028 to FY 2027.
- **Roth Building Rehabilitation Phase 1 (PF-23001):** Consistent with Finance Committee recommendation on May 19, 2026, transfer \$250,000 from the Mitchell Park Library (PE-24006) to Roth Building Rehabilitation (PF-23001) in case needed.
- **Heritage Parks Site Amenities Replacement (PG-21000):** Consistent with Finance Committee recommendation on May 19, 2026, the recommended action prioritizes evaluating and utilizing the remaining funding in the project for Heritage Park drainage improvements related to Roth Building water intrusion.

Electric Fund

- **Foothills Rebuild Fire Mitigation (EL-21001):** The recommended action increases the budget by \$1.8 million in order to complete the project in December 2026, supporting substructure work, installation of 10,000 feet of underground wire, and removal of 92 wood poles.

TABLE OF ORGANIZATION

During the budget process, changes to the City Table of Organization were processed through both Finance Committee policy recommendations and staff technical adjustments. The Finance Committee recommended adding a 1.00 FTE Assistant Engineer to the Office of Transportation to support the implementation of street safety and oversized vehicle programs. Separately, a adjustment was processed to reduce the addition of a part-time temporary 0.48 FTE Zoological Assistant in the Community Services Department. These specific actions, detailed in Attachment A, Exhibit 2, modify the baseline to establish a citywide staffing level of 1,089.10 FTE in FY 2027,

which represents a net increase of 1.00 full-time FTE and a reduction of 0.48 part-time FTE from the previously proposed budget numbers. An updated Table of Organization is included in Attachment A, Exhibit 4.

MUNICIPAL FEE SCHEDULE

The City charges fees for a variety of services, including parking permits, building inspection services, and facility rentals, to ensure that the cost of service is borne by the users receiving the benefit. As part of the annual budget process, departments review and propose updates to existing fees and incorporate previously approved fee actions into the Municipal Fee Schedule. The Finance Committee reviewed the FY 2027 Proposed Municipal Fee Schedule and recommended approval as outlined in Staff Report #: 2604-6297¹¹, included in Attachment A, Exhibit 5.

FISCAL YEAR 2027 RATE CHANGES

An overview of the rate changes was reviewed and approved by the Utilities Advisory Commission (UAC) in April 2026 and Finance Committee on May 6, 2026. These rate changes integrated into the FY 2027 budget (as of this memo).

- 4.5% rate change for Electric (Finance Committee unanimous vote of 4.5% instead of proposed 6% rate increase change)
- 3.0% CPI increase for pre-2006 Dark Fiber customers
- 9.0% rate increase for Gas
- 3.0% rate change for Refuse
- 3.0% CPI increase for Stormwater
- 16.0% rate change for Wastewater
- 8.0% rate change for Water

The proposed rate changes will allow Palo Alto to invest in utility infrastructure, gradually increase reserves to guideline levels, and to support community goals. As utility infrastructure ages, investment is needed to maintain the reliability of the electric, gas, stormwater, wastewater, and water utilities. These rate increases will support the maintenance and replacement of infrastructure including rebuilding Palo Alto's wastewater treatment plant (Regional Water Quality Control Plant). Investment in modernizing the electric grid will allow the City to achieve the Council's Sustainability and Climate Action goals.

STAFF REFERRALS

During the Budget Hearings, various items were discussed that did not require additional appropriation but not ultimately approved by Finance Committee as formal Referrals for

¹¹ Finance Committee, May 6, 2026; Agenda Item #4; SR #2604-6297, <https://recordsportal.paloalto.gov/WebLink/DocView.aspx?id=87994&dbid=0&repo=PaloAlto&searchid=9902123d-9a2a-487e-841e-95ad41048777>

Council consideration. Staff will take into consideration their feedback as a part of FY 2028 budget development and/or work that may already be underway.

APPROPRIATIONS LIMIT FOR FISCAL YEAR 2027

California voters approved an initiative on November 6, 1979, that added Article XIII B to the State Constitution, as amended by Proposition 98 in 1988 and Proposition 111 in 1990. The provisions of this article place limits on the amount of revenue that can be appropriated by all entities of government. The appropriation limit is adjusted annually on the basis of population and per capita income changes provided annually by the California Department of Finance. Based on Article XIII B, the City of Palo Alto can use the larger of two measurements of population growth, (county or city population growth) in the appropriations limit calculation. For Fiscal Year 2027, the City is using the 2025-2026 percent change in population growth of the County of Santa Clara in the calculation. The City typically uses the highest factor in order to provide maximum appropriation flexibility.

The appropriations limit for Fiscal Year 2027 is \$246.8 million with net budgeted appropriation subject to the limit of \$168.21 million. The budgeted appropriations are estimated to be \$78.59 million under the limit (Attachment B, Exhibit 1). As required by State law, documentation used to compute the appropriations limit has been made available to the public at least fifteen days prior to the Council meeting at which the appropriations limit is being adopted, and notice was published of the availability of these materials.

FISCAL/RESOURCE IMPACT

This report summarizes and seeks the City Council approval of the FY 2027 Operating and Capital Budgets, the supporting fee schedules, and table of organization to support the projections and appropriations included.

The approval of the City Manager's FY 2027 Capital and Operating Budget, as recommended to be amended in this report, would result in a projected General Fund Budget Stabilization Reserve of \$53.7 million. At \$312.0 million, the BSR is at 17.2%, slightly below the Council's target of 18.5% and within the recommended range of 15-20% of General Fund Expenditures.

Table 3 summarizes the projected changes to the fund balance for all other funds for budget amendments from Proposed to Adopted FY27 budget. This includes Capital Funds, Enterprise Funds, Internal Services Funds, and Special Revenue Funds, with detail in Attachment A Exhibits 2 and 3.

**TABLE 3: Resource Impact of Amendments to Proposed Budget
(Non-General Funds with Fund Balance Change)**

<i>Fund Type</i>	<i>Fund Name</i>	<i>Fund Balance Change</i>
<i>Capital</i>	Capital Improvement Fund	(\$373.8k)
	Capital Infrastructure Fund	\$1.2k
<i>Enterprise</i>	Airport Fund	\$10.6k
	Electric Funds	\$9,976.9k
	Fiber Fund	\$13.9k
	Gas Fund	\$2,413.5k
	Refuse Fund	\$12.1k
	Stormwater Management Fund	\$13.8k
	Wastewater Collection Fund	(\$2,871.7k)
	Wastewater Treatment Fund	\$178.3k
	Water Fund	\$1,009.6k
<i>Internal Service</i>	General Benefits Fund	(\$6,183.3k)
	Liability Insurance Fund	\$0.7k
	Printing & Mailing Fund	\$0.6k
	Technology Fund	\$30.0k
	Vehicle Replacement & Maintenance Fund	\$235.4k
	Worker's Compensation Fund	\$1.2k
<i>Special Revenue</i>	Community Development Block Grant Fund	(\$565.0k)
	Gas Tax Fund	\$132.k
	Public Art Fund	\$1.0k
	Housing In-Lieu/Residential Fund	\$0.1k
	Housing In-Lieu/Commercial Fund	\$0.1k
	Residential Preferential Parking Permits Fund	\$1.4k
	University Avenue Parking Permits	\$12.8k
	California Avenue Parking Permits	\$6.5k

STAKEHOLDER ENGAGEMENT

The budget process is structured around public hearings conducted before City Council adoption to complete a detailed review of the budget documents and incorporate opportunities for community input in the decision-making process. The community was encouraged to engage with the budget process through scheduled public meetings with the Finance Committee and City Council, a community informational session with City staff, and direct emails to the City Manager and City Council. Additionally, the City maintains a dedicated webpage for meeting materials and other budget information¹³

ENVIRONMENTAL REVIEW

Adoption of the City budget and associated actions is not a project under California Environmental Quality Act (CEQA) Guidelines because it is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. CEQA Guidelines Section 15378(b)(4).

ATTACHMENTS

Attachment A - FY 2027 Budget Adoption Ordinance

Attachment A, Exhibit 1 - Fiscal Year 2027 Proposed Budgets & Municipal Fee Schedule

Attachment A, Exhibit 2 and 3 - Amendments to the Fiscal Year 2027 Proposed Budgets

Attachment A, Exhibit 4 - Table of Organization

Attachment A, Exhibit 5 - Fiscal Year 2027 Municipal Fee Changes

Attachment B - FY 2027 City Appropriations Limit Resolution

Attachment B, Exhibit 1 - Appropriations Limit Calculation

Attachment C - FY 2027 Summary of Stanford Investments

APPROVED BY:

Lauren Lai, Administrative Services Director

¹³ City's Budget Website: www.cityofpaloalto.org/budget

ORDINANCE NO. XXXX

ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO ADOPTING THE
BUDGET FOR FISCAL YEAR 2027

SECTION 1. The Council of the City of Palo Alto finds and determines as follows:

A. Pursuant to the provisions of Section 6(g) of Article IV of the Charter of the City of Palo Alto and Chapter 2.28 of the Palo Alto Municipal Code, the City Manager has prepared and submitted to the City Council, by letter of transmittal, a budget proposal for Fiscal Year 2027; and

B. Pursuant to the provisions of Section 12 of Article III of the Charter, the Council did, on June 15, 2026, hold public hearings on the budget after publication of notice in accordance with Section 2.28.070 of the Palo Alto Municipal Code; and

C. In accordance with the provisions of Chapter 8 of Division 1, of Title 7, commencing with Section 66016 of the Government Code, as applicable, the Council did on June 15, 2026, hold a public hearing on the proposed amendments to the Municipal Fee Schedule, after publication of notice and after availability of the data supporting the amendments was made available to the public at least 10 days prior to the hearing.

SECTION 2. Pursuant to Chapter 2.28 of the Palo Alto Municipal Code, the following documents, collectively referred to as “the budget” are hereby approved and adopted for Fiscal Year 2026:

- (a) The budget document (Exhibit “1”) containing the proposed operating and capital budgets submitted on May 4, 2026, by the City Manager for Fiscal Year 2027, entitled “City of Palo Alto - City Manager’s Fiscal Year 2027 Proposed Budget” covering General Government Funds, Enterprise Funds, Special Revenue Funds, and Internal Service Funds, a copy of which is on file in the Department of Administrative Services, to which copy reference is hereby made concerning the full particulars thereof, and by such reference is made a part hereof; and
- (b) The Amendments to the City Manager’s Fiscal Year 2027 Proposed Budget, attached hereto as Exhibit “2” and Exhibit “3” and made a part hereof; and
- (c) Changes and revised pages in the Table of Organization, as displayed on pages 515

ATTACHMENT A

through 536 in "Exhibit 1," and amended in Exhibit "4" made a part hereof; and

- (d) Fee changes of the Municipal Fee Schedule attached hereto as Exhibit "5" including changes recommended in the Planning and Municipal Cost of Services Study attached hereto as Exhibit "6" and the Citywide Cost of Services Study attached hereto as Exhibit "7"

SECTION 3. The sums set forth in the budget for the various departments of the City, as herein amended, are hereby appropriated to the uses and purposes set forth therein.

SECTION 4. All expenditures made on behalf of the City, directly or through any agency, except those required by state law, shall be made in accordance with the authorization contained in this ordinance and the budget as herein amended.

SECTION 5. Appropriations for the Fiscal Year 2026 that are encumbered by approved purchase orders and contracts for which goods or services have not been received or contract completed, and/or for which all payments have not been made, by the last day of the Fiscal Year 2026 shall be carried forward and added to the fund or department appropriations for Fiscal Year 2027.

SECTION 6. The City Manager is authorized and directed to make changes in the department and fund totals and summary pages of the budget necessary to reflect the amendments enumerated and aggregated in the budget as shown in Exhibit "2" and Exhibit "3" and the Fiscal Year 2026 appropriations carried forward as provided in Section 5.

SECTION 7. As specified in Section 2.04.320 of the Palo Alto Municipal Code, a majority vote of the City Council is required to adopt this ordinance.

SECTION 8. As specified in Section 2.28.140(b) of the Palo Alto Municipal Code, the Council of the City of Palo Alto hereby delegates the authority to invest the City's funds to the Director of Administrative Services, as Treasurer, in accordance with the City's Investment Policy for Fiscal Year 2027.

SECTION 9. The Council of the City of Palo Alto adopts the changes to the Municipal Fee Schedule as set forth in Exhibit "5" including changes to Impact and In-Lieu Fees in Exhibit "6". The amount of the new or increased fees and charges is no more than necessary to cover the reasonable costs of the governmental activity, and the manner in which those costs are allocated to a payer bears a fair and reasonable relationship to the payer's burden on, or benefits received from, the governmental activity. All new and increased fees shall go into effect immediately; provided that pursuant to Government Code Section 66017, all Planning & Community Environment Department fees relating to a "development project" as defined in Government Code Section 66000 shall become effective sixty (60) days from the date of adoption.

ATTACHMENT A

SECTION 10. Fees in the Municipal Fee Schedule are for government services provided directly to the payor that are not provided to those not charged. The amount of this fee does not exceed the reasonable costs to the City of providing the services. Consequently, pursuant to Art. XIII C, Section 1(e)(2), such fees are not a tax.

SECTION 11. As provided in Section 2.04.330 of the Palo Alto Municipal Code, this ordinance shall become effective upon adoption.

SECTION 12. The Council of the City of Palo Alto hereby finds that this is not a project under the California Environmental Quality Act and, therefore, no environmental impact assessment is necessary.

INTRODUCED AND PASSED: Enter Date Here

AYES:

NOES:

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

City Manager

City Attorney

Director of Administrative Services



Fiscal Year 2027 City Manager's
Proposed Operating & Capital Budgets and Municipal Fees

These documents were originally distributed on May 4, 2026. Printed copies of the Proposed Budgets are available upon request for **\$52 per book** (FY 2027 fee). Printed copies of the Municipal Fees are available upon request for **\$10 per book**.

These documents may be viewed at any City of Palo Alto Library or the City's website: www.paloalto.gov/budget

Changes to the Municipal Fee Schedule were distributed in the Finance Committee Packet on May 6, 2026. The City Manager's Staff Report (#2604-6297) can be viewed on the City's website: [CoPA Laserfiche WebLink: Staff Report 2604-6297](#)

In addition, various at places memorandum and presentations were presented throughout the Finance Committee Hearings in May 2026 to provide additional information. These documents can be found on the City's budget website under "FY 2027 Budget Process": www.paloalto.gov/budget

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		FTE Adjustment	Revenues Adjustment	Expenses Adjustment
GENERAL FUND (102 & 103)				
<i>Administrative Services</i>	Staffing Adjustment This action reclasses the Senior Management Analyst in the Real Estate Division to a Management Analyst to redistribute workload within the department with partial offset capacity for remaining grant-related tasks; on-going savings begin in FY 28.	-	\$ -	\$ -
<i>Non-Departmental</i>	Oversized Vehicle Initiative (OSV) Consistent with Finance Committee's direction, this action allocates funding to the Oversized Vehicle Initiative. Finance Committee recommends City Council to consider potential alternative funding methods for the Geng Road parking site from September through June (\$200k) and additional towing capacity to include (\$184K) for enforcement and street sweeping. (One-time cost: \$384,000)		\$ -	\$ 384,000
<i>Non-Departmental</i>	Use of Measure K Reserve for Housing Affordability This action utilizes funding from the Reserve for Business Tax Housing Affordability to support additional funding needs for the Oversized Vehicle Program (OSV).		\$ -	\$ (384,000)
<i>Non-Departmental</i>	Use of Measure K Reserve for Transportation This action utilizes funding from the Reserve for Business Tax Transportation to support the Capital Improvement Program (CIP).		\$ -	\$ (1,000,000)
<i>Non-Departmental</i>	Use of Measure K Reserve for Transportation This transfers funds to the Capital Improvement Program to support advancing of the Quiet Zone Improvements (TR-27000) Project.			\$ 1,000,000
<i>Non-Departmental</i>	Major Tax Updates Revenue Adjustment (TOT) This action increases Transient Occupancy Tax (TOT) revenue estimates, reflecting a ~2.5% increase on projected receipts, and increases transfers to the Capital Improvement Fund.		\$ 542,000	\$ 542,000
<i>Non-Departmental</i>	Major Tax Updates Revenue Adjustment (UUT) This action adjusts Utility Users Tax (UUT) revenue estimates based on updated model tracking files. This technical correction decreases the City utility tax baseline by \$340,000, partially offset by a \$292,000 increase in telephone tax projected receipts.		\$ (48,000)	\$ -
<i>Non-Departmental</i>	Non-Profit Workplan Option C Funding Increase Finance Committee recommended for FY 2027 Adopted to add a budget adjustment to approve "Option C" of the Non-Profit Workplan. This adjustment provides a direct allocation of to three specific initiatives: Magical Bridge (\$150,000), California Avenue special events (\$40,000), and the United Nations Association Film Festival (\$45,000).		\$ -	\$ 124,000
<i>Non-Departmental</i>	Reduction in General Fund Base Transfer to CIP Consistent with the direction from the Finance Committee, this action reduced the General Fund base transfer to the Capital Improvement Program in Fiscal Year 2027.	\$ -		\$ (460,059)

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		FTE Adjustment	Revenues Adjustment	Expenses Adjustment
GENERAL FUND (102 & 103)				
<i>Non-Departmental</i>	Early Reappropriation: City Council Executive Assistant Consistent with Finance Committee's direction, this action approves an early reappropriation of unspent prior-year operating balances to support a City Council Executive Assistant position.		\$ -	\$ 30,000
<i>Non-Departmental</i>	Early Reappropriation: Engineering Services for Oversized Vehicle (OSV) Program Consistent with Finance Committee's direction, this action approves an early reappropriation of \$150,000 in unspent prior-year operating balances to support engineering services for the Oversized Vehicle (OSV) program.		\$ -	\$ 150,000
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for General Fund operating lines. (Ongoing savings: \$499,658)			\$ (499,658)
<i>Multiple Departments</i>	Water Sales to City True-Up This technical action adjusts City expenditures to reflect the finalized customer cost allocations. (Ongoing costs: \$145,818)		\$ -	\$ 118,891
<i>Multiple Departments</i>	Citywide Allocated Interfund Charges True-Up This technical correction realigns interfund transfers for citywide building facility rentals and municipal utilities.			\$ (63)
<i>Utilities</i>	Equity Transfer Adjustment This technical action updates budgeted transfers to reflect the revised electric utility equity transfer forecast.		\$ (140,000)	\$ -
<i>Multiple Departments</i>	Electric Retail Revenue Alignment This technical action updates budgeted transfers to reflect the revised electric utility equity transfer forecast (Ongoing costs: \$141,379)		\$ -	\$ 141,379
<i>Planning and Development Services</i>	Solar and Energy Storage Permit Fee Subsidy Program This action recognizes \$225,000 in additional General Fund revenue from increasing photovoltaic (solar) and energy storage system permit fees to full cost recovery and \$275,000 in Electric Utility Fund expenditures for rebate programs that offset permit costs and support broader electrification goals. Funding will be provided from available non-rate utility resources.		\$ 225,000	\$ -
<i>Community Services</i>	JMZ Conservation Costs and Program Reduction Consistent with Finance Committee's direction, this action eliminates proposed part-time staffing and associated contract & supplies and materials funding to explore utilizing existing conservation programs to fulfill the AZA. (On-going savings: \$64,000)		\$ -	\$ (64,000)
<i>Public Works</i>	Canopy Contract Reduction Adjustment As Directed by the Finance Committee, this action adjusts the reduction to the Canopy contract for a total reduction of \$15,000 instead of the \$43,550 originally proposed. Staff is directed to communicate with Canopy regarding scope reductions. (Ongoing costs: \$28,550).		\$ -	\$ 28,550

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		FTE Adjustment	Revenues Adjustment	Expenses Adjustment
GENERAL FUND (102 & 103)				
<i>Public Works</i>	Tree Contract True Up This action corrects a clerical error made during budget development that reduced position #5219 in conflict with a separate action that eliminated that same position.	0.03		\$ 4,077
<i>Multiple (PDS & OOT)</i>	Citywide 2.0 FTE Planner Restoration This action restores the operating fund allocations for PCN 790 and 7544 that should not have been eliminated, preserving advanced planning and development safety compliance baselines. (Ongoing costs: \$255,701)	1.40	\$ -	\$ 255,701
<i>Office of Transportation</i>	1.0 FTE Assistant Engineer Staffing Addition This funds the addition of 1.0 FTE Assistant Engineer to the Office of Transportation to address oversized vehicle (OSV) and recreational vehicle (RV) impacts, and provide essential technical engineering support and field verification to support the design and delivery of bicycle, pedestrian, and street safety projects.	1.00	\$ 38,646	\$ 38,646
<i>Fire</i>	Salary and Benefit Technical Adjustment This action corrects a clerical error made during budget development. This technical correction is necessary to cleanly align salary and benefit baseline appropriations within the Fire Department. (Ongoing costs: \$29,216)			\$ 29,216
<i>Police</i>	1.0 FTE Police Sergeant Restoration This action restores 1.0 FTE Police Sergeant. The position is de-funded in FY 2027 but will remain in the Table of Organization.	1.00	\$ -	\$ -
<i>Police</i>	School Crossing Guards Contract Service Restoration Consistent with Finance Committee's direction, this action restores half of the proposed reduction for crossing guard services, provided that the Palo Alto Unified School District (PAUSD) matches the contribution. This decision aims to maintain critical intersection coverage while targeting a collaborative funding commitment from PAUSD. (Ongoing costs: \$51,250)		\$ 51,250	\$ 102,500
<i>Police</i>	Track Watch Guard Service Extension Consistent with Finance Committee's direction, this action extends funding for the rail crossing monitor program (March-June 2027), representing the City's 50% share of the projected total cost for the four-month extension, provided that the Palo Alto Unified School District (PAUSD) matches the contribution. Committee members emphasized that maintaining these safety measures is a vital priority.		\$ 307,715	\$ 615,430
<i>Fund Balance</i>	Adjustment to Fund Balance (Budget Stabilization Reserve) This action adjusts the fund balance to offset adjustments recommended in this report.		\$ -	\$ (180,000)
GENERAL FUND (102 & 103) SUBTOTAL		3.43	\$ 976,611	\$ 976,611

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		FTE Adjustment	Revenues Adjustment	Expenses Adjustment
CAPITAL IMPROVEMENT FUNDS				
<u>CAPITAL IMPROVEMENT FUND (471)</u>				
<i>Capital</i>	Capital Improvement Project Amendments to Proposed Reappropriations This action reflects the impact from adjustments to capital projects as a result of funds recommended to be reappropriated from FY 2026 to FY 2027, as outlined in Attachment A, Exhibit 3. Projects with other recommended adjustments are detailed below.		\$ -	\$ 130,586
<i>OOT</i>	Citywide 2.0 FTE Planner Restoration This action restores the capital fund allocations for PCN 7544 that should not have been eliminated, preserving advanced planning and development safety compliance baselines. (Ongoing costs: \$108,234)	0.60	\$ -	\$ 108,234
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Capital Improvement Fund. (Ongoing savings: \$28,003)		\$ -	\$ (28,003)
<i>Non-Departmental</i>	Major Tax Updates Revenue Adjustment (TOT) This action increases Transient Occupancy Tax (TOT) revenue estimates, reflecting a ~2.5% increase on projected receipts, and increases transfers to the Capital Improvement Fund.		\$ 542,000	\$ -
<i>Non-Departmental</i>	Transfer to the Capital Improvement Fund Reduction Consistent with Finance Committee direction on May 19, 2026, this action reduces the base transfer from the General Fund to the Capital Improvement Fund in order to accommodate operating adjustments in the General Fund.		\$ (460,059)	\$ -
<i>Capital</i>	Art in Public Spaces (AC-86017) This action reduces the previously programmed FY 2027 budget by \$5,100. Ordinance no. 5301 stipulates that one percent (1%) of the CIP budget be set aside for public art, with certain exceptions, and annual adjustments to allocated amounts are made in accordance with changes to the proposed CIP budget.		\$ -	\$ (5,100)
<i>Capital</i>	Bicycle and Pedestrian Transportation Plan Implementation (PL-04010) Consistent with Finance Committee direction on May 5, 2026, this action reallocates \$240,000 of previously programmed FY 2027 expenditure and Measure B LSR revenue to the new Chimalus Shared Use Path (TR-28000) project for use in FY 2028.		\$ (240,000)	\$ (240,000)
<i>Capital</i>	Embarcadero Road Improvements (TR-26000) Consistent with Report #2604-6269, this action adds \$260,000 of expenditure and Measure B LSR revenue as the second year of funding for the project.		\$ 260,000	\$ 260,000

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		FTE Adjustment	Revenues Adjustment	Expenses Adjustment
CAPITAL IMPROVEMENT FUNDS				
<i>Capital</i>	Quiet Zone Improvements (TR-27000) Consistent with Finance Committee direction on May 5, 2026, this action moves \$1.0 million of design costs and Measure K revenue from FY 2028 to FY 2027.		\$ 1,000,000	\$ 1,000,000
<i>Capital</i>	Roth Building Rehabilitation Phase 1 (PF-23001) Consistent with Finance Committee direction on May 19, 2026, this action increases the budget by \$250,000 for potential needs in FY 2027 utilizing anticipated FY 2026 savings from the Mitchell Park Library Repair (PE-24006) project.		\$ -	\$ 250,000
<i>Fund Balance</i>	Adjustment to Fund Balance (Infrastructure Reserve) This action adjusts the fund balance to offset adjustments recommended in this report.		\$ -	\$ (373,776)
<u>CAPITAL IMPROVEMENT FUND (471) SUBTOTAL</u>		<u>0.60</u>	<u>\$ 1,101,941</u>	<u>\$ 1,101,941</u>

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		FTE Adjustment	Revenues Adjustment	Expenses Adjustment
CAPITAL IMPROVEMENT FUNDS				
<u>CUBBERLEY INFRASTRUCTURE FUND (472)</u>				
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction			\$ (1,157)
	This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Cubberley Property Infrastructure Fund. (Ongoing savings: \$1,157)			
<i>Fund Balance</i>	Adjustment to Fund Balance		\$ -	\$ 1,157
	This action adjusts the fund balance to offset adjustments recommended in this report.			
<u>CUBBERLEY INFRASTRUCTURE FUND (472) SUBTOTAL</u>		<u>0.00</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		FTE Adjustment	Revenues Adjustment	Expenses Adjustment
ENTERPRISE FUNDS				
<u>AIRPORT FUND (530)</u>				
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Airport Enterprise Fund. (Ongoing savings: \$5,138)		\$ -	\$ (5,138)
<i>Utilities</i>	Electric Retail Revenue Alignment This action updates support funding to reflect the finalized 4.5% electric retail rate increase and revised cost allocations. (Ongoing savings: \$7,971)		\$ -	\$ (5,313)
<i>Capital</i>	Capital Improvement Project Amendments to Proposed Reappropriations This action reflects the impact from adjustments to capital projects as a result of funds recommended to be reappropriated from FY 2026 to FY 2027, as outlined in Attachment A, Exhibit 3. Projects with other recommended adjustments are detailed below.		\$ -	\$ -
<i>Utilities</i>	Water Sales to City True-Up This technical action adjusts City expenditures to reflect the finalized customer cost allocations. (Ongoing savings: \$12)		\$ -	\$ (198)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments recommended in this report.		\$ -	\$ 10,649
AIRPORT FUND (530) SUBTOTAL		0.00	\$ -	\$ -
<u>UTILITIES ADMINISTRATION FUND (521)</u>				
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Utilities Administration Fund. (Ongoing savings: \$18,950)		\$ -	\$ (18,950)
<i>Utilities</i>	Utilities Administration Cost Allocation This action updates Utilities enterprise fund budgets to reflect the allocation of Utilities Administration Fund costs based on headcount. (Ongoing savings: \$184,000)		\$ (195,876)	\$ -
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments recommended in this report.		\$ -	\$ (176,926)
UTILITIES ADMINISTRATION FUND (521) SUBTOTAL		0.00	\$ (195,876)	\$ (195,876)
<u>ELECTRIC FUND (513 & 523)</u>				
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Electric Fund and Electric Supply Fund. (Ongoing savings: \$109,167)		\$ -	\$ (109,167)

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		FTE Adjustment	Revenues Adjustment	Expenses Adjustment
ENTERPRISE FUNDS				
<i>Planning and Development Services</i>	Solar and Energy Storage Permit Fee Subsidy Program This action recognizes \$225,000 in additional General Fund revenue from increasing photovoltaic (solar) and energy storage system permit fees to full cost recovery and \$275,000 in Electric Utility Fund expenditures for rebate programs that offset permit costs and support broader electrification goals. Funding will be provided from available non-rate utility resources. (Ongoing costs: \$0)		\$ -	\$ 275,000
<i>Non-Departmental</i>	Equity Transfer Adjustment This technical action updates budgeted transfers to reflect the revised electric utility equity transfer forecast. (Ongoing savings: \$0)		\$ -	\$ (140,000)
<i>Utilities</i>	Electric Retail Revenue Alignment This action updates support funding to reflect the finalized 4.5% electric retail rate increase and revised cost allocations. (Ongoing costs: \$3,469,098)		\$ (195,584)	\$ (4,537)
<i>Utilities</i>	Water Sales to City True-Up This technical action adjusts City expenditures to reflect the finalized customer cost allocations. (Ongoing costs: \$145,818)		\$ -	\$ (127)
<i>Utilities</i>	Reliability and Resiliency Program Support This one-time action funds hourly staffing support for outreach, education, and program development activities that promote distributed energy resources and support implementation of the Reliability and Resiliency Strategic Plan. (Ongoing costs: \$0)		\$ -	\$ 100,000
<i>Utilities</i>	Clerical Error Budget Correction This technical action corrects a duplicate expense entry and does not represent a change in service levels or program funding. (Ongoing savings: \$0)		\$ -	\$ (12,124,009)
<i>Utilities</i>	Tree Contract True Up This action corrects a clerical error made during budget development that reduced position #5219 in conflict with a separate action that eliminated that same position.	(0.03)	\$ -	\$ (4,077)
<i>Multiple Departments</i>	Citywide Allocated Interfund Charges True-Up This technical correction realigns interfund transfers for citywide building facility rentals and municipal utilities. (Ongoing savings: \$86,880)		\$ -	\$ (92,486)
<i>Capital</i>	Foothills Rebuild Fire Mitigation (EL-21001) This action increases the budget by \$1.8 million in order to complete the project in December 2026, supporting substructure work, installation of 10,000 feet of underground wire, and removal of 92 wood poles.		\$ -	\$ 1,750,000
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments recommended in this report.		\$ -	\$ 10,153,820
ELECTRIC FUND (513 & 523) SUBTOTAL		(0.03)	\$ (195,584)	\$ (195,584)

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		FTE Adjustment	Revenues Adjustment	Expenses Adjustment
ENTERPRISE FUNDS				
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Fiber Optics Fund. (Ongoing savings: \$8,015)		\$ -	\$ (8,015)
<i>Utilities</i>	Utilities Administration Cost Allocation This action updates Utilities enterprise fund budgets to reflect the allocation of Utilities Administration Fund costs based on headcount. (Ongoing savings: \$5,490)		\$ -	\$ (5,844)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments recommended in this report.		\$ -	\$ 13,859
FIBER FUND (533) SUBTOTAL		0.00	\$ -	\$ -
<u>GAS FUND (514 & 524)</u>				
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Gas Fund and Gas Supply Fund. (Ongoing savings: \$41,690)		\$ -	\$ (41,690)
<i>Utilities</i>	Water Sales to City True-Up This technical action adjusts City expenditures to reflect the finalized customer cost allocations. (Ongoing savings: \$9)		\$ -	\$ (21)
<i>Utilities</i>	Electric Retail Revenue Alignment This action updates support funding to reflect the finalized 4.5% electric retail rate increase and revised cost allocations. (Ongoing savings: \$7,971)		\$ -	\$ (22)
<i>Utilities</i>	Clerical Error Budget Correction This technical action corrects a duplicate expense entry and does not represent a change in service levels or program funding.		\$ -	\$ (2,379,750)
<i>Public Works</i>	Street Cut Fees and Water Treatment Charges This technical action updates charges to reflect the latest forecasted assumptions.		\$ -	\$ 50,000
<i>Utilities</i>	Utilities Administration Cost Allocation This action updates Utilities enterprise fund budgets to reflect the allocation of Utilities Administration Fund costs based on headcount. (Ongoing savings: \$184,000)		\$ -	\$ (42,025)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments recommended in this report.		\$ -	\$ 2,413,508
GAS FUND (514 & 524) SUBTOTAL		0.00	\$ -	\$ -

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		FTE Adjustment	Revenues Adjustment	Expenses Adjustment
ENTERPRISE FUNDS				
<u>REFUSE FUND (525)</u>				
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Refuse Fund. (Ongoing savings: \$11,194)		\$ -	\$ (11,194)
<i>Utilities</i>	Electric Retail Revenue Alignment This action updates support funding to reflect the finalized 4.5% electric retail rate increase and revised cost allocations. (Ongoing savings: \$1,252)		\$ -	\$ (840)
<i>Utilities</i>	Water Sales to City True-Up This technical action adjusts City expenditures to reflect the finalized customer cost allocations. (Ongoing savings: \$49)		\$ -	\$ (110)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments recommended in this report.		\$ -	\$ 12,144
REFUSE FUND (525) SUBTOTAL		0.00	\$ -	\$ -
<u>STORMWATER MANAGEMENT FUND (528)</u>				
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Stormwater Management Fund. (Ongoing savings: \$10,721)		\$ -	\$ (10,721)
<i>Utilities</i>	Electric Retail Revenue Alignment This action updates support funding to reflect the finalized 4.5% electric retail rate increase and revised cost allocations. (Ongoing savings: \$4,483)		\$ -	\$ (2,988)
<i>Utilities</i>	Water Sales to City True-Up This technical action adjusts City expenditures to reflect the finalized customer cost allocations. (Ongoing savings: \$12)		\$ -	\$ (104)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments recommended in this report.		\$ -	\$ 13,813
STORMWATER MANAGEMENT FUND (528) SUBTOTAL		0.00	\$ -	\$ -
<u>WASTEWATER COLLECTION FUND (527)</u>				
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Wastewater Collection Fund. (Ongoing savings: \$21,261)		\$ -	\$ (21,261)
<i>Utilities</i>	Electric Retail Revenue Alignment This action updates support funding to reflect the finalized 4.5% electric retail rate increase and revised cost allocations. (Ongoing savings: \$71)		\$ -	\$ (41)

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		FTE Adjustment	Revenues Adjustment	Expenses Adjustment
ENTERPRISE FUNDS				
<i>Public Works</i>	Street Cut Fees and Water Treatment Charges This technical action updates charges to reflect the latest forecasted assumptions. (Ongoing costs: \$2,914,640)		\$ -	\$ 2,914,640
<i>Utilities</i>	Utilities Administration Cost Allocation This action updates Utilities enterprise fund budgets to reflect the allocation of Utilities Administration Fund costs based on headcount. (Ongoing savings: \$20,296)		\$ -	\$ (21,605)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments recommended in this report.		\$ -	\$ (2,871,733)
WASTEWATER COLLECTION FUND (527) SUBTOTAL		0.00	\$ -	\$ -

WASTEWATER TREATMENT FUND (526)

<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Wastewater Treatment Fund. (Ongoing savings: \$60,650)		\$ -	\$ (60,650)
<i>Utilities</i>	Water Sales to City True-Up This technical action adjusts City expenditures to reflect the finalized customer cost allocations. (Ongoing savings: \$12)		\$ -	\$ (348)
<i>Utilities</i>	Electric Retail Revenue Alignment This action updates support funding to reflect the finalized 4.5% electric retail rate increase and revised cost allocations. (Ongoing savings: \$4,483)		\$ -	\$ (117,332)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments		\$ -	\$ 178,330
WASTEWATER TREATMENT FUND (526) SUBTOTAL		0.00	\$ -	\$ 178,330
			\$ -	\$ 356,661

WATER FUND (522)

<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Water Fund. (Ongoing savings: \$36,560)		\$ -	\$ (36,560)
<i>Utilities</i>	Water Sales to City True-Up This technical action adjusts City expenditures to reflect the finalized customer cost allocations. (Ongoing savings: \$12)		\$ (38,016)	\$ (231)
<i>Utilities</i>	Electric Retail Revenue Alignment This action updates support funding to reflect the finalized 4.5% electric retail rate increase and revised cost allocations. (Ongoing savings: \$544,231)		\$ -	\$ (26,909)

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		FTE Adjustment	Revenues Adjustment	Expenses Adjustment
ENTERPRISE FUNDS				
<i>Utilities</i>	Water Financial Forecast Update This technical action updates the Water Operating budget to align with the latest Water Financial Forecast. Emergency generator purchases previously budgeted in operations are now being funded through the Water System Improvements capital project WS-11004. (Ongoing savings: \$1,000,000)		\$ -	\$ (1,000,000)
<i>Public Works</i>	Street Cut Fees and Water Treatment Charges This technical action updates charges to reflect the latest forecasted assumptions. (Ongoing costs: \$50,0000)		\$ -	\$ 50,000
<i>Utilities</i>	Utilities Administration Cost Allocation This action updates Utilities enterprise fund budgets to reflect the allocation of Utilities Administration Fund costs based on headcount. (Ongoing savings: \$31,858)		\$ -	\$ (33,914)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments <u>recommended in this report.</u>		\$ -	\$ 1,009,599
WATER FUND (522) SUBTOTAL		0.00	\$ (38,016)	\$ (38,016)

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		Revenues Adjustment	Expenses Adjustment
SPECIAL REVENUE FUNDS			
<u>COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND (232)</u>			
<i>Planning and Development Services</i>	CDBG FY26-27 Allocation This action updates the CDBG budget to reflect finalized funding sources and FY 2026-27 Annual Action Plan expenditures.	\$ 47,139	\$ 612,139
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset the actions recommended in this report.	\$ -	\$ (565,000)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND (232) SUBTOTAL		\$ 47,139	\$ 47,139
<u>GAS TAX FUND (231)</u>			
<i>Non- Departmental</i>	Gas Tax Revenue Increase This action increases Gas Tax revenue estimates based on the California Department of Finance's May 2026 updates for estimated 2025-26 HUTA and RMRA-SB1 taxes.	\$ 131,999	\$ -
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset the actions recommended in this report.	\$ -	\$ 131,999
GAS TAX FUND (231) SUBTOTAL		\$ 131,999	\$ 131,999
<u>PUBLIC ART FUND (207)</u>			
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Public Art Fund. (Ongoing savings: \$1,026)	\$ -	\$ (1,026)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset the actions recommended in this report.	\$ -	\$ 1,026
PUBLIC ART FUND (207) SUBTOTAL		\$ -	\$ -
<u>HOUSING IN-LIEU/RESIDENTIAL FUND (233)</u>			
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Housing In-Lieu Residential Fund. (Ongoing savings: \$140)	\$ -	\$ (140)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset the actions recommended in this report.	\$ -	\$ 140
HOUSING IN-LIEU/RESIDENTIAL FUND (233) SUBTOTAL		\$ -	\$ -

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		Revenues Adjustment	Expenses Adjustment
SPECIAL REVENUE FUNDS			
<u>HOUSING IN-LIEU/COMMERCIAL FUND (234)</u>			
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction	\$ -	\$ (140)
	This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Housing In-Lieu Commercial Fund. (Ongoing savings: \$140)		
<i>Fund Balance</i>	This action adjusts the fund balance to offset the actions	\$ -	\$ 140
HOUSING IN-LIEU/COMMERCIAL FUND (234) SUBTOTAL		\$ -	\$ -
<u>RESIDENTIAL PREFERENTIAL PARKING PERMITS FUND (239)</u>			
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction	\$ -	\$ (1,411)
	This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Residential Parking Permit Programs Fund. (Ongoing savings: \$1,411)		
<i>Fund Balance</i>	Adjustment to Fund Balance	\$ -	\$ 1,411
	This action adjusts the fund balance to offset the actions recommended in this report.		
RESIDENTIAL PREFERENTIAL PARKING PERMITS FUND (239) SUBTOTAL		\$ -	\$ -
<u>UNIVERSITY AVENUE PARKING PERMITS FUND (236)</u>			
<i>Utilities</i>	Water Sales to City True-Up	\$ -	\$ (203)
	This technical action adjusts City expenditures to reflect the finalized customer cost allocations.		
<i>Office of Transportation</i>	Electric Retail Revenue Alignment	\$ -	\$ (9,684)
	This action updates support funding to reflect the finalized 4.5% electric retail rate increase and revised cost allocations.		
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction	\$ -	\$ (2,870)
	This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the University Avenue Parking Permits Fund. (Ongoing savings: \$2,870)		

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		Revenues Adjustment	Expenses Adjustment
SPECIAL REVENUE FUNDS			
<i>Fund Balance</i>	Adjustment to Fund Balance	\$ -	\$ 12,756
	This action adjusts the fund balance to offset the actions recommended in this report.		
	UNIVERSITY AVENUE PARKING PERMITS FUND (236) SUBTOTAL	\$ -	\$ -
<u>CALIFORNIA AVENUE PARKING PERMITS FUND (237)</u>			
<i>Utilities</i>	Water Sales to City True-Up	\$ -	\$ (159)
<i>Office of Transportation</i>	Electric Retail Revenue Alignment	\$ -	\$ (5,562)
	This action updates support funding to reflect the finalized 4.5% electric retail rate increase and revised cost allocations. (Ongoing costs: \$141,379)		
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction	\$ -	\$ (745)
	This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the California Avenue Parking Permits Fund. (Ongoing savings: \$745)		
<i>Fund Balance</i>	Adjustment to Fund Balance	\$ -	\$ 6,466
	This action adjusts the fund balance to offset the actions recommended in this report.		
	CALIFORNIA AVENUE PARKING PERMITS FUND (237) SUBTOTAL	\$ -	\$ -

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		Revenues Adjustment	Expenses Adjustment
INTERNAL SERVICE FUNDS			
<u>GENERAL BENEFITS FUND (687)</u>			
<i>Non-Departmental</i>	Section 115 ADP UAL Savings Correction	\$ -	\$ (900,658)
	This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the General Benefits Fund. This brings the total estimated savings in FY 2027 to \$2.2 million. (Ongoing savings: \$900,658)		
<i>Non-Departmental</i>	General Benefits Fund Alignment	\$ (10,932,048)	\$ (3,848,113)
	This technical action aligns the revenue and expenses within the General Benefits Fund in to budgetary actions for FY 2027. The General Benefits Fund acts as a pass-through for benefit costs like pension and healthcare costs; therefore this action aligns expenditures and anticipated revenues correspondingly. (Ongoing cost: \$0)		
<i>Fund Balance</i>	Adjustment to Fund Balance	\$ -	\$ (6,183,277)
	This action adjusts the fund balance to offset adjustments recommended in this report.		
GENERAL BENEFITS FUND (687) SUBTOTAL		\$ (10,932,048)	\$ (10,932,048)
<u>WORKER'S COMPENSATION FUND (688)</u>			
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction	\$ -	\$ (1,189)
	This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Worker's Compensation Fund. (Ongoing savings: \$1,189)		
<i>Fund Balance</i>	Adjustment to Fund Balance	\$ -	\$ 1,189
	This action adjusts the fund balance to offset adjustments recommended in this report.		
WORKER'S COMPENSATION FUND (688) SUBTOTAL		\$ -	\$ -
<u>LIABILITY INSURANCE FUND (689)</u>			
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction	\$ -	\$ (678)
	This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Liability Insurance Fund. (Ongoing savings: \$678)		
<i>Fund Balance</i>	Adjustment to Fund Balance	\$ -	\$ 678
	This action adjusts the fund balance to offset adjustments recommended in this report.		
LIABILITY INSURANCE FUND (689) SUBTOTAL		\$ -	\$ -

PRINTING & MAILING FUND (683)

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		Revenues Adjustment	Expenses Adjustment
INTERNAL SERVICE FUNDS			
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Printing & Mailing Services Fund. (Ongoing savings: \$642)	\$ -	\$ (642)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments recommended in this report.	\$ -	\$ 642
PRINTING & MAILING FUND (683) SUBTOTAL		\$ -	\$ -
<u>TECHNOLOGY FUND (682)</u>			
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Technology Fund. (Ongoing savings: \$29,652)	\$ -	\$ (29,652)
<i>Utilities</i>	Water Sales to City True-Up This technical action adjusts City expenditures to reflect the finalized customer cost allocations. (Ongoing costs: \$145,818)	\$ -	\$ (127)
<i>Utilities</i>	Electric Retail Revenue Alignment This action updates support funding to reflect the finalized 4.5% electric retail rate increase and revised cost allocations. (Ongoing costs: \$141,379)	\$ -	\$ (270)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments recommended in this report.	\$ -	\$ 30,050
TECHNOLOGY FUND (682) SUBTOTAL		\$ -	\$ -
<u>VEHICLE REPLACEMENT & MAINTENANCE FUND (681)</u>			
<i>Human Resources</i>	Section 115 ADP UAL Savings Correction This technical action recognizes the outstanding Unfunded Actuarial Liability (UAL) savings anticipated from the FY 2027 Additional Discretionary Payment (ADP) for the Vehicle Replacement & Maintenance Fund. (Ongoing savings: \$10,004)	\$ -	\$ (10,004)
<i>Utilities</i>	Electric Retail Revenue Alignment This action updates support funding to reflect the finalized 4.5% electric retail rate increase and revised cost allocations. (Ongoing costs: \$141,379)	\$ -	\$ (419)

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Department		Revenues Adjustment	Expenses Adjustment
INTERNAL SERVICE FUNDS			
<i>Public Works</i>	Fleet Fuel Contract Reduction This action reflects a technical adjustment associated with lowered allocated vehicle maintenance charges to departments and the corresponding revenue in the Vehicle Replacement and Maintenance Fund. (Ongoing savings: \$225,000)	\$ -	\$ (225,000)
<i>Fund Balance</i>	Adjustment to Fund Balance This action adjusts the fund balance to offset adjustments recommended in this report.	\$ -	\$ 235,422
VEHICLE REPLACEMENT & MAINTENANCE FUND (681) SUBTOTAL		\$ -	\$ -

CITY OF PALO ALTO

RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Capital Improvement Plan FY 2026 Reappropriations to FY 2027

Fund Number and Name	Project Title	Project Number	Expense Reappropriation Adjustment (Proposed)	Expense Reappropriation Adjustment (A2P)	Expense Reappropriation Adjustment TOTAL	Revenue Reappropriation Adjustment (Proposed)	Revenue Reappropriation Adjustment (A2P)	Revenue Reappropriation Adjustment TOTAL
471 - Capital Improvement Fund	Americans With Disabilities Act Compliance	PF-93009	450,000		450,000			
	Animal Shelter Renovation	PE-19002	2,145,239		2,145,239			
	Art In Public Spaces	AC-86017	1,745,398		1,745,398			
	Baylands Comprehensive Conservation Plan	PG-17000	43,000		43,000			
	Baylands Levee Repair for Public Safety Access	OS-09002	29,210		29,210			
	Bicycle and Pedestrian Transportation Plan Implementation	PL-04010	435,000		435,000	86,300		86,300
	Building Systems Improvements	PF-01003	246,030		246,030			
	California Avenue Streetscape Update	PL-23000	241,000		241,000			
	Churchill Avenue Enhanced Bikeway	PL-14000	256,000		256,000	1,878,328		1,878,328
	Civic Center Electrical Upgrade & EV Charger Installation	PE-17010	1,351,085		1,351,085	174,000		174,000
	Civic Center Fire Life Safety Upgrades	PE-18016	324,997		324,997			
	Civic Center Waterproofing Study and Repairs	PE-15020	941,037		941,037			
	Downtown Automated Parking Guidance Systems, Access Controls & R	PL-15002	32,898		32,898			
	Electric Charger Infrastructure Installation	PF-23000	436,857		436,857			
	Electrification of City Facilities	PE-24001	626,179		626,179			
	Fire Station 4 Replacement	PE-18004	2,349,248		2,349,248			
	Fire Training Facility Replacement	FD-24000	49,988		49,988			
	Foothills Nature Preserve Dam Seepage Investigation and Repairs	PE-20000	100,144		100,144			
	Foothills Nature Preserve Improvements	PE-21000	494,646		494,646			
	Heritage Park Site Amenities Replacement	PG-21000		77,586	77,586			
	JMZ Renovation	AC-18001		185,000	185,000			
	Johnson Park Renovation	PE-21002	25,000		25,000			
	Library Automated Material Handling	LB-21000	329,248		329,248			
	Lucie Stern Community Theater Mechanical Equipment Replacement	PE-24002	1,949,713		1,949,713			
	Lucie Stern Community Theatre Fire Curtain	AC-24001	200,000		200,000			
	Mitchell Park Community Center Audio Visual Equipment	AC-26000	340,000		340,000			
	Municipal Service Center Lighting, Mechanical, and Electrical Improvements	PF-16006	6,165,504		6,165,504			
	New California Avenue Area Parking Garage	PE-18000	997,012		997,012			
	New Downtown Parking Garage	PE-15007	12,896,981		12,896,981	12,896,981		12,896,981
	New Public Safety Building	PE-15001	978,087		978,087			
	Newell Road/San Francisquito Creek Bridge Replacement	PE-12011	976,810		976,810	10,268,732		10,268,732
	Off-Road Pathway Resurfacing And Repair	OS-09001	170,000	(132,000)	38,000			
	Park and Open Space Emergency Repairs	PG-09002	43,779		43,779			
	Park Restroom Installation	PG-19000	319,704		319,704	319,704		319,704
	Parking District Implementation	PL-15003	193,900		193,900			
	Performing Arts Venues Seat Replacement	AC-18000	108,023		108,023			
	Railroad Grade Separation and Safety Improvements	PL-17001	1,999,819		1,999,819	2,093,843		2,093,843
	Rinconada Park Improvements	PE-08001	101,150		101,150			
	Rinconada Pool Family Changing Room	PE-24004	1,158,326		1,158,326			
	Robles Park Improvements	PE-18015	891,958		891,958			
	Roofing Replacement	PF-00006	300,000		300,000			
	San Francisquito Creek Joint Powers Authority Ongoing Creek Projects	PE-22000	54,521		54,521			
	Traffic Signal and Intelligent Transportation Systems	PL-05030	1,350,000		1,350,000	800,000		800,000
	University Avenue Parking Improvements	PF-14003	103,527		103,527			
	University Avenue Streetscape Update	PE-21004	1,946,000		1,946,000			
	Mitchell Park Library Repair	PE-24006	50,000		50,000			
	Palo Alto Art Center Ceramics Equipment	AC-28003	68,527		68,527			
	Fire Equipment Replacement	FD-25000	279,908		279,908	262,557		262,557
	California Avenue Parking District Parking Improvements	PF-25000	50,000		50,000	50,000		50,000

CITY OF PALO ALTO

RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Capital Improvement Plan FY 2026 Reappropriations to FY 2027

Fund Number and Name	Project Title	Project Number	Expense Reappropriation Adjustment (Proposed)	Expense Reappropriation Adjustment (A2P)	Expense Reappropriation Adjustment TOTAL	Revenue Reappropriation Adjustment (Proposed)	Revenue Reappropriation Adjustment (A2P)	Revenue Reappropriation Adjustment TOTAL
	Baylands Interpretive Signage Program	OS-24001	34,163		34,163	34,163		34,163
	Meadow Drive and Charleston Road Rail Grade Separation and Safety	PL-24000	1,593,463		1,593,463	1,197,619		1,197,619
	Charleston Road/Alma Street Railroad Crossing Safety Improvements	PL-25002	682,400		682,400	713,248		713,248
	Churchill Avenue Rail Grade Separation and Safety Improvements	PL-24001	658,835		658,835	2,000,000		2,000,000
	Children's Theatre Facility Upgrade/Repair	AC-28002	125,000		125,000			
	Charging Stations Repair and Maintenance	PF-26001	92,349		92,349			
	Ramona Street Streetscape Update	PE-26002	139,328		139,328			
	PAAC Auditorium Audio Visual Equipment and Facility Public Announc	AC-26001	165,506		165,506			
	Parking Infrastructure Improvements	PL-12000	200,000		200,000			
	Congestion Relief Projects	PL-25001	400,000		400,000	400,000		400,000
	Emergency Gate at Foothill and Miranda	PE-26003	50,000		50,000			
471 - Capital Improvement Fund Total			50,486,497	130,586	50,617,083	33,175,475	-	33,175,475
472 - Cubberley Property Infrastructure Fund	Cubberley Community Center Redevelopment	CB-26000	305,061		305,061			
	Cubberley Repairs	CB-17001	100,000		100,000			
472 - Cubberley Property Infrastructure Fund Total			405,061	-	405,061	-	-	-
523 - Electric Fund	Inter-substation Line Protection Relay	EL-17005	645,333		645,333			
	Smart Grid Technology Installation	EL-11014	268,098		268,098			
	Substation Facility Improvements	EL-89044	974,866		974,866			
	Underground System Rebuild	EL-16001	612,910		612,910			
	Hanover Substation Upgrade Project	EL-24001	2,957,140		2,957,140			
	Colorado 60kV Bus Rebuild	EL-17002	3,498,849		3,498,849			
	Colorado Transformer #3 Replacement	EL-19001	3,780,000		3,780,000			
	Grid Modernization 12kV Distribution Residential Rebuild	EL-24000	12,762,653		12,762,653	39,240,000		39,240,000
523 - Electric Fund Total			25,499,849	-	25,499,849	39,240,000	-	39,240,000
533 - Fiber Optics Fund	Fiber Optics Network - System Improvements	FO-10001	43,310		43,310			
	Fiber Optics Network - System Rebuild	FO-16000	2,948,211		2,948,211			
	Fiber-to-the-Premises (FTTP)	FO-24000	7,501,748		7,501,748			
533 - Fiber Optics Fund Total			10,493,269	-	10,493,269	-	-	-
524 - Gas Fund	Gas Distribution System Improvements	GS-11002	758,910		758,910			
	Gas Main Replacement - Project 25	GS-15000	5,138,088		5,138,088	7,500,000		7,500,000
	Gas Main Replacement - Project 26	GS-16000	2,002,190		2,002,190			
	Gas Meters and Regulators	GS-80019	198,910		198,910			
	Gas Line Repair at Arastradero Creek	GS-25001	143,916		143,916			
524 - Gas Fund Total			8,242,014	-	8,242,014	7,500,000	-	7,500,000
528 - Stormwater Management Fund	Corporation Way System Upgrades and Pump Station	SD-21000	201,333		201,333			
	Green Stormwater Infrastructure	SD-22001	1,030,250		1,030,250	1,030,250		1,030,250
	Storm Drainage System Replacement And Rehabilitation	SD-06101	882,265		882,265			
	West Bayshore Road Trunk Line Improvements	SD-23000	19,236		19,236			
	Center Drive Capacity Upgrades	SD-26001	65,200		65,200			
	Hamilton Avenue System Upgrades	SD-25000	98,292		98,292			
528 - Stormwater Management Fund Total			2,296,576	-	2,296,576	1,030,250	-	1,030,250
527 - Wastewater Collection Fund	Sewer Lateral/Manhole Rehabilitation and Replacement	WC-99013	927,852		927,852			
	Wastewater Collection System Rehabilitation/Augmentation Project 3	WC-20000	334,530		334,530			
527 - Wastewater Collection Fund Total			1,262,382	-	1,262,382	-	-	-
526 - Wastewater Treatment Fund	Headworks Facility Replacement	WQ-16002	2,988,974		2,988,974	2,988,974		2,988,974
	New Laboratory And Environmental Services Building	WQ-14002	15,166,602		15,166,602	15,166,602		15,166,602
	Outfall Line Construction	WQ-19000	10,593,300		10,593,300	10,582,800		10,582,800
	Secondary Treatment Upgrades	WQ-19001	1,112,320		1,112,320	1,112,320		1,112,320
	Local Advanced Water Purification System	WQ-19003	1,000,000		1,000,000	1,000,000		1,000,000

CITY OF PALO ALTO
RECOMMENDED AMENDMENTS TO THE CITY MANAGER'S FY 2027 PROPOSED BUDGET

Capital Improvement Plan FY 2026 Reappropriations to FY 2027

Fund Number and Name	Project Title	Project Number	Expense Reappropriation Adjustment (Proposed)	Expense Reappropriation Adjustment (A2P)	Expense Reappropriation Adjustment TOTAL	Revenue Reappropriation Adjustment (Proposed)	Revenue Reappropriation Adjustment (A2P)	Revenue Reappropriation Adjustment TOTAL
526 - Wastewater Treatment Fund Total			30,861,196	-	30,861,196	30,850,696	-	30,850,696
522 - Water Fund	Water Distribution System Improvements	WS-11003	96,300		96,300			
	Water Main Replacement - Project 30	WS-16001	4,366,839		4,366,839			
	Water Meters	WS-80015	154,630		154,630			
	Water Service and Hydrant Replacement	WS-80014	50,000		50,000			
	Water System Supply Improvements	WS-11004	1,061,540		1,061,540			
	Water Tank Seismic Upgrade and Rehabilitation	WS-09000	100,000		100,000			
522 - Water Fund Total			5,829,309	-	5,829,309	-	-	-
682 - Technology Fund	City Council Chambers Upgrade	TE-19001	1,641,440		1,641,440			
	Computer Aided Dispatch (CAD) Upgrade	TE-23000	126,841		126,841			
	Enterprise Resource Planning Upgrade	TE-19000	894,907		894,907			
	Infrastructure Management System	TE-13004	365,281		365,281			
	IT Data Center Upgrade	TE-25000	980,000		980,000			
682 - Technology Fund Total			4,008,469	-	4,008,469	-	-	-
681 - Vehicle Replacement & Maintenance Fund	Scheduled Vehicle and Equipment Replacement - Fiscal Year 2024	VR-24000	1,987,783		1,987,783			
	Scheduled Vehicle and Equipment Replacement - Fiscal Year 2025	VR-25000	625,812		625,812			
681 - Vehicle Replacement & Maintenance Fund Total			2,613,595	-	2,613,595	-	-	-
All Funds Total			141,998,217	130,586	142,128,803	111,796,421	-	111,796,421

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
General Fund						
Administrative Services						
Account Specialist	4.13	4.13	4.13	4.13	—	—%
Account Specialist-Lead	3.45	3.45	3.45	3.45	—	—%
Accountant	2.00	2.00	2.00	2.00	—	—%
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Administrative Associate II	1.00	1.00	1.00	—	(1.00)	(100.0)%
Administrative Associate III	1.00	1.00	1.00	1.00	—	—%
Assistant Director Administrative Services	1.65	1.65	1.65	1.65	—	—%
Buyer	2.00	2.00	2.00	2.00	—	—%
Chief Procurement Officer	1.00	1.00	1.00	1.00	—	—%
Contracts Administrator	3.70	3.70	2.70	2.70	—	—%
Director Administrative Services/CFO	0.80	0.80	0.80	0.80	—	—%
Director Office of Management and Budget	1.00	1.00	1.00	1.00	—	—%
Management Analyst**	2.00	3.00	2.00	2.00	—	—%
Manager Budget	2.00	2.00	2.00	2.00	—	—%
Manager Real Property	1.00	1.00	1.00	1.00	—	—%
Manager Revenue Collections	0.62	0.62	0.62	—	(0.62)	(100.0)%
Manager Treasury, Debt & Investments	0.60	0.60	0.60	0.60	—	—%
Manager, Finance	1.00	1.00	1.00	1.00	—	—%
Payroll Analyst	2.00	2.00	2.00	2.00	—	—%
Senior Accountant	3.00	3.00	3.00	3.00	—	—%
Senior Buyer	1.00	1.00	1.00	1.00	—	—%
Senior Management Analyst**	2.30	2.30	3.40	2.40	(1.00)	(29.4)%
Storekeeper	2.00	2.00	2.00	2.00	—	—%
Storekeeper-Lead	0.20	0.20	0.20	0.20	—	—%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Warehouse Supervisor	0.20	0.20	0.20	0.20	—	—%
Total Administrative Services	40.65	41.65	40.75	38.13	(2.62)	(6.4)%
City Attorney						
Assistant City Attorney	4.00	4.00	4.00	3.75	(0.25)	(6.3)%
Chief Assistant City Attorney	1.00	1.00	1.00	1.00	—	—%
City Attorney	1.00	1.00	1.00	1.00	—	—%
Claims Investigator	1.00	1.00	1.00	1.00	—	—%
Deputy City Attorney	0.50	0.50	0.50	0.50	—	—%
Legal Fellow	1.00	1.00	1.00	0.75	(0.25)	(25.0)%
Secretary to City Attorney	1.00	1.00	1.00	1.00	—	—%
Senior Management Analyst	1.00	1.00	1.00	1.00	—	—%
Total City Attorney	10.50	10.50	10.50	10.00	(0.50)	(4.8)%
City Clerk						
Administrative Associate III	2.00	2.00	2.00	1.75	(0.25)	(12.5)%
Assistant City Clerk	2.00	2.00	2.00	2.00	—	—%
City Clerk	1.00	1.00	1.00	1.00	—	—%
Total City Clerk	5.00	5.00	5.00	4.75	(0.25)	(5.0)%
City Manager						
Administrative Assistant	3.00	3.00	3.00	3.00	—	—%
Assistant City Manager	1.00	1.00	1.00	0.80	(0.20)	(20.0)%
Assistant to the City Manager	3.00	3.00	3.00	3.00	—	—%
Chief Communications Officer	1.00	1.00	1.00	1.00	—	—%
City Manager	1.00	1.00	1.00	1.00	—	—%
Deputy City Manager	1.00	1.00	1.00	1.00	—	—%
Executive Assistant to the City Manager	1.00	1.00	1.00	1.00	—	—%
Management Fellow	—	—	0.20	0.20	—	—%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Management Specialist	—	1.00	—	—	—	—%
Manager Communications	1.00	1.00	1.00	1.00	—	—%
Senior Management Analyst	1.00	1.00	1.00	1.00	—	—%
Total City Manager	13.00	14.00	13.20	13.00	(0.20)	(1.5)%
Community Services						
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Animal Caretaker	—	4.00	4.00	4.00	—	—%
Assistant Director Community Services	2.00	2.00	2.00	2.00	—	—%
Building Serviceperson	2.00	2.00	2.00	2.00	—	—%
Building Serviceperson-Lead	2.00	2.00	2.00	2.00	—	—%
Coordinator Recreation Programs	5.75	5.75	6.00	6.00	—	—%
Director Community Services	1.00	1.00	1.00	1.00	—	—%
Division Manager Open Space, Parks & Golf	1.00	1.00	1.00	1.00	—	—%
Inspector, Field Services	2.00	2.00	2.00	2.00	—	—%
Junior Museum & Zoo Educator	4.85	4.85	5.85	5.85	—	—%
Management Analyst	1.00	1.00	1.00	1.00	—	—%
Management Assistant	1.00	1.00	1.00	1.00	—	—%
Manager Community Services	5.00	5.00	5.00	5.00	—	—%
Manager Community Services Senior Program	4.00	4.00	4.00	4.00	—	—%
Manager Human Services	1.00	1.00	1.00	1.00	—	—%
Park Maintenance Person	6.00	6.00	6.00	5.40	(0.60)	(10.0)%
Park Maintenance-Lead	1.00	1.00	1.00	—	(1.00)	(100.0)%
Park Ranger	6.00	6.00	6.00	6.00	—	—%
Parks/Golf Crew-Lead	2.00	2.00	2.00	2.00	—	—%
Producer Arts/Science Program	9.50	9.50	9.50	7.50	(2.00)	(21.1)%
Program Assistant I	3.75	4.75	5.75	6.75	1.00	17.4%
Program Assistant II	4.00	4.00	4.00	3.00	(1.00)	(25.0)%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Project Manager	0.10	0.10	0.10	0.10	—	—%
Senior Management Analyst	1.00	1.00	1.00	1.00	—	—%
Sprinkler System Representative	4.00	4.00	4.00	3.60	(0.40)	(10.0)%
Superintendent Community Services	2.00	2.00	2.00	2.00	—	—%
Theater Specialist	5.00	5.00	5.00	7.00	2.00	40.0%
WGW Heavy Equipment Operator	0.07	0.07	0.07	0.07	—	—%
Total Community Services	78.02	83.02	85.27	83.27	(2.00)	(2.3)%
Fire						
40-Hour Captain	0.20	—	—	—	—	—%
40-Hour Training Battalion Chief	1.00	1.00	1.00	1.00	—	—%
40-Hour Training Captain	1.00	1.00	1.00	1.00	—	—%
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Administrative Associate II	2.20	3.00	3.00	3.00	—	—%
Administrative Associate III	0.20	1.00	2.00	2.00	—	—%
Assistant Fire Marshal	—	1.00	1.00	1.00	—	—%
Battalion Chief	3.00	3.00	3.00	3.00	—	—%
Business Analyst	0.80	0.80	0.80	0.80	—	—%
Deputy Director Technical Services Division	0.20	0.20	0.20	0.20	—	—%
Deputy Fire Chief	2.00	2.00	2.00	2.00	—	—%
Emergency Medical Service Director	1.00	1.00	1.00	1.00	—	—%
Emergency Medical Services Data Specialist	1.00	1.00	1.00	1.00	—	—%
Fire Apparatus Operator	26.00	26.00	26.00	26.00	—	—%
Fire Captain	20.00	20.00	23.00	23.00	—	—%
Fire Chief	1.00	1.00	1.00	1.00	—	—%
Fire Fighter	34.00	37.00	37.00	37.00	—	—%
Fire Fighter Trainee*	3.00	3.00	3.00	1.00	(2.00)	(66.7)%
Fire Inspector	2.40	3.20	3.20	3.20	—	—%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Fire Marshal	0.05	0.75	0.75	0.75	—	—%
Geographic Information System Specialist	0.50	0.50	0.50	0.50	—	—%
Hazardous Materials Inspector	0.70	3.93	3.93	3.93	—	—%
Manager, EMS*	—	—	1.00	1.00	—	—%
Plans Check Engineer	—	0.50	0.50	0.50	—	—%
Senior Management Analyst	1.00	1.00	1.00	1.00	—	—%
Single Role EMT	—	—	2.00	2.00	—	—%
Single Role Paramedic	—	—	2.00	2.00	—	—%
Total Fire	102.25	112.88	121.88	119.88	(2.00)	(1.6)%
Human Resources						
Administrative Assistant	0.75	0.75	0.75	0.50	(0.25)	(33.3)%
Assistant Director Human Resources	1.00	1.00	1.00	1.00	—	—%
Director Human Resources/CPO	1.00	1.00	1.00	1.00	—	—%
Human Resources Representative	4.00	4.00	4.00	4.00	—	—%
Human Resources Technician	2.00	2.00	2.00	1.00	(1.00)	(50.0)%
Management Fellow	—	—	0.30	0.30	—	—%
Manager Employee Benefits	1.00	1.00	—	—	—	—%
Manager Employee Relations	1.00	1.00	1.00	1.00	—	—%
Recruitment Division Manager	—	1.00	1.00	1.00	—	—%
Senior Human Resources Administrator	4.00	4.00	3.00	3.00	—	—%
Senior Management Analyst	2.00	2.00	2.00	2.00	—	—%
Total Human Resources	16.75	17.75	16.05	14.80	(1.25)	(7.8)%
Library						
Administrative Assistant	1.00	1.00	1.00	0.50	(0.50)	(50.0)%
Coordinator Library Programs	5.00	5.00	5.00	5.00	—	—%
Director Libraries	1.00	1.00	1.00	1.00	—	—%
Division Head Library Services	2.00	2.00	2.00	2.00	—	—%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Librarian	4.00	4.00	4.00	4.00	—	—%
Library Associate	10.00	10.00	10.00	8.00	(2.00)	(20.0)%
Library Specialist	8.00	8.00	8.00	7.50	(0.50)	(6.3)%
Management Analyst	1.00	1.00	1.00	1.00	—	—%
Manager Library Services	3.00	3.00	3.00	3.00	—	—%
Senior Business Analyst	1.00	1.00	1.00	1.00	—	—%
Senior Librarian	8.00	8.00	8.00	7.00	(1.00)	(12.5)%
Supervising Librarian	5.00	5.00	5.00	5.00	—	—%
Total Library	49.00	49.00	49.00	45.00	(4.00)	(8.2)%
Office of Emergency Services						
Director Office of Emergency Services	1.00	1.00	1.00	1.00	—	—%
Office of Emergency Services Coordinator	2.00	2.00	2.00	2.00	—	—%
Total Office of Emergency Services	3.00	3.00	3.00	3.00	—	—%
Office of Transportation						
Administrative Assistant	0.60	0.60	0.60	0.50	(0.10)	(16.7)%
Assistant Engineer**	—	—	—	1.00	1.00	—%
Associate Engineer	0.35	0.35	0.35	0.35	—	—%
Associate Planner	0.40	1.40	1.40	1.40	—	—%
Chief Transportation Official	0.70	0.70	0.70	0.50	(0.20)	(28.6)%
Coordinator Transportation Systems Management	0.65	—	—	—	—	—%
Parking Operations-Lead	0.05	0.05	0.05	0.05	—	—%
Planner**	—	0.40	0.40	0.40	—	—%
Principal Transportation Engineer	—	—	0.20	0.20	—	—%
Project Engineer	0.25	0.25	0.35	0.35	—	—%
Senior Engineer	0.55	0.55	0.35	0.35	—	—%
Senior Management Analyst	0.50	0.50	0.50	0.40	(0.10)	(20.0)%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Senior Planner	1.40	1.65	1.65	1.65	—	—%
Transportation Planning Manager	1.00	1.00	1.00	1.00	—	—%
Total Office of Transportation	6.45	7.45	7.55	8.15	0.60	7.9%
Planning and Development Services						
40-Hour Captain	0.80	—	—	—	—	—%
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Administrative Associate II	0.80	—	—	—	—	—%
Administrative Associate III	7.80	6.00	6.00	4.00	(2.00)	(33.3)%
Assistant Chief Building Official	2.00	1.00	1.00	1.00	—	—%
Assistant Director PCE	1.00	1.00	1.00	1.00	—	—%
Associate Engineer	0.50	0.50	0.50	0.50	—	—%
Associate Planner	1.25	1.25	1.25	1.25	—	—%
Building/Planning Technician	2.50	2.50	2.50	2.50	—	—%
Chief Building Official	1.00	1.00	1.00	1.00	—	—%
Chief Planning Official	1.00	—	—	—	—	—%
Code Enforcement Officer	1.00	1.00	1.00	1.00	—	—%
Code Enforcement-Lead	1.00	1.00	1.00	1.00	—	—%
Development Project Coordinator I	—	—	—	2.00	2.00	—%
Development Project Coordinator II	2.00	2.00	2.00	2.00	—	—%
Development Project Coordinator III	3.00	3.00	3.00	3.00	—	—%
Director Planning/Community Environment	1.00	1.00	1.00	1.00	—	—%
Division Manager Planning	—	1.00	1.00	1.00	—	—%
Engineer	0.52	0.52	0.52	0.52	—	—%
Engineering Technician III	1.00	1.00	1.00	1.00	—	—%
Fire Inspector	1.60	0.80	0.80	0.80	—	—%
Fire Marshal	0.80	0.25	0.25	0.25	—	—%
Hazardous Materials Inspector	3.20	0.07	0.07	0.07	—	—%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Industrial Waste Investigator	0.35	0.35	0.35	0.35	—	—%
Inspector, Field Services	0.68	0.68	0.68	0.68	—	—%
Landscape Architect Park Planner	0.50	0.50	0.50	0.50	—	—%
Manager Planning	4.00	4.00	5.00	5.00	—	—%
Plan Review Manager	—	1.00	—	—	—	—%
Planner**	5.00	5.00	5.00	3.00	(2.00)	(40.0)%
Plans Check Engineer	1.00	0.50	0.50	0.50	—	—%
Principal Planner	2.00	3.00	4.00	4.00	—	—%
Project Manager	0.50	0.50	0.50	0.50	—	—%
Senior Building Inspector	8.00	8.00	8.00	8.00	—	—%
Senior Business Analyst	1.00	—	—	—	—	—%
Senior Engineer	0.45	0.45	0.45	0.45	—	—%
Senior Management Analyst	2.00	2.00	2.00	2.00	—	—%
Senior Plan Check Engineer	2.00	3.00	3.00	3.00	—	—%
Senior Planner	7.65	8.75	8.75	7.75	(1.00)	(11.4)%
Senior Program Manager	—	1.00	1.00	1.00	—	—%
Senior Technologist	—	1.00	1.00	1.00	—	—%
Supervisor Inspection and Surveying	0.25	0.25	0.25	0.25	—	—%
Supervisor of Code Enforcement	1.00	1.00	1.00	1.00	—	—%
Technologist	—	1.00	1.00	1.00	—	—%
Transportation Planning Manager	0.05	0.05	0.05	0.05	—	—%
Total Planning and Development Services	71.20	67.92	68.92	65.92	(3.00)	(4.4)%
Police						
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Administrative Associate II	3.00	3.00	3.00	3.00	—	—%
Animal Control Officer	2.00	2.00	2.00	2.00	—	—%
Animal Control Officer-Lead	1.00	1.00	1.00	1.00	—	—%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Assistant Police Chief	1.00	1.00	1.00	1.00	—	—%
Business Analyst	2.20	2.20	2.20	2.20	—	—%
Code Enforcement Officer	1.00	1.00	1.00	1.00	—	—%
Community Service Officer	5.63	4.69	4.69	3.69	(1.00)	(21.3)%
Court Liaison Officer	2.00	2.00	2.00	2.00	—	—%
Crime Analyst	1.00	1.00	1.00	1.00	—	—%
Deputy Director Technical Services Division	0.80	0.80	0.80	0.80	—	—%
Forensic Coordinator	—	1.00	1.00	1.00	—	—%
Forensic Specialist	—	1.00	1.00	1.00	—	—%
Geographic Information System Specialist	0.50	0.50	0.50	0.50	—	—%
Police Agent	19.00	19.00	19.00	19.00	—	—%
Police Captain	2.00	2.00	2.00	2.00	—	—%
Police Chief	1.00	1.00	1.00	1.00	—	—%
Police Lieutenant	4.00	5.00	5.00	5.00	—	—%
Police Officer	45.00	45.00	45.00	45.00	—	—%
Police Records Specialist II	6.00	6.00	6.00	6.00	—	—%
Police Records Specialist-Lead	1.00	1.00	1.00	1.00	—	—%
Police Sergeant*,**	14.00	14.00	14.00	14.00	—	—%
Program Assistant II	1.00	1.00	1.00	2.00	1.00	100.0%
Property Evidence Technician	2.00	—	—	—	—	—%
Public Safety Communications Manager	1.00	1.00	1.00	1.00	—	—%
Public Safety Dispatcher	16.00	16.00	16.00	16.00	—	—%
Public Safety Dispatcher-Lead	4.00	4.00	4.00	4.00	—	—%
Public Safety Program Manager	1.00	1.00	1.00	1.00	—	—%
Senior Management Analyst	1.00	1.00	1.00	1.00	—	—%
Total Police	139.13	139.19	139.19	139.19	—	—%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Public Works						
Administrative Assistant	0.50	0.50	0.75	0.55	(0.20)	(26.7)%
Administrative Associate II	2.65	2.65	2.65	1.62	(1.03)	(38.9)%
Assistant Director Public Works	0.73	0.73	0.73	0.73	—	—%
Associate Engineer	0.45	0.45	0.45	0.45	—	—%
Building Serviceperson-Lead	1.00	1.00	1.00	1.00	—	—%
Building/Planning Technician	0.50	0.50	0.50	0.50	—	—%
Cement Finisher	2.00	2.00	2.00	2.00	—	—%
Cement Finisher-Lead	0.26	0.26	0.26	0.26	—	—%
Coordinator Public Works Projects	1.50	1.50	0.70	0.70	—	—%
Director Public Works/City Engineer	1.00	1.00	1.00	1.00	—	—%
Electrician	0.80	0.80	0.80	0.80	—	—%
Engineer	0.48	0.48	0.48	0.48	—	—%
Engineering Technician III	1.80	1.80	1.80	1.80	—	—%
Environmental Specialist	0.33	0.33	0.33	0.33	—	—%
Equipment Operator	2.46	2.46	2.46	2.46	—	—%
Facilities Carpenter	1.00	1.00	1.00	1.00	—	—%
Facilities Maintenance-Lead	1.85	1.85	1.85	1.85	—	—%
Facilities Painter	1.75	1.75	1.75	1.75	—	—%
Facilities Technician	5.05	5.05	5.05	5.05	—	—%
Heavy Equipment Operator	2.10	2.10	2.10	2.10	—	—%
Heavy Equipment Operator-Lead	0.85	0.85	0.85	0.85	—	—%
Inspector, Field Services	0.11	0.11	0.11	0.11	—	—%
Landscape Architect Park Planner	0.60	0.60	0.60	0.60	—	—%
Management Analyst	0.70	0.80	0.80	0.80	—	—%
Manager Environmental Control Program	0.33	0.33	0.33	0.33	—	—%
Manager Facilities	0.90	0.90	0.90	0.50	(0.40)	(44.4)%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Manager Maintenance Operations	1.20	1.20	1.20	0.50	(0.70)	(58.3)%
Manager Urban Forestry	1.00	1.00	1.00	0.96	(0.04)	(4.0)%
Manager Watershed Protection	0.05	0.05	0.05	0.05	—	—%
Project Manager	2.85	2.85	2.85	2.78	(0.07)	(2.5)%
Senior Engineer	0.60	0.60	0.60	0.60	—	—%
Senior Management Analyst	1.11	1.11	1.11	1.11	—	—%
Supervisor Inspection and Surveying	0.10	0.10	0.10	0.10	—	—%
Surveyor, Public Works	0.33	0.33	0.33	—	(0.33)	(100.0)%
Traffic Controller Maintainer I	1.94	1.94	1.94	1.94	—	—%
Traffic Controller Maintainer II	1.00	1.00	2.00	2.00	—	—%
Tree Maintenance Person	1.00	1.00	1.00	1.02	0.02	2.0%
Tree Trim/Line Clear	7.00	7.00	7.00	5.88	(1.12)	(16.0)%
Tree Trim/Line Clear-Lead	1.00	1.00	1.00	0.98	(0.02)	(2.0)%
WGW Heavy Equipment Operator	0.23	0.23	0.23	0.23	—	—%
Total Public Works	51.11	51.21	51.66	47.77	(3.89)	(7.5)%
Total General Fund	586.06	602.57	611.97	592.86	(19.11)	(3.1)%
Enterprise Fund						
Public Works						
Accountant	0.70	0.70	0.70	0.70	—	—%
Administrative Assistant	—	—	—	0.30	0.30	—%
Administrative Associate I	1.00	1.00	1.00	1.00	—	—%
Administrative Associate II	2.15	2.15	2.15	2.15	—	—%
Administrative Associate III	0.20	0.20	0.20	0.20	—	—%
Airport Specialist II	2.50	2.50	2.50	2.50	—	—%
Assistant Director Public Works	1.30	1.30	1.30	1.30	—	—%
Assistant Manager WQCP	2.00	2.00	2.00	2.00	—	—%
Associate Engineer	3.05	3.05	3.05	3.05	—	—%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Chemist	3.00	3.00	3.00	3.00	—	—%
Electrician	3.00	3.00	3.00	3.00	—	—%
Electrician-Lead	2.00	2.00	2.00	2.00	—	—%
Engineer	1.90	1.90	1.90	1.90	—	—%
Engineering Technician III	0.20	0.20	0.20	0.20	—	—%
Environmental Specialist	2.33	2.33	3.33	3.33	—	—%
Equipment Operator	0.54	0.54	0.54	0.54	—	—%
Facilities Maintenance Lead	1.00	1.00	1.00	1.00	—	—%
Fire Marshal	0.07	—	—	—	—	—%
Hazardous Materials Inspector	0.04	—	—	—	—	—%
Heavy Equipment Operator	0.90	0.90	0.90	0.90	—	—%
Heavy Equipment Operator-Lead	1.15	1.15	1.15	1.15	—	—%
Industrial Waste Inspector	3.00	3.00	3.00	3.00	—	—%
Industrial Waste Investigator	1.15	1.15	1.15	1.15	—	—%
Instrumentation Electrician	—	—	1.00	1.00	—	—%
Laboratory Technician WQC	3.00	3.00	3.00	3.00	—	—%
Landfill Technician	2.00	2.00	2.00	2.00	—	—%
Management Analyst	2.30	2.90	2.90	2.90	—	—%
Manager Airport	1.00	1.00	1.00	1.00	—	—%
Manager Environmental Control Program	5.33	5.33	5.33	5.33	—	—%
Manager Information Technology	—	—	—	1.00	1.00	—%
Manager Laboratory Services	1.00	1.00	1.00	1.00	—	—%
Manager Maintenance Operations	1.96	1.96	1.96	2.96	1.00	51.0%
Manager Solid Waste	1.00	1.00	1.00	1.00	—	—%
Manager Water Quality Control Plant	1.00	1.00	1.00	1.00	—	—%
Manager Watershed Protection	0.95	0.95	0.95	0.95	—	—%
Plant Mechanic	7.00	7.00	7.00	7.00	—	—%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Program Assistant I	1.00	1.00	1.00	1.00	—	—%
Program Assistant II	2.00	2.00	2.00	2.00	—	—%
Project Engineer	2.83	2.83	2.83	2.83	—	—%
Project Manager	1.35	1.35	1.35	1.35	—	—%
Senior Accountant	0.30	0.30	0.30	0.30	—	—%
Senior Buyer	1.00	1.00	1.00	1.00	—	—%
Senior Chemist	2.00	2.00	2.00	2.00	—	—%
Senior Engineer	3.76	3.76	3.76	3.76	—	—%
Senior Industrial Waste Investigator	1.00	1.00	1.00	1.00	—	—%
Senior Management Analyst	0.21	0.21	0.61	0.61	—	—%
Senior Mechanic	1.00	1.00	1.00	1.00	—	—%
Senior Operator WQC	6.00	6.00	7.00	8.00	1.00	14.3%
Senior Technologist	1.00	1.00	1.00	1.00	—	—%
Storekeeper	1.00	1.00	1.00	1.00	—	—%
Street Sweeper Operator	1.63	1.63	1.63	1.63	—	—%
Supervisor WQCP Operations	3.00	3.00	3.00	3.00	—	—%
Surveyor, Public Works	0.12	0.12	0.12	—	(0.12)	(100.0)%
Technologist	1.00	1.00	1.00	1.00	—	—%
Traffic Controller Maintainer I	0.06	0.06	0.06	0.06	—	—%
WQC Plant Operator II	16.00	16.00	16.00	16.00	—	—%
Zero Waste Coordinator	1.00	1.00	1.00	1.00	—	—%
Total Public Works	106.98	107.47	110.87	114.05	3.18	2.9%
Utilities						
Account Specialist	1.00	1.00	1.00	1.00	—	—%
Accountant	1.30	1.30	1.30	1.30	—	—%
Administrative Assistant	1.00	1.00	1.75	1.75	—	—%
Administrative Associate II	6.00	6.00	6.00	6.03	0.03	0.5%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Administrative Associate III	—	—	—	0.25	0.25	—%
Assistant City Attorney	2.00	2.00	2.00	2.25	0.25	12.5%
Assistant City Manager	—	—	—	0.20	0.20	—%
Assistant Director Administrative Services	0.25	0.25	0.25	0.25	—	—%
Assistant Director Sustainability and Climate Action	1.00	1.00	1.00	1.00	—	—%
Assistant Director Utilities Customer Support Services*	2.00	2.00	2.00	2.00	—	—%
Assistant Director Utilities Engineering	1.00	1.00	1.00	1.00	—	—%
Assistant Director Utilities Operations	1.00	1.00	1.00	1.00	—	—%
Assistant Director Utilities/Resource Management	1.00	1.00	1.00	1.00	—	—%
Associate Sustainability Program Administrator	1.00	2.00	2.00	2.00	—	—%
Business Analyst	6.00	6.00	6.00	6.00	—	—%
Cathodic Protection Technician Assistant	1.00	1.00	—	—	—	—%
Cathodic Technician	1.00	1.00	2.00	2.00	—	—%
Cement Finisher	2.00	3.00	3.00	3.00	—	—%
Contracts Administrator	0.70	0.70	0.70	0.70	—	—%
Coordinator Utilities Projects	8.00	10.00	10.00	10.00	—	—%
Customer Service Representative	7.00	7.00	7.00	7.00	—	—%
Customer Service Specialist	2.00	2.00	2.00	2.00	—	—%
Customer Service Specialist-Lead	2.00	2.00	2.00	2.00	—	—%
Deputy City Attorney	0.50	0.50	0.50	0.50	—	—%
Director Administrative Services/CFO	0.20	0.20	0.20	0.20	—	—%
Electric Heavy Equipment Operator	1.00	1.00	1.00	1.00	—	—%
Electric Project Engineer	8.00	10.00	10.00	10.00	—	—%
Electric Underground Inspector	2.00	2.00	2.00	2.00	—	—%
Electric Underground Inspector-Lead	1.00	1.00	1.00	1.00	—	—%
Electrical Equipment Technician	1.00	1.00	1.00	1.00	—	—%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Electrician Assistant I	3.00	3.00	3.00	3.00	—	—%
Electrician-Lead	—	1.00	1.00	1.00	—	—%
Engineer	5.00	5.00	5.00	5.00	—	—%
Engineering Manager - Electric	1.00	1.00	1.00	1.00	—	—%
Engineering Manager - WGW	1.00	1.00	1.00	1.00	—	—%
Engineering Technician III	3.00	3.00	3.00	3.00	—	—%
Environmental Specialist	0.34	0.34	0.34	0.34	—	—%
Equipment Operator	1.00	1.00	2.00	2.00	—	—%
Fire Marshal	0.08	—	—	—	—	—%
Gas and Water Meter Measurement and Control Technician	4.00	5.00	5.00	5.00	—	—%
Gas and Water Meter Measurement and Control Technician - Lead	1.00	1.00	1.00	1.00	—	—%
Hazardous Materials Inspector	0.06	—	—	—	—	—%
Heavy Equipment Operator - Install/Repair	4.00	5.00	5.00	5.00	—	—%
Human Resources Representative	1.00	1.00	1.00	1.00	—	—%
Industrial Waste Investigator	0.50	0.50	0.50	0.50	—	—%
Inspector, WGW Utilities Field Svc	5.00	5.00	6.00	6.00	—	—%
Legal Fellow	—	—	—	0.25	0.25	—%
Lineperson/Cable Specialist	10.00	10.00	10.00	10.00	—	—%
Lineperson/Cable Specialist-Lead	4.00	4.00	4.00	4.00	—	—%
Maintenance Mechanic-Welding	2.00	2.00	2.00	2.00	—	—%
Management Analyst	1.00	1.00	1.00	1.00	—	—%
Management Fellow	—	—	0.50	0.50	—	—%
Manager Communications	1.00	1.00	1.00	1.00	—	—%
Manager Customer Service	1.00	1.00	1.00	1.00	—	—%
Manager Electric Operations	1.00	1.00	1.00	1.00	—	—%
Manager Environmental Control Program	0.34	0.34	0.34	0.34	—	—%

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	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Manager Information Technology*	1.00	1.00	1.00	1.00	—	—%
Manager Treasury, Debt & Investments	0.40	0.40	0.40	0.40	—	—%
Manager Urban Forestry	—	—	—	0.04	0.04	—%
Manager Utilities Compliance	1.00	1.00	1.00	1.00	—	—%
Manager Utilities Credit & Collection	1.00	1.00	1.00	1.00	—	—%
Manager Utilities Operations WGW	1.00	1.00	1.00	1.00	—	—%
Manager Utilities Program Services	2.00	2.00	2.00	2.00	—	—%
Manager Utilities Strategic Business	1.00	1.00	1.00	1.00	—	—%
Manager Utilities Telecommunications*	3.00	3.00	3.00	3.00	—	—%
Meter Reader	5.00	5.00	5.00	1.00	(4.00)	(80.0)%
Meter Reader-Lead	1.00	1.00	1.00	—	(1.00)	(100.0)%
Metering Technician	2.00	2.00	2.00	2.00	—	—%
Metering Technician-Lead	1.00	1.00	1.00	1.00	—	—%
Offset Equipment Operator	0.48	0.98	0.48	0.48	—	—%
Overhead Underground Troubleshooter	2.00	2.00	2.00	2.00	—	—%
Principal Business Analyst	1.00	1.00	1.00	1.00	—	—%
Program Assistant I	2.00	2.00	2.00	2.00	—	—%
Project Engineer	5.00	5.00	5.00	5.00	—	—%
Project Manager	0.75	0.75	0.75	0.82	0.07	9.3%
Resource Planner	5.00	5.00	5.00	5.00	—	—%
Restoration Lead	1.00	1.00	1.00	1.00	—	—%
Senior Accountant	0.70	0.70	0.70	0.70	—	—%
Senior Business Analyst	3.00	3.00	3.00	3.00	—	—%
Senior Buyer	—	—	1.00	1.00	—	—%
Senior Electrical Engineer	5.00	5.00	5.00	5.00	—	—%
Senior Engineer	5.00	5.00	5.00	5.00	—	—%
Senior Management Analyst	0.70	0.70	1.00	1.00	—	—%

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	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Senior Marketing Analyst	1.00	1.00	1.00	1.00	—	—%
Senior Mechanic	1.00	1.00	1.00	1.00	—	—%
Senior Resource Planner	7.00	7.00	7.00	7.00	—	—%
Senior Utilities Field Service Representative	1.00	1.00	1.00	1.00	—	—%
Senior Utilities System Operator	1.00	1.00	1.00	1.00	—	—%
Senior Water Systems Operator	2.00	2.00	2.00	2.00	—	—%
Storekeeper	1.00	1.00	1.00	1.00	—	—%
Storekeeper-Lead	0.80	0.80	0.80	0.80	—	—%
Street Light, Traffic Signal & Fiber Technician	4.00	4.00	4.00	4.00	—	—%
Street Light, Traffic Signal & Fiber-Lead	2.00	2.00	2.00	2.00	—	—%
Substation Electrician	6.00	6.00	6.00	6.00	—	—%
Substation Electrician-Lead	2.00	2.00	2.00	2.00	—	—%
Sustainability Programs Administrator	5.00	5.00	5.00	5.00	—	—%
Tree Maintenance Person	1.00	1.00	1.00	0.98	(0.02)	(2.0)%
Tree Trim/Line Clear	—	—	—	0.12	0.12	—%
Tree Trim/Line Clear-Lead	—	—	—	0.02	0.02	—%
Utilities Chief Operating Officer	1.00	1.00	1.00	1.00	—	—%
Utilities Compliance Technician	3.00	3.00	3.00	3.00	—	—%
Utilities Compliance Technician-Lead	1.00	1.00	1.00	1.00	—	—%
Utilities Credit/Collection Specialist	2.00	2.00	2.00	2.00	—	—%
Utilities Director	1.00	1.00	1.00	1.00	—	—%
Utilities Engineer Estimator	5.00	5.00	5.00	5.00	—	—%
Utilities Field Services Representative	5.00	5.00	5.00	5.00	—	—%
Utilities Install Repair-Lead-Welding Certified	3.00	3.00	3.00	3.00	—	—%
Utilities Install Repair-Welding Certified	3.00	3.00	3.00	3.00	—	—%
Utilities Install/Repair	10.00	11.00	11.00	11.00	—	—%
Utilities Install/Repair Assistant	1.00	1.00	—	—	—	—%

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	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Utilities Install/Repair-Lead	4.00	4.00	3.00	3.00	—	—%
Utilities Key Account Representative	3.00	3.00	3.00	3.00	—	—%
Utilities Locator	3.00	3.00	3.00	3.00	—	—%
Utilities Safety Officer	1.00	1.00	1.00	1.00	—	—%
Utilities Supervisor	12.00	12.00	12.00	12.00	—	—%
Utilities System Analyst	2.00	2.00	2.00	2.00	—	—%
Utilities System Operator	5.00	5.00	5.00	5.00	—	—%
Utility Engineering Estimator - Lead	1.00	1.00	1.00	1.00	—	—%
Warehouse Supervisor	0.80	0.80	0.80	0.80	—	—%
Water System Operator II	4.00	4.00	4.00	4.00	—	—%
WGW Heavy Equipment Operator	4.70	4.70	4.70	4.70	—	—%
Total Utilities	273.60	283.96	286.01	282.22	(3.79)	(1.3)%
Total Enterprise Fund	380.58	391.43	396.88	396.27	(0.61)	(0.2)%
Other Funds						
Capital Project Fund						
Administrative Assistant	0.65	0.65	0.65	0.55	(0.10)	(15.4)%
Administrative Associate III	0.80	0.80	0.80	0.80	—	—%
Assistant Director Public Works	0.72	0.72	0.72	0.72	—	—%
Associate Engineer	1.65	1.65	1.65	1.65	—	—%
Associate Planner	0.35	0.35	0.35	0.35	—	—%
Cement Finisher-Lead	0.74	0.74	0.74	0.74	—	—%
Chief Transportation Official	0.30	0.30	0.30	0.50	0.20	66.7%
Contracts Administrator	0.60	0.60	0.60	0.60	—	—%
Coordinator Public Works Projects	1.30	1.30	1.30	1.30	—	—%
Coordinator Transportation Systems Management	1.35	—	—	—	—	—%
Engineer	3.10	3.10	3.10	2.10	(1.00)	(32.3)%

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	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Engineering Technician III	0.50	0.50	0.50	0.50	—	—%
Facilities Technician	1.50	1.50	1.50	1.50	—	—%
Inspector, Field Services	1.21	1.21	1.21	1.21	—	—%
Landscape Architect Park Planner	0.90	0.90	0.90	0.90	—	—%
Management Analyst	0.80	0.90	0.90	0.90	—	—%
Manager Facilities	0.10	0.10	0.10	0.50	0.40	400.0%
Manager Maintenance Operations	0.65	0.65	0.65	0.50	(0.15)	(23.1)%
Park Maintenance Person	—	—	—	0.60	0.60	—%
Parking Operations-Lead	0.30	0.30	0.30	0.30	—	—%
Planner**	—	0.60	0.60	0.60	0.60	—%
Principal Transportation Engineer	—	—	0.80	0.80	—	—%
Project Engineer	7.92	7.92	8.82	8.82	—	—%
Project Manager	1.45	1.45	1.45	1.45	—	—%
Senior Engineer	4.64	4.64	3.84	3.84	—	—%
Senior Management Analyst	0.75	0.75	0.75	0.85	0.10	13.3%
Senior Planner	1.55	2.30	2.30	2.30	—	—%
Sprinkler System Representative	—	—	—	0.40	0.40	—%
Supervisor Inspection and Surveying	0.65	0.65	0.65	0.65	—	—%
Surveyor, Public Works	0.55	0.55	0.55	—	(0.55)	(100.0)%
Transportation Planning Manager	0.45	0.45	0.45	0.45	—	—%
Total Capital Project Fund	35.48	35.58	36.48	36.38	(0.10)	(0.3)%
General Benefits Fund						
Human Resources Technician	—	—	0.50	0.50	—	—%
Manager Employee Benefits	—	—	0.75	0.75	—	—%
Senior Human Resources Administrator	—	—	0.75	0.75	—	—%
Total General Benefits Fund	—	—	2.00	2.00	—	—%

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	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
General Liabilities Insurance Program Fund						
Senior Management Analyst	1.00	1.00	1.00	1.00	—	—%
Total General Liabilities Insurance Program Fund	1.00	1.00	1.00	1.00	—	—%
Printing and Mailing Services						
Manager Revenue Collections	0.10	0.10	0.10	—	(0.10)	(100.0)%
Offset Equipment Operator	1.52	2.02	1.52	1.52	—	—%
Total Printing and Mailing Services	1.62	2.12	1.62	1.52	(0.10)	(6.2)%
Special Revenue Funds						
Account Specialist	1.37	1.37	1.37	1.37	—	—%
Account Specialist-Lead	0.55	0.55	0.55	0.55	—	—%
Administrative Assistant	0.25	0.25	0.25	0.25	—	—%
Administrative Associate II	0.20	0.20	0.20	0.20	—	—%
Community Service Officer	0.37	0.31	0.31	0.31	—	—%
Coordinator Public Works Projects	0.20	0.20	—	—	—	—%
Electrician	0.20	0.20	0.20	0.20	—	—%
Facilities Maintenance-Lead	0.15	0.15	0.15	0.15	—	—%
Facilities Painter	0.25	0.25	0.25	0.25	—	—%
Facilities Technician	0.45	0.45	0.45	0.45	—	—%
Manager Community Services Senior Program	1.00	1.00	1.00	1.00	—	—%
Manager Maintenance Operations	0.19	0.19	0.19	0.04	(0.15)	(78.9)%
Manager Revenue Collections	0.28	0.28	0.28	—	(0.28)	(100.0)%
Parking Operations-Lead	0.65	0.65	0.65	0.65	—	—%
Senior Management Analyst	0.35	0.35	0.35	0.35	—	—%
Senior Planner	0.40	0.30	0.30	0.30	—	—%
Street Maintenance Assistant	2.00	2.00	2.00	2.00	—	—%
Street Sweeper Operator	0.37	0.37	0.37	0.37	—	—%

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	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Transportation Planning Manager	0.50	0.50	0.50	0.50	—	—%
Total Special Revenue Funds	9.73	9.57	9.37	8.94	(0.43)	(4.6)%
Technology Fund						
Administrative Assistant	1.00	1.00	1.00	1.00	—	—%
Assistant Director Administrative Services	0.10	0.10	0.10	0.10	—	—%
Assistant Director Information Technology	—	1.00	1.00	1.00	—	—%
Business Analyst	1.00	1.00	1.00	1.00	—	—%
Desktop Technician	6.00	4.00	4.00	4.00	—	—%
Director Information Technology/CIO	1.00	1.00	1.00	1.00	—	—%
Management Analyst	1.00	1.00	1.00	1.00	—	—%
Manager Information Technology	3.00	3.00	4.00	3.00	(1.00)	(25.0)%
Senior Business Analyst	2.00	2.00	2.00	2.00	—	—%
Senior Management Analyst	1.00	1.00	1.00	1.00	—	—%
Senior Technologist	17.00	17.00	16.00	16.00	—	—%
Technologist	—	2.00	2.00	2.00	—	—%
Total Technology Fund	33.10	34.10	34.10	33.10	(1.00)	(2.9)%
Vehicle Replacement and Maintenance Fund						
Administrative Assistant	—	—	—	0.10	0.10	—%
Assistant Director Public Works	0.25	0.25	0.25	0.25	—	—%
Assistant Fleet Manager	1.00	1.00	1.00	1.00	—	—%
Equipment Maintenance Service Person	2.00	2.00	2.00	2.00	—	—%
Fleet Services Coordinator	2.00	2.00	2.00	2.00	—	—%
Management Analyst	0.20	0.40	0.40	0.40	—	—%
Management Assistant	1.00	1.00	1.00	1.00	—	—%
Manager Fleet	1.00	1.00	1.00	1.00	—	—%
Motor Equipment Mechanic II	5.00	5.00	5.00	5.00	—	—%
Motor Equipment Mechanic-Lead	1.00	1.00	1.00	1.00	—	—%

TABLE OF ORGANIZATION

	FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2027 Proposed Budget	FY 2027 Change FTE	FY 2027 Change %
Project Manager	1.00	1.00	1.00	1.00	—	—%
Senior Management Analyst	0.08	0.08	0.28	0.28	—	—%
Total Vehicle Replacement and Maintenance Fund	14.53	14.73	14.93	15.03	0.10	0.7%
Workers' Compensation Program Fund						
Human Resources Technician	—	—	0.50	0.50	—	—%
Manager Employee Benefits	—	—	0.25	0.25	—	—%
Senior Human Resources Administrator	1.00	1.00	1.25	1.25	—	—%
Total Workers' Compensation Program Fund	1.00	1.00	2.00	2.00	—	—%
Total Other Funds	96.46	98.10	101.50	99.97	(1.53)	(1.5)%
Total Citywide Positions**	1,063.10	1,092.10	1,110.35	1,089.10	(21.25)	(1.9)%

The Table of Organization includes positions that have been frozen. These positions have been defunded. The affected classifications are denoted by a single asterisk () following the job classification title.

**Position adjustments recommended by Finance Committee and technical corrections made subsequent to the presentation of the FY 2027 Proposed Budget. The technical corrections include:

- 1.00 Planner, OOT
- 1.00 Planner, PDS
- 1.00 Police Sergeant, POL

The Finance Committee recommended adjustment is to add 1.00 Assistant Engineer, OOT.

***The prior year adopted budget does not include City Council actions to amend staffing levels approved subsequent to the adoption of the budget. If applicable, these positions appear as a base adjustment in the current year budget.



Finance Committee Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Administrative Services

Meeting Date: May 6, 2026

Report #:2604-6297

TITLE

FY 2027 Proposed Municipal Fee Schedule

RECOMMENDATION

Staff recommends that the Finance Committee review amendments to the Municipal Fee schedule for FY 2027 and make recommendations to Council for incorporation into the FY 2027 budget.

EXECUTIVE SUMMARY

This report presents the annual update to over 950 fees as part of the budget process and highlights proposed changes to the FY 2027 Municipal Fee Schedule. The proposed changes include 13 new fees, the deletion of 62 fees, and adjustments to existing fees.

Most fees are adjusted annually by the General Rate Increase (GRI) of 4.59% or applicable cost indices to reflect changes in the cost of service. This year's adjustments also include the implementation of a credit card processing fee to recover merchant service costs and the incorporation of select Utility fees¹ and all Airport fees into the Citywide Municipal Fee Schedule. Upon Council approval, the recommended Municipal Fees included here will be incorporated into the FY 2027 Adopted Budget and take effect July 1, 2026.

BACKGROUND

The City charges fees for a variety of services, including parking permits, building inspection services, and facility rentals, to ensure that the cost of service is borne by the users receiving the benefit. As part of the annual budget process, departments review and propose updates to

¹ Council previously approved these connection and capacity fees on October 20, 2025, and the accompanying staff report explained how these fees would be incorporated into the Municipal Fee Schedule starting in FY 2027; Agenda Item #1, #2505-4736: <https://cityofpaloalto.primegov.com/viewer/preview?id=0&type=8&uid=f6825375-8aac-44fd-bc66-1fde8593eeb3>

the Municipal Fee Schedule, which are presented for Finance Committee review and subsequently adopted by the City Council.

To ensure fees reflect the cost of service, the City periodically conducts cost of services studies in addition to making annual adjustments. Last year, the City completed a citywide Cost of Services Study and a focused Planning and Development Services fee study. Since their adoption, departments have continued to evaluate fees and, where appropriate, adjust them to better align with the full cost of providing services or move closer to established cost recovery targets, including through efforts such as the Palo Alto Airport Rates and Charges Study.³ In addition, the City is implementing a credit card processing fee to align transaction costs with users who elect to pay by credit card, applied where costs are not otherwise recovered.

At the same time, the City recognizes that not all fees are intended to achieve full cost recovery. Recent discussions related to Planning and Development Services fees⁴ highlighted that, while fees can be established at full cost recovery based on cost of service analysis, the City Council retains discretion to subsidize certain fees based on policy objectives. In such cases, fees may be set below full cost to support policy objectives, improve accessibility, or incentivize desired outcomes. These policy-driven decisions are evaluated on a case-by-case basis and are reflected in the proposed fee adjustments.

Utilities Department connection and capacity rate schedules (Utility Rate Schedule E-15 (Electric Service Connection Charges), G-5 (Gas Service Connection Charges), S-5 (Wastewater Service Connection Charges), W-5 (Water Service Connection Charges), and portions of C-1 (Miscellaneous Charges) will be incorporated into the Municipal Fee Schedule as part of this update, with no changes in the fee amounts. The connection and capacity fee rate schedules will be repealed as part of Council's adoption of the Municipal Fee Schedule. Approved by Council on October 20, 2025, beginning in FY 2027, utility connection and service-related fee adjustments will follow the California Construction Cost Index (CCCI) as published by the California Department of General Services (DGS). Two new service call fees for unscheduled disconnection of gas services and removal of the meters have also been added. These fees reflect the Utility's cost to disconnect gas service prior to construction to discourage unsafe or hazardous construction activities within 10 feet of a live gas service or meter. The responsible party will be responsible for the disconnection and/or removal fees and penalties.

³ Finance Committee recommended that Council approve the FY 2027 Airport Rates and Charges Schedule, accept the Palo Alto Airport Rates and Charges Study, and authorize annual fee adjustments based on the Airport Benchmark Index (ABI) on April 21, 2026; Agenda Item #3, #2602-5923

⁴ Finance Committee discussed Planning and Development Services fee structures and cost recovery considerations on April 7, 2026; Agenda Item #2, #2511-5562:

<https://recordsportal.paloalto.gov/WebLink/DocView.aspx?id=87767&dbid=0&repo=PaloAlto>

Additionally, the Staff recommended Airport Fees updates that were reviewed and recommended by Finance Committee on April 21, 2026 will be incorporated into the Municipal Fee Schedule as a part of this update, repealing previously separate rate schedules.

These updates are guided by the City's User Fee Cost Recovery Level Policy, which was last updated by Council in FY 2019 and establishes the framework for aligning fees with the cost of service.

Table 1: Summary of Municipal Fee Cost Recovery Policy

Cost Recovery Level Group	Cost Recovery Percentage Range	Policy Considerations
Low	0% - 30%	• No intended relationship between the amount paid and the benefit received • Fee collection would not be cost effective and/or would discourage compliance with regulatory requirements • No intent to limit the use of the service • Public at large benefits even if they are not the direct users of the service • Affordability of service to low-income residents • The service is heavily supported through donations
Medium	30.1% - 70%	• Services which promote healthy activities and educational enrichment to the community • Services having factors associated with the low and high cost recovery levels
High	70.1% - 100%*	• Individual users or participants receive most or all of the benefit of the service • Other private or public sector alternatives provide the service • The use of the service is specifically discouraged • The service is regulatory in nature

*Certain types of fees, such as fines, penalties and/or late charges, or any charge imposed for entrance to or use of, as well as the purchase, rental, or lease of local government property, are not bound by state laws that limit to full cost recovery.

This annual report brings forward amendments to the Municipal Fee Schedule organized into three categories

- (1) New fees,
- (2) Deletion of existing fees, and
- (3) Changed fees to attain a cost recovery level consistent with other fees or based on a market study for similar services.

ANALYSIS

The development of the Municipal Fee Schedule for FY 2027 reflects some department service realignments as most fees across the City have been updated to maintain cost recovery levels. The General Rate Increase (GRI) for FY 2027 is 4.59% and reflects a combination of increases in salaries and benefits as well as inflationary factors. This rate is applied to most fees to maintain current cost recovery levels, consistent with City policy. Fees that were updated by a factor greater or less than 4.59% to achieve a different cost recovery level or based on staff recommendation are further detailed in Attachment A.

New Fees

As identified in Table 2 below, thirteen (13) new fees are recommended to be added to the FY 2027 Municipal Fee Schedule.

For Airport and Utilities, this table includes only newly established fees; other fees are incorporated into the Municipal Fee Schedule as part of this update.

Table 2. New Fees for FY 2027

Department	Fee Title	FY 2027 Proposed Fee	Cost Recovery Level
Administrative Services	Credit Card Service Fee	2-3% of transaction; actual amount will be based on percentage charged to City	High
Community Services	Leptospirosis Vaccine	\$45.00 per pet	High
Community Services	FelV Vaccine	\$45.00 per pet	High
Community Services	Fluid Therapy - SQ	\$50.00 - 75.00 each	High
Community Services	Medication	\$15.00 - \$250.00 each	High
Community Services	Sedation/Anesthesia	\$150.00 - \$350.00	High
Community Services	Surgery, Preparation and Recovery	\$550.00 - \$1,650.00 per hour	High
Utilities	Unscheduled Gas Disconnection Service Call - After Hours	\$9,798 per mobilization	High
Utilities	Unscheduled Gas Disconnection Service Call - Weekend	\$13,065 per mobilization	High
Airport	Transient Aircraft Landing Fee (Non-Commercial)	\$3/1000lbs MTOW per landing	High

Department	Fee Title	FY 2027 Proposed Fee	Cost Recovery Level
Airport	Automobile Parking Citation Fee	\$57 per occurrence	High
Airport	Hangar Ground Lease Origination / Transfer Fee	2% of sale of assessed value per agreement	High
Airport	Expired Certification of Insurance Fee	\$50 per month	High

Deleted Fees

A total of 62 fees are proposed for deletion as part of this update. These fees are no longer applicable, have been consolidated, or are administered by external entities. Examples include the veterinary and massage establishment fees. A complete list of deleted fees and associated justifications is provided at the end of Attachment A.

Changed Fees

241 fees are recommended to be adjusted by a factors other than the General Rate of Increase or applicable cost indices, including, but not limited to:

- (1) Attain a cost recovery level consistent with other fees;
- (2) Align with a market study;
- (3) Modify the fee structure to align with current service delivery; or
- (4) Hold the fee flat to avoid discouraging use of the service of activity

Consistent with ongoing cost-of-service efforts, departments have continued to evaluate service costs and revenues and, where appropriate, adjust fees to better align with cost recovery targets; as a result, some fees in this section reflect increases.

Each fee is listed by name along with the Adopted FY 2026 rate, the Proposed FY 2027 rate, and the fee change justification in Attachment A.

Parking In-Lieu fees

Palo Alto Municipal Code (PAMC) Chapter 16.57.030 requires that the Parking In-Lieu Fee be recalculated in the event the City Council approved the construction of a public parking structure. Per the Municipal Code, the fee shall be adjusted at the time the construction contract is awarded to include actual costs to date, plus the projected construction cost, and authorized contingency. A second recalculation must occur after the project is completed, based on actual design and construction costs incurred. The recalculated fee may be higher or lower than the initial fee.

In December 2018, Council awarded a construction contract to Swinerton Builders (CMR 9688) for the California Avenue Area Parking Garage. The total project cost was calculated per PAMC 16.57.030 and includes design costs plus additional services, the construction bid with authorized

contingency, and all other staff and administrative costs incurred. This calculation was done and approved as part of the Fiscal Year 2020 budget development process (CMR 10225). The cost per parking space was calculated at \$106,171 for the Fiscal Year 2020 Adopted Municipal Fee Schedule.

The California Avenue Parking Garage was completed and opened in December 2020. Staff has completed all project close-out documents and recalculated the Parking In-Lieu Fee at \$105,811. After adding the appropriate construction cost indexes for the San Francisco Bay Area for Fiscal Year 2021 through Fiscal Year 2026, the revised fee was set at \$130,823. Adding the respective construction cost index for FY 2027 brings the fee to \$131,634.

Development Impact and In-Lieu Fees

In the Planning and Development Services Department, impact fees (i.e., community center, park, library, and citywide transportation impact fees) and in-lieu fees were increased by 0.62% percent to reflect the most recently published Construction Cost Index (CCI) for the San Francisco Bay Area, as calculated by the Engineering News Record. This is in accordance with Municipal Code 16.64.110, as amended on November 28, 2016 (CMR 7518), to standardize when these fees are paid, bring uniformity to the calculation in effect, bring uniformity to the annual adjustment rate, and other updates. Since these fees are governed by the applicable Municipal Code section, they are not discussed in Attachment A.

FISCAL/RESOURCE IMPACT

This action aligns fees with expense increases associated with these services. It works to ensure the City can maintain cost recovery levels, and is part of the FY 2027 Proposed Operating Budget.

POLICY IMPLICATIONS

These recommendations are consistent with existing City policies. Where a fee or charge is subject to Proposition 26, voter approval is required to adopt the fee, unless the amount of the new or increased fee is no more than necessary to cover the reasonable cost of the City service, and the fee represents a reasonable relationship to the payer's burden on, or benefits received from, the City service funded by the fee. Certain types of fees, such as fines, penalties and/or late charges, or charges imposed for entrance to or use of, as well as the purchase, rental, or lease of local government property, are generally not limited to the actual costs of providing service. Instead, these types of fees are more typically governed by local market rates, reasonableness, and policy factors. These types of fees may have rates that are higher than the full cost recovery level.

STAKEHOLDER ENGAGEMENT

Staff has coordinated internally with budget and management staff in each department citywide to develop the recommendations in this report. Conversations with the City Council throughout May and June prior to the adoption of the FY 2027 Operating and Capital Budgets and Municipal Fee Schedule allow for public participation in this annual process.

ENVIRONMENTAL REVIEW

Adjustment to the Municipal Fee Schedule is a governmental fiscal activity that does not involve any commitment to any specific project, and therefore does not constitute a “project” pursuant to CEQA regulation 15378(b)(4).

ATTACHMENTS

Attachment A: Municipal Fee Schedule Amendments for FY 2027 Changed and Deleted Fees

Attachment B: List of all Utility Fees Moved to Citywide Municipal Fee Schedule

Attachment C: Palo Alto Airport Rates and Charges Study Summary of Fee Changes to be Incorporated into the Municipal Fee Schedule

APPROVED BY:

Lauren Lai, Administrative Services Director

Administrative Services

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Business Registry Free	\$50.00	\$54.00 each	Now includes a \$4 State of California pass through fee for ADA compliance
Mailing (Certified)	\$4.85 each	\$5.30 each	Determined by outside agency
Returned Payment	\$25.00 each	\$25.00 each	Determined by outside agency
Fair Political Practices Commission Photocopies	\$0.10 each	\$0.10 each	Determined by outside agency
Domestic Partners Registration Fee	\$38.00 each	\$38.00 each	Flat to promote accessibility and public participation
Candidate Filing Fee	\$25.00 each	\$25.00 each	Flat to promote accessibility and public participation
JC Decaux Public Toilet Fee	\$0.50 each	\$0.50 each	Fee set by vendor
Online Processing of Traffic Citations	\$2.00 each	\$2.00 each	Fee set by vendor

Community Services

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Adoptions - Adoption Hold Fee	\$100.00 per pet	\$100.00 per pet	Fee set by vendor
Adoptions - Cats (6 months and over)*	\$130.00 per cat \$130.00 per cat	\$130.00 per cat	Fee set by vendor
Adoptions - Cats (Two adopted at once)	\$240.00 per cat \$240.00 per cat	\$195 per cat \$263 per cat	Fee set by vendor
Adoptions - Cats (Under 6 Months)	\$175.00 per cat \$205.00 per cat	\$185.00 per cat \$217.00 per cat	Fee set by vendor
Adoptions - Cockatiels, Parakeets, Chickens, Pigeons, & Doves	\$10.00 per pet	\$40.00 per pet	Fee set by vendor
Dogs (6 months and over)*	\$175.00 per dog \$205.00 per dog	\$175.00 per dog	Fee set by vendor
Dogs (Under 6 Months)	\$300.00 per dog \$350.00 per dog	\$350.00 per dog	Fee set by vendor
Boarding - Cat	\$30.00 per day	\$30.00 per day	Fee set by vendor
Boarding - Dog	\$30.00 per day	\$30.00 per day	Fee set by vendor
Boarding - Rabbit	\$30.00 per day	\$30.00 per day	Fee set by vendor

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Boarding - Small Animal (Reptiles, Birds, etc.)	\$30.00 per day	\$30.00 per day	Fee set by vendor
Cremation - A. Animal: 0lbs - 3lbs	\$175.00 per pet \$50.00 per pet	\$200 per pet \$60.00 per pet	Fee set by vendor
Cremation - B. Animal: 4lbs - 20lbs	\$200.00 per pet \$50.00 per pet	\$240 per pet \$60.00 per pet	Fee set by vendor
Cremation - C. Animal: 21lbs - 49lbs	\$225.00 per pet \$50.00 per pet	\$270 per pet \$60.00 per pet	Fee set by vendor
Cremation - D. Animal: 50lbs - 79lbs	\$250.00 per pet \$50.00 per pet	\$300 per pet \$60.00 per pet	Fee set by vendor
Cremation - E. Animal: 80lbs - 99lbs	\$275.00 per pet \$50.00 per pet	\$330 per pet \$60.00 per pet	Fee set by vendor
Cremation - F. Animal: 100lbs - 150lbs	\$300.00 per pet \$50.00 per pet	\$360 per pet \$60.00 per pet	Fee set by vendor
Cremation Services - Custom Engraved Plaque Fee	\$22.00 each	\$25.00 each	Fee set by vendor
Euthanasia - A. Domestic Animals (up to 20lbs)	\$150.00 per pet	\$175.00 per pet	Fee set by vendor
Euthanasia - B. Dogs (21lbs to 75lbs)	\$150.00 per pet	\$175.00 per pet	Fee set by vendor
Euthanasia - C. Dogs (76lbs and over)	\$150.00 per pet	\$175.00 per pet	Fee set by vendor
Euthanasia - D. Small Animals and Birds	\$45.00 per pet	\$45.00 per pet	Fee set by vendor
Other Animal Shelter Fees - Classes, camps, corporate events	\$21.00 - \$1,075.00 per event	\$21.00 - \$1,075.00 per event	Fee set by vendor
Spay & Neuter Clinic Fees - Cat - Community Cat Package	\$125.00 per pet	\$175.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - Cat - Neuter	150.00 per pet	\$175.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - Cat - Spay	\$100.00 per pet	\$200.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - Dog - A. Neuter (0lbs - 50lbs)	\$220.00 per pet	\$270.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - Dog - B. Neuter (51lbs and 99lbs)	\$250.00 per pet	\$300.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - Dog - C. Neuter (100 lbs and over)	\$275.00 per pet	\$325.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - Dog - D. Spay (0lbs - 50lbs)	\$275.00 per pet	\$325.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - Dog - E. Spay (51lbs and 99lbs)	\$330.00 per pet	\$380.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - Dog - F. Spay (100 lbs and over)	\$400.00 per pet	\$450.00 per pet	Fee set by vendor

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Spay & Neuter Clinic Fees - General - Clinic Board Fee	\$100.00 per pet	\$100.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - General - Late Fee for Spay/Neuter Pickup	\$70.00 per pet	\$100.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - General - No-Show Fee (non-refundable)	\$70.00 per pet	\$100.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - General - Rescue Group (Non-Profit) - Cat Neuter	\$75.00 per pet	\$125.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - General - Rescue Group (Non-Profit) - Cat Spay	\$100.00 per pet	\$150.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - General - Rescue Group (Non-Profit) - Dog Neuter (over 50 lbs)	\$175.00 per pet	\$225.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - General - Rescue Group (Non-Profit) - Dog Neuter (under 50 lbs)	\$150.00 per pet	\$200.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - General - Rescue Group (Non-Profit) - Dog Spay (over 50 lbs)	\$300.00 per pet	\$350.00 per pet	Fee set by vendor
Spay & Neuter Clinic Fees - General - Rescue Group (Non-Profit) - Dog Spay (under 50 lbs)	\$250.00 per pet	\$300.00 per pet	Fee set by vendor
Vaccinations - Bordatella & Parainfluenza	\$20.00 per pet	\$25.00 per pet	Fee set by vendor
Vaccinations - Cat Package	\$85.00 per pet	\$125.00 per pet	Fee set by vendor
Vaccinations - DA2PP	\$20.00 per pet	\$25.00 per pet	Fee set by vendor
Vaccinations - Dog Package	\$85.00 per pet	\$200.00 per pet	Fee set by vendor
Vaccinations - FVRCP	\$20.00 per pet	\$25.00 per pet	Fee set by vendor
Vaccinations - Kitten Package (under 3 months)	\$125.00 per pet	\$160.00 per pet	Fee set by vendor
Vaccinations - Microchip	\$25.00 per pet	\$30.00 per pet	Fee set by vendor
Vaccinations - Puppy Package (under 3 months)	\$125.00 per pet	\$250.00 per pet	Fee set by vendor
Vaccinations - Rabies	\$20.00 per pet	\$25.00 per pet	Fee set by vendor
Vaccinations - Rabies (Actual Clinic Cost)	\$6.00 per pet	\$6.00 per pet	Fee set by vendor
Vaccinations - Trap Rental - Deposit	\$75.00 each	\$100.00 each	Fee set by vendor
Veterinary Services - Bandages	\$75.00 per pet	\$75.00 per pet	Fee set by vendor
Veterinary Services - Brachycephalic Fee	\$100.00 per pet	\$150.00 per pet	Fee set by vendor

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Veterinary Services - Common Procedures - Fluorescein Eye Stain	\$21.00 each	\$21.00 each	Fee set by vendor
Veterinary Services - Common Procedures - Medical Grooming	\$102.00 per hour	\$102.00 per hour	Fee set by vendor
Veterinary Services - Cryptorchid Abdominal - Fee	\$110.00 per pet	\$150.00 per pet	Fee set by vendor
Veterinary Services - Cryptorchid Subcutaneous - Fee	\$55.00 each	\$55.00 each	Fee set by vendor
Veterinary Services - Ear Cleaning	\$33.00 each	\$38.00 each	Fee set by vendor
Veterinary Services - Flea +/- Preventative (per dose)	\$30.00 - \$100.00 each	\$33.00 - \$110.00 each	Fee set by vendor
Veterinary Services - Fluid Therapy - IV Fluids	\$27.00 per hour	\$30.00 per hour	Fee set by vendor
Veterinary Services - IV Catheter Placement	\$72.00 each	\$72.00 each	Fee set by vendor
Veterinary Services - Lab work - Fecal O & P	\$75.00 each	\$75.00 each	Fee set by vendor
Veterinary Services - Lab work - FeLV/FIV Test	\$52.00 each	\$70.00 each	Fee set by vendor
Veterinary Services - Labwork - Heartworm Test	\$48.00 each	\$60.00 each	Fee set by vendor
Veterinary Services - Labwork - Parvo Test	\$52.00 each	\$60.00 each	Fee set by vendor
Veterinary Services - Labwork - Reference Lab	Labwork cost plus \$30.00 service fee	Labwork cost plus \$30.00 service fee	Fee set by vendor
Veterinary Services - Labwork - Skin Scraping	\$33.00 each	\$33.00 each	Fee set by vendor
Veterinary Services - Labwork - USG	\$33.00 each	\$33.00 each	Fee set by vendor
Veterinary Services - Local Anesthetic	\$43.00 each	\$43.00 each	Fee set by vendor
Veterinary Services - Long-Acting Topical Ear Medication	\$70.00 each	\$70.00 each	Fee set by vendor
Veterinary Services - Nail Trim	\$0.00 with surgery	\$0.00 with surgery	Fee set by vendor
Veterinary Services - Obesity Fee plus Spay Fee	\$55.00 per pet	\$55.00 per pet	Fee set by vendor
Veterinary Services - Rabbit Hemorrhagic Disease Vaccine	\$33.00 each	\$33.00 each	Fee set by vendor
Veterinary Services - Routine Deworming (roundworms & hookworms)	\$30.00 per dose	\$10.00 per dose	Fee set by vendor
Veterinary Services - Tapeworm Treatment (Praziquantel)	\$20.00 per pet	\$25.00 per pet	Fee set by vendor

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Veterinary Services - Umbilical Hernia Repair	\$44.00 - \$95.00 per pet	\$50.00 - \$150.00 per pet	Fee set by vendor
Veterinary Services - Veterinarian Exam	\$85.00 per hour	\$100.00 per hour	Fee set by vendor
Children's Theatre - Children's Theatre - Adults	\$14.00 - \$31.00 each	\$14.00 - \$31.00 each	Adjustment within existing approved range
Children's Theatre - Children's Theatre - Children	\$6.00 - \$31.00 each	\$6.00 - \$31.00 each	Adjustment within existing approved range
Children's Theatre - Children's Theatre - Per Show Production Per Participant Fee	\$66.00 - \$430.00 each Fee plus up to 50%	\$66.00 - \$430.00 each Fee plus up to 50%	Adjustment within existing approved range
Junior Museum & Zoo (JMZ) - Ticketed Admission Fee	\$2.00 - \$26.00 per person	\$2.00 - \$26.00 per person	Adjustment within existing approved range
Golf - Club & Cart Rental Fees - Golf Cart - 18 Holes	\$17.00 - \$41.00 per rental	\$20.00 - \$30.00 per rental	Fee set by vendor
Golf - Club & Cart Rental Fees - Golf Cart - 9 Holes	\$11.00 - \$26.00 per rental	\$12.00 - \$18.00 per rental	Fee set by vendor
Golf - Club & Cart Rental Fees - Pull Cart - 18 Holes	\$8.00 - \$15.00 per rental	\$8.00 - \$12.00 per rental	Fee set by vendor
Golf - Club & Cart Rental Fees - Pull Cart - 9 Holes	\$5.00 - \$10.00 per rental	\$5.00 - \$9.00 per rental	Fee set by vendor
Golf - Club & Cart Rental Fees - Rental Clubs - 18 Holes	\$50.00 - \$80.00 per rental	\$50.00 - \$85.00 per rental	Fee set by vendor
Golf - Club & Cart Rental Fees - Rental Clubs - 9 Holes	\$25.00 - \$45.00 per rental	\$25.00 - \$50.00 per rental	Fee set by vendor
Golf - Club & Cart Rental Fees - Single Rider - 18 Holes	\$20.00 - \$35.00 per rental	\$20.00 - \$30.00 per rental	Fee set by vendor
Golf - Driving Range Fees - A. Small Bucket	\$6.00 - \$10.00 per bucket	\$6.00 - \$10.00 per bucket	Fee set by vendor
Golf - Club & Cart Rental Fees - B. Medium Bucket	\$10.00 - \$17.00 per bucket	\$10.00 - \$17.00 per bucket	Fee set by vendor
Golf - Club & Cart Rental Fees - C. Large Bucket	\$14.00 - \$22.00 per bucket	\$14.00 - \$22.00 per bucket	Fee set by vendor
Golf - Club & Cart Rental Fees - D. Jumbo Bucket	\$17.00 - \$27.00 per bucket	\$18.00 - \$29.00 per bucket	Fee set by vendor
Golf - Green Fees - 9 Hole/Twilight Non Resident	\$268.00 - \$762.00 per team	\$282.00 - \$840.00 per team	Fee set by vendor
Golf - Green Fees - 9 Hole/Twilight Non Resident Note: Twilight rate will begin 4.5 hours before sunset.	\$40.00 - \$62.00 per player \$50.00 - \$75.00 per player	\$45.00 - \$66.00 per player \$55.00 - \$80.00 per player	Fee set by vendor
Golf - Club & Cart Rental Fees - 9 Hole/Twilight Resident or East Palo Alto Resident	\$35.00 - \$56.00 per player \$45.00 - \$70.00 per player	\$40.00 - \$60.00 per player \$45.00 - \$74.00 per player	Fee set by vendor
Golf - Club & Cart Rental Fees - Bay Area Resident Note: Santa Clara County, San Mateo County, San Francisco	\$55.00 - \$120.00 per player \$65.00 - \$175.00 per player	\$70.00 - \$100.00 per player \$80.00 - \$110.00 per player	Fee set by vendor
Golf - Club & Cart Rental Fees - Baylands Cardholder	\$40.00 - \$100.00 per player \$55.00 - \$135.00 per player	\$45.00 - \$75.00 per player \$65.00 - \$95.00 per player	Fee set by vendor

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Golf - Club & Cart Rental Fees - Juniors Note: Will be available to those 17 years old and younger	\$15.00 - \$32.00 per player \$25.00 - \$51.00 per player	\$15.00 - \$30.00 per player \$20.00 - \$35.00 per player	Fee set by vendor
Golf - Club & Cart Rental Fees - Membership Card	\$79.00 - \$175.00 per card	\$85.00 - \$190.00 per card	Fee set by vendor
Golf - Club & Cart Rental Fees - Non Resident	\$60.00 - \$130.00 per player \$70.00 - \$190.00 per player	\$85.00 - \$130.00 per player \$90.00 - \$140.00 per player	Fee set by vendor
Golf - Club & Cart Rental Fees - Palo Alto or East Palo Alto Resident	\$45.00 - \$110.00 per player \$55.00 - \$145.00 per player	\$55.00 - \$85.00 per player \$75.00 - \$105.00 per player	Fee set by vendor
Golf - Club & Cart Rental Fees - Replay Rate	\$25.00 - \$50.00 per player \$30.00 - \$70.00 per player	\$25.00 - \$70.00 per player \$35.00 - \$80.00 per player	Fee set by vendor
Golf - Special Fees - League Reservation Fee	\$282.00 - \$840.00 per team	\$600.00 - \$5,000 per team	Fee set by vendor
Golf - Special Fees - Tournaments	\$75.00 - \$205.00 per player \$85.00 - \$270.00 per player	\$80.00 - \$130.00 per player \$100.00 - \$170.00 per player	Fee set by vendor
Open Space Activities - Registration - Drop-in Activities	\$1.00 - \$147.00 per person	\$1.00 - \$147.00 per person	Adjustment within existing approved range
Open Space Activities - Registration - Instructional Classes & Camps	\$3.00 - \$1,216.00 per person Fee plus up to 50%	\$3.00 - \$1,216.00 per person Fee plus up to 50%	Adjustment within existing approved range
Open Space Activities - Registration - Interpretive Programs Including Tours and Birthday Parties	\$3.00 - \$1,113.00 per person \$3.00 - 1,194.00 per person	\$3.00 - \$1,113.00 per person \$3.00 - 1,194.00 per person	Adjustment within existing approved range
Vehicle Entry Fees - A. Vehicle Entry - Daily Fee - Vehicle Capacity 9 passengers or less	\$6.00 each	\$6.00 each	Fee aligned with market rate
Vehicle Entry Fees - B. Vehicle Entry - Daily Fee - Vehicle Capacity 10-24 passengers	\$30.00 each	\$30.00 each	Fee aligned with market rate
Vehicle Entry Fees - C. Vehicle Entry - Daily Fee - Vehicle Capacity 25 or more passengers with a group permit	\$60.00 each	\$60.00 each	Fee aligned with market rate
Vehicle Entry Fees - D. Vehicle Entry - Annual Pass	\$0.00 - \$86.00 each	\$0.00 - \$86.00 each	Department Recommendation
Teen Center Membership - Monthly	\$5.00 - \$10.00 per month	\$5.00 - \$10.00 per month	Department Recommendation
Teen Center Membership - School Year	\$74.00 each	\$74.00 each	Department Recommendation
Registration - Drop-in Activities	\$2.00 - \$146.00 per person Fees plus up to 50%	\$2.00 - \$146.00 per person Fees plus up to 50%	Department Recommendation
Registration - Instructional Classes & Camps	\$3.00 - \$1,909.00 per person Fees plus up to 50%	\$3.00 - \$1,909.00 per person Fees plus up to 50%	Department Recommendation
Rinconada Complex and PAUSD Pools - A. Infant (2 and Under)	\$0.00 - \$4.00 per person \$0.00 - \$5.00 per person	\$0.00 - \$4.00 per person \$0.00 - \$5.00 per person	Fee set by vendor
Rinconada Complex and PAUSD Pools - B. Youth (17 and Under)	\$4.00 - \$7.00 per person \$5.00 - \$10.00 per person	\$4.00 - \$7.00 per person \$5.00 - \$10.00 per person	Fee set by vendor
Rinconada Complex and PAUSD Pools - C. Adult (18 and Over)	\$5.00 - \$9.00 per person \$6.00 - \$11.00 per person	\$5.00 - \$9.00 per person \$6.00 - \$11.00 per person	Fee set by vendor
Rinconada Complex and PAUSD Pools - D. Lap Swimming	\$5.00 - \$9.00 per person \$5.00 - \$11.00 per person	\$5.00 - \$9.00 per person \$5.00 - \$11.00 per person	Fee set by vendor

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Rinconada Complex and PAUSD Pools - E: Senior and Senior Lap (60 and Over)	\$4.00 - \$6.00 per person	\$4.00 - \$6.00 per person	Fee set by vendor
Rinconada Complex and PAUSD Pools - F: Membership (Swim Pass)	\$28.00 - \$75.00 per person	\$28.00 - \$75.00 per person	Fee set by vendor
Art Center - Auditorium	\$204.00 per hour \$307.00 per hour	\$217.00 per hour \$337.00 per hour	Sensitivity to declining rental demand
Art Center - Children's Clay Studio	\$54.00 per hour \$81.00 per hour	\$57.00 per hour \$89.00 per hour	Sensitivity to declining rental demand
Art Center - Children's Outdoor Classroom	\$123.00 per hour \$186.00 per hour	\$131.00 per hour \$204.00 per hour	Sensitivity to declining rental demand
Art Center - Historic Courtyard	\$123.00 per hour \$186.00 per hour	\$131.00 per hour \$204.00 per hour	Sensitivity to declining rental demand
Art Center - Kitchen/Pre-school	\$54.00 per hour \$81.00 per hour	\$57.00 per hour \$89.00 per hour	Sensitivity to declining rental demand
Art Center - Lobby	\$123.00 per hour \$186.00 per hour	\$131.00 per hour \$204.00 per hour	Sensitivity to declining rental demand
Art Center - Meeting Room	\$129.00 per hour \$194.00 per hour	\$137.00 per hour \$213.00 per hour	Sensitivity to declining rental demand
Art Center - Project LOOK! Studio	\$54.00 per hour \$81.00 per hour	\$57.00 per hour \$89.00 per hour	Sensitivity to declining rental demand
Art Center - Sculpture Garden	\$162.00 per hour \$244.00 per hour	\$173.00 per hour \$268.00 per hour	Sensitivity to declining rental demand
Art Center - Studio A	\$54.00 per hour \$81.00 per hour	\$57.00 per hour \$89.00 per hour	Sensitivity to declining rental demand
Art Center - Studio B	\$54.00 per hour \$81.00 per hour	\$57.00 per hour \$89.00 per hour	Sensitivity to declining rental demand
Athletic Fields - Grass Fields	\$63.00 per hour \$114.00 per hour	\$67.00 per hour \$125.00 per hour	Other, Department Recommendation
Athletic Fields - Synthetic Turf Field	\$85.00 per hour \$191.00 per hour	\$90.00 per hour \$210.00 per hour	Other, Department Recommendation
Athletic Fields - Tennis Courts (USTA and Palo Alto Tennis Club Only)	\$8.00 per hour \$10.00 per hour	\$8.00 per hour \$11.00 per hour	Other, Department Recommendation
Children's Theatre - Auditorium and Stage	\$189.00 - \$2,705.00 per hour \$286.00 - \$4,180.00 per hour	\$189.00 - \$2,705.00 per hour \$286.00 - \$4,180.00 per hour	Adjustment within existing approved range
Children's Theatre - Castle Stage and Secret Garden	\$378.00 - \$3,382.00 per hour \$569.00 - \$5,225.00 per hour	\$378.00 - \$3,382.00 per hour \$569.00 - \$5,225.00 per hour	Adjustment within existing approved range
Children's Theatre - Dance Studio	\$40.00 - \$1,455.00 per hour \$62.00 - \$2,245.00 per hour	\$40.00 - \$1,455.00 per hour \$62.00 - \$2,245.00 per hour	Adjustment within existing approved range
Children's Theatre - Package Rental - All Available Space and Garden	\$1,266.00 - \$6,764.00 per hour \$1,901.00 - \$10,451.00 per hour	\$1,266.00 - \$6,764.00 per hour \$1,901.00 - \$10,451.00 per hour	Adjustment within existing approved range
Cubberley Community Center - Art Studio Short Term	\$107.00 per week \$119.00 per week	\$1.14 per sq ft per month \$1.27 per sq ft per month	Fee aligned with market rate
Cubberley Community Center - Theatre Rentals - Additional Performance	\$450.00 each	\$450.00 each	Fee aligned with market rate

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Foothills Nature Preserve - Towle Camp (8 People)	\$42.00 per day	\$42.00 per day	Fee aligned with market rate
Foothills Nature Preserve - Towle Camp Group (16 People)	\$58.00 per day	\$58.00 per day	Fee aligned with market rate
Bryant St - Downstairs Large Space	\$212.00 per hour \$328.00 per hour	\$212.00 per hour \$328.00 per hour	Other, Department Recommendation
Bryant St - Upstairs, Classroom 1	\$188.00 per hour \$263.00 per hour	\$188.00 per hour \$263.00 per hour	Other, Department Recommendation
Bryant St - Upstairs, Classroom 2	\$143.00 per hour \$205.00 per hour	\$143.00 per hour \$205.00 per hour	Other, Department Recommendation
Rental - Portable Digital Projector	\$107.00 per hour \$161.00 per hour	\$114.00 per hour \$177.00 per hour	Other, Department Recommendation
Rental - Television	\$17.00 per use \$28.00 per use	\$17.00 per use \$28.00 per use	Other, Department Recommendation

Fire

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Paramedic Internship Fee	\$1,000.00 each	\$1,000.00 each	Flat fee for paramedic internship, paid by schools
FireMed Business Tier 1	\$20.00 per unit	\$20.00 per unit	Not a fee for service, part of an insurance-like program for ambulance transport.
FireMed Business Tier 2	\$100.00 per unit	\$100.00 per unit	Not a fee for service, part of an insurance-like program for ambulance transport.
FireMed Business Tier 3	\$200.00 per unit	\$200.00 per unit	Not a fee for service, part of an insurance-like program for ambulance transport.
FireMed Business Tier 4	\$500.00 per unit	\$500.00 per unit	Not a fee for service, part of an insurance-like program for ambulance transport.
FireMed Business Tier 5	\$1,000.00 per unit	\$1,000.00 per unit	Not a fee for service, part of an insurance-like program for ambulance transport.
FireMed Residential	\$8.00 per household	\$8.00 per household	Not a fee for service, part of an insurance-like program for ambulance transport.

Library

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Fines & Penalties - Billing Fee for Overdue Items	\$5.00 each	\$5.00 each	Fee aligned with market rate
Fines & Penalties - Collection Agency Processing Fee	\$12.00 each	\$12.00 each	Fee aligned with market rate

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Fines & Penalties - Damaged and Lost Materials - LINK+	\$115.00 each	\$115.00 each	Fee set by vendor
Fines & Penalties - Overdue Materials - In House Laptops	\$0.30 each	\$0.30 each	Fee aligned with market rate
Fines & Penalties - Replacement Library Card	\$1.00 each	\$1.00 each	Fee aligned with market rate
Rentals & Reservations - Mitchell Park Library Community Room	\$66.00 per hour \$99.00 per hour	\$66.00 per hour \$99.00 per hour	Fee aligned with market rate
Rentals & Reservations - Mitchell Park Library Community Room - Full Day Rental	\$330.00 per hour \$494.00 per hour	\$330.00 per hour \$494.00 per hour	Fee aligned with market rate
Rentals & Reservations - Photography/Filming -Space Rental Fee	\$100.00 - \$2,000.00 per session	\$100.00 - \$2,000.00 per session	Fee aligned with market rate
Rentals & Reservations - Rinconada Library Community Room	\$96.00 per hour \$143.00 per hour	\$96.00 per hour \$143.00 per hour	Fee aligned with market rate
Rentals & Reservations - Rinconada Library Community Room - Full Day Rental	\$478.00 per day \$716.00 per day	\$478.00 per day \$716.00 per day	Fee aligned with market rate
Rentals & Reservations - Room Cleaning & Damage Deposit	\$306.00 - \$3,060.00 per deposit	\$306.00 - \$3,060.00 per deposit	Fee aligned with market rate
Rentals & Reservations - Room Cleaning Fee - Add on	\$80.00 - \$500.00 per event	\$80.00 - \$500.00 per event	Fee aligned with market rate
Services - Laser Prints - Black & White	\$0.15 per page	\$0.15 per page	Fee aligned with market rate
Services - Laser Prints - Color	\$0.050 per page	\$0.050 per page	Fee aligned with market rate

Office of Transportation

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Bicycle Training (or other training)	\$17.00 - \$80.00 per class	\$17.00 - \$80.00 per class	Department Recommendation
PA Link - Discounted Fare	\$0.00 - \$4.00 per passenger trip	\$0.00 - \$4.00 per passenger trip	Department Recommendation
PA Link - Monthly Pass	\$130.00 per month	\$130.00 per month	Department Recommendation
PA Link - On-Demand Transit - (Palo Alto Link)	\$0.00 - \$4.00 per passenger trip	\$0.00 - \$4.00 per passenger trip	Department Recommendation
PA Link - One-Way Fare	\$0.00 - \$4.00 per passenger trip	\$0.00 - \$4.00 per passenger trip	Department Recommendation
PA Link - Weekly Pass	\$40.00 per week	\$40.00 per week	Department Recommendation
All Downtown and SOFA - Wait List Registration	\$12.00 per occurrence	\$12.00 per occurrence	Department Recommendation

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
All Downtown and SOFA Garages and Lots - One Day Parking Permit	\$0 - \$25 per day	\$20.00 - \$25.00 per day	Achieve Cost Recovery
All Downtown and SOFA Lots and Garages Annual Parking Permit	\$990.00 per year	\$1,037.00 per year	Achieve Cost Recovery
All Downtown and SOFA Lots and Garages Reduced-Price Annual Parking Permit	\$247.50 per year	\$260.75 per year	Achieve Cost Recovery
California Avenue Area All Garages and Lots - Daily Parking Permit	\$0 - \$25 per day	\$20 - \$25 per day	Achieve Cost Recovery
California Avenue Area All Garages and Lots Annual Parking Permit	\$715.00 per year	\$750.00 per year	Achieve Cost Recovery
California Avenue Area All Garages and Lots Reduced-Price Annual Parking Permit	\$178.75 per year	\$189.00 per year	Achieve Cost Recovery
"No Parking" Sign (on-street) Note: Per space	\$29.00 per day	\$31.00 per day	Achieve Cost Recovery
Commercial/Construction - Wide Load/Heavy Vehicle	\$17.00 per occurrence	\$28.00 per occurrence	Achieve Cost Recovery
On-Street Parking Permit (University Avenue & California Avenue)	\$28.00 per day	\$30.00 per day	Achieve Cost Recovery
RPP Construction Parking Permit	\$128.50 per month	\$234.00 per month	Achieve Cost Recovery
College Terrace RPP - Annual Resident Parking Permit	\$55.00 per year	\$62.00 per year	Achieve Cost Recovery
College Terrace RPP Daily Resident Parking Permit	\$5.50 per day	\$5.75 per day	Achieve Cost Recovery
Crescent Park NOP - Annual Resident Parking Permit	\$55.00 per year	\$62.00 per year	Achieve Cost Recovery
Crescent Park NOP Daily Resident Parking Permit Note: Per night	\$5.50 each	\$5.75 each	Achieve Cost Recovery
Downtown RPP - Annual Resident Parking Permit	\$55.00 per year	\$62.00 per year	Achieve Cost Recovery
Downtown RPP - Daily Resident Parking Permit	\$5.50 per day	\$5.75 per day	Achieve Cost Recovery
Downtown RPP - Reduced-Price Employee Parking Permit Note: Per six months	\$144.00 each	\$153.00 per year	Achieve Cost Recovery
Downtown RPP Full Price Employee Parking Permit Note: Per six months	\$577.50 each	\$604.00 each	Achieve Cost Recovery
Evergreen Park - Mayfield RPP Annual Resident Parking Permit	\$55.00 per year	\$62.00 per year	Achieve Cost Recovery
Evergreen Park - Mayfield RPP Daily Resident Parking Permit	\$5.50 per day	\$5.75 per day	Achieve Cost Recovery
Evergreen Park - Mayfield RPP Full Price Employee Parking Permit	\$412.50 each	\$433.50 each	Achieve Cost Recovery
Evergreen Park - Mayfield RPP Reduced-Price Employee Parking Permit	\$103.00 each	\$110.00 per year	Achieve Cost Recovery

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Old Palo Alto RPP - Annual Resident Parking Permit	\$55.00 per year	\$62.00 per year	Achieve Cost Recovery
Old Palo Alto RPP - Daily Resident Parking Permit	\$5.50 each	\$5.75 each	Achieve Cost Recovery
Southgate RPP - Annual Resident Parking Permit	\$55.00 per year	\$62.00 per year	Achieve Cost Recovery
Southgate RPP - Daily Resident Parking Permit	\$5.50 per day	\$5.75 per year	Achieve Cost Recovery
Southgate RPP - Full Price Employee Parking Permit Note: Per six months	\$412.50 each	\$433.50 each	Achieve Cost Recovery
Southgate RPP - Reduced Price Employee Parking Permit Note: Per six months	\$103.00 each	\$110.00 per year	Achieve Cost Recovery

Planning and Development Services

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Rental Registry Program Registration Fee	Exempt: \$0.00 per unit Non-Exempt: \$35.00 per unit	Exempt: \$0.00 per unit Non-Exempt: \$40.00 per unit	Achieve Cost Recovery

Police

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Impoundment Fees - Dog - Licensed - Second and Subsequent Offense*	\$75.00 per occurrence	\$185.00 per occurrence	Policy Update for Efficiency
Impoundment Fees - Dog - Unlicensed- Second and Subsequent Offense*	\$95.00 per occurrence	\$219.00 per occurrence	Policy Update for Efficiency
State Mandated Fees - First Offense	\$35.00 per occurrence	\$35.00 per occurrence	Determined by outside agency
State Mandated Fees - Second Offense	\$50.00 per occurrence	\$50.00 per occurrence	Determined by outside agency
State Mandated Fees - Third and Subsequent Offenses	\$100.00 per occurrence	\$100.00 per occurrence	Determined by outside agency
OPM/DOD Background Check	\$5.00 per application	\$5.00 per application	Determined by outside agency
Impoundment Fees - Vehicle Repossession Receipt	\$15.00 each	\$15.00 each	Determined by outside agency
Report Copy Fee	\$15.00 each	\$15.00 each	Determined by outside agency
A. Massage Establishment - New	\$478.00 per year	\$900.00 per year	Planned for Council consideration later this year for update and policy revision

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
B. Massage Establishment - Renewal	\$241.00 per year	\$800.00 per year	Planned for Council consideration later this year for update and policy revision
Massage Establishment - Sole Proprietor (New)	\$318.00 per year	\$450.00 per year	Planned for Council consideration later this year for update and policy revision
Massage Establishment - Sole Proprietor (Renewal)	\$235.00 per year	\$375.00 each	Planned for Council consideration later this year for update and policy revision

Public Works

Fee Title	FY 2026 Adopted	FY 2027 Proposed	Justification
Street Cut Fees - D. Pavement Condition: Very Good - Excellent	\$28.00 per square foot	\$28.00 per square foot	Based on actuals
Street Cut Fees - C. Pavement Condition: Good	\$20.00 per square foot	\$20.00 per square foot	Based on actuals
Street Cut Fees - B. Pavement Condition: Fair/At-Risk	\$17.00 per square foot	\$17.00 per square foot	Based on actuals
Street Cut Fees - A. Pavement Condition: Poor	\$14.00 per square foot	\$14.00 per square foot	Based on actuals
Electric Vehicle Charger Connection	\$0.00 to \$2.00 per connection	\$0.00 to \$2.00 per connection	Based on the individual charger according to charger type.
Electric Vehicle Charger Connection Overstay	\$0.00 to \$5.00 per hour	\$0.00 to \$5.00 per hour	Based on the individual charger according to charger type.
Electric Vehicle Charging	\$0.25 per kilowatt hour	\$0.35 per kilowatt hour	Achieve Cost Recovery

Deleted Fees

Department	Type	Fee	Justification
Administrative Services	Other	Tobacco Retail Permit	Administered and fee collected by Santa Clara County
Community Services Department	Adoptions	Cats (5+ Years)	Determined by Vendor
Community Services Department	Adoptions	Dogs (5+ Years)	Determined by Vendor
Community Services Department	Adoptions	Exotic Animals	Determined by Vendor
Community Services Department	Adoptions	Rabbits	Determined by Vendor
Community Services Department	Adoptions	Rats, Hamsters, Guinea Pigs, & Mice	Determined by Vendor
Community Services Department	Spay & Neuter Clinic Fees - General	Rabbit - Neuter	Determined by Vendor
Community Services Department	Spay & Neuter Clinic Fees - General	Rabbit - Spay	Determined by Vendor
Community Services Department	Vaccinations	Kitten Package (over 3 months)	Determined by Vendor
Community Services Department	Vaccinations	Puppy Package (over 3 months)	Determined by Vendor
Community Services Department	Vaccinations	Routine Deworming (roundworms & hookworms)	Determined by Vendor
Community Services Department	Veterinary Services	Deciduous Tooth Extraction	Determined by Vendor
Community Services Department	Veterinary Services	Dewclaw Removal	Determined by Vendor
Community Services Department	Veterinary Services	Ear Mite Treatment	Determined by Vendor
Community Services Department	Veterinary Services	Fluid Therapy - SQ (Dogs)	Determined by Vendor
Community Services Department	Veterinary Services	Fluid Therapy - SQ (Cats)	Determined by Vendor
Community Services Department	Veterinary Services	Lab work - In-House Fungal Culture	Determined by Vendor
Community Services Department	Veterinary Services	Labwork - PCV/TP	Determined by Vendor
Community Services Department	Veterinary Services	Labwork - Pre-surgical	Determined by Vendor
Community Services Department	Veterinary Services	Labwork - Urine Dipstick	Determined by Vendor
Community Services Department	Veterinary Services	Leukemia/FIV Combo Testing	Determined by Vendor

Department	Type	Fee	Justification
Community Services Department	Veterinary Services	Medication - Oral	Determined by Vendor
Community Services Department	Veterinary Services	Medication - Topical	Determined by Vendor
Community Services Department	Veterinary Services	Medication - Injectable	Determined by Vendor
Community Services Department	Veterinary Services	Nail Trim	Determined by Vendor
Community Services Department	Veterinary Services	Sedation/Anesthesia - IM	Determined by Vendor
Community Services Department	Veterinary Services	Sedation/Anesthesia - IV	Determined by Vendor
Community Services Department	Veterinary Services	Sedation/Anesthesia - Gas	Determined by Vendor
Community Services Department	Veterinary Services	Specialized Feeding	Determined by Vendor
Community Services Department	Veterinary Services	Leukemia/FIV Combo Testing	Determined by Vendor
Community Services Department	Veterinary Services	Medication - Oral	Determined by Vendor
Community Services Department	Veterinary Services	Medication - Topical	Determined by Vendor
Community Services Department	Veterinary Services	Nail Trim	Determined by Vendor
Community Services Department	Veterinary Services	Sedation/Anesthesia - IM	Determined by Vendor
Community Services Department	Veterinary Services	Sedation/Anesthesia - IV	Determined by Vendor
Community Services Department	Veterinary Services	Specialized Feeding	Determined by Vendor
Community Services Department	Veterinary Services	Surgery - Minor Surgery, Preparation and Recovery	Determined by Vendor
Community Services Department	Veterinary Services	Surgery - Major Surgery, Preparation and Recovery	Determined by Vendor
Community Services Department	Rentals	Downstairs Community Room - Roth	Service will be provided directly by the museum
Community Services Department	Rentals	Downstairs Education Resource Room - Roth	Service will be provided directly by the museum
Community Services Department	Rentals	Upstairs Meeting Room - Roth	Service will be provided directly by the museum
Police	Massage Establishment	Sale or Transfer of Interest	Municipal Code Update: Report #2512-5609
Police	Massage Establishment	Business Location Change	Municipal Code Update: Report #2512-5609

Department	Type	Fee	Justification
Police	Massage Estalishment	Non-Certified (New)	Municipal Code Update: Report #:2512-5609
Police	Massage Estalishment	Non-Certified (Renewal)	Municipal Code Update: Report #:2512-5609
Police	Massage Estalishment	Massage Practitioner - Non-Certified (New)	Municipal Code Update: Report #:2512-5609
Police	Massage Estalishment	Massage Practitioner - Non-Certified (Renewal)	Municipal Code Update: Report #:2512-5609
Police	Massage Estalishment	Massage Technician - New	Municipal Code Update: Report #:2512-5609
Police	Massage Estalishment	Massage Technician - Renewal	Municipal Code Update: Report #:2512-5609
Police	Impoundment Fees - Cat	B. Second Offense	Fee Replaced
Police	Impoundment Fees - Cat	C. Third and Subsequent Offenses	Fee Replaced
Police	Impoundment Fees - Dog - Licensed	C. Third Offense	Fee Replaced
Police	Impoundment Fees - Dog - Licensed	D. Fourth Offense	Fee Replaced
Police	Impoundment Fees - Dog - Licensed	E. Fifth to Tenth Offense	Fee Replaced
Police	Impoundment Fees - Dog - Licensed	F. Eleventh and Subsequent Offenses	Fee Replaced
Police	Impoundment Fees - Dog - Licensed	C. Third Offense	Fee Replaced
Police	Impoundment Fees - Dog - Licensed	D. Fourth Offense	Fee Replaced
Police	Impoundment Fees - Dog - Licensed	E. Fifth to Tenth Offense	Fee Replaced
Police	Impoundment Fees - Dog - Licensed	F. Eleventh and Subsequent Offenses	Fee Replaced
Police	Impoundment Fees - Dog - Licensed	B. 24 Months Unaltered	Fee Replaced
Police	Impoundment Fees - Dog - Licensed	C. 36 Months Unaltered	Fee Replaced
Library	Library Services	Expired Hold Fee	No longer used

ELECTRIC SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

Charges in Utility Rate Schedule E-15 has been moved to City of Palo Alto Municipal Code Fee Schedule effective 7-1-2026.

~~A. APPLICABILITY:~~

~~This Rate Schedule applies to all connections, interconnections, expansions, and upgrades to the City's Electric Distribution System, except connections that serve street lighting or traffic signals.~~

~~B. TERRITORY:~~

~~This Rate Schedule applies anywhere the City of Palo Alto provides Electric Service.~~

~~C. CHARGES:~~

~~All Charges must be pre-paid by the Applicant prior to the scheduling of any construction or connections to the City's Electrical Distribution System.~~

~~1. ADVANCE ENGINEERING FEES~~

~~The Applicant must pay all Advance Engineering Fees to start the engineering process which are non-refundable. The Advance Engineering Fees will be credited against the estimated job cost prior to the collection of construction fees. For Service connections applicable to fixed electric service connection fees, CPAU will not require Advance Engineering Fees.~~

~~2. UNDERGROUND SYSTEMS~~

~~(A) Service Connection Charges:~~

~~Service Connection Charges are required when the City connects any Customer to the City's electrical Distribution System. A one-time waiver of this fee may be granted for Services connected during the construction of an underground utility district.~~

- ~~(1) Residential or Small Commercial — Single service, single phase, 200 (or less) and 400 amp services that do not require customer~~

CITY OF PALO ALTO UTILITIES

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CITY OF
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Sheet No. **S-5-0**

Effective 071-01-
2026

ELECTRIC SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

~~(2) — contribution for transformer upgrades or replacement.~~

~~These fees apply to single-family dwellings, with or without an ADU, and small commercial businesses.~~

~~(a) — For a 250 volt maximum, 200 amp or less underground service \$3,940.00~~

~~(b) — For a 250 volt maximum, 400 amp underground service..... \$4,360.00~~

~~(c) — For any connection requiring greater capacity or system upgrades, the fee shall be CPAU's estimate of the installation cost.~~

~~(B) — On-site Distribution System Charges:~~

~~Where the customer is financially responsible for CPAU installations of underground conductors (primary or secondary), switches or transformers in and on facilities provided by the developer within the boundaries of a sub-division or other development, an on-site distribution system fee shall be charged, based on CPAU's estimate of all applicable installation costs.~~

~~(C) — Off-Site Distribution System Charges:~~

~~Where the customer is financially responsible for CPAU installations of an Electric Distribution system, system extension, or system reinforcement outside the boundaries of a sub-division or other development to be served, an off-site distribution system fee shall apply, based on CPAU's estimate of all applicable installation costs.~~

~~3. OVERHEAD SYSTEMS~~

~~Connection Charges shall apply for all new single-phase Services or Service upgrades 400 amps or less.~~

~~(A) — Overhead Service Connection Replacement Charges:~~

~~(1) Residential or Commercial — Single service, single phase, for 200 amps (or less) and 400 amps services that do not require customer contribution to transformer upgrades or replacement.~~

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ELECTRIC SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

~~These fees apply to single family dwellings, with or without ADU, or small commercial businesses.~~

~~(a) For a 250 volt maximum, 200 amp or less, 3 wire services, single phase overhead service of 80 feet in length maximum\$2,910.00~~

~~(b) For a 250 volt maximum, 400 amp, single phase overhead services, 80 feet in length maximum services\$3,540.00~~

~~(c) For all other connections, the fee shall be CPAU's estimate of the installation cost.~~

~~(2) Charges for replacement or upgraded Overhead Services not described above, shall be based on CPAU's estimate of applicable costs.~~

4. TEMPORARY SERVICE

~~(A) Overhead Temporary Service Charges:~~

~~(1) For a 250 volt, 200 amp or less, 3 wire service, within 50 feet if a suitable secondary system\$1,040.00~~

~~(2) Fees for a Temporary Service of greater length and capacity or voltage shall be based on CPAU's estimate of all applicable installation and removal costs, or \$1,040.00, whichever is greater.~~

~~(B) Underground Temporary Service Charges:~~

~~(1) For a 250 volt, 200 amp or less, 3 wire maximum service, within 100 feet of suitable secondary system and service box. Customer is responsible for all substructure.\$1,060.00~~

~~(2) If a suitable secondary system and/or service box is not available at the property, the Customer will be responsible for all cost necessary to extend or rearrange the system to allow for the temporary electric service.~~

~~(3) Fees for a Temporary Service of greater length and capacity or Voltage shall be based on CPAU's estimate of the installation and removal costs, or \$1,060.00, whichever is greater.~~

5. GENERATOR INTERCONNECTION

~~CPAU shall charge a fee for evaluation of Generator (Photo Voltaic (PV), Energy Storage System~~

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ELECTRIC SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

~~(ESS)) Interconnection Applications performed pursuant to Rule and Regulation 27.~~

~~(A) Advance Engineering Fees:~~

- ~~(1) Projects with a size less than or equal to 10kW in capacity...
\$520.00~~
- ~~(2) All Projects which are greater than 10 kW and less than 100 kW in capacity
\$1,140.00~~
- ~~(3) All Projects which are greater than or equal to 100 kW and less than 500 kW in capacity
\$7,560.00~~
- ~~(4) All Projects which are 500 kW or greater in capacity.....\$14,500.00~~

~~(B) Supplemental and Detailed Studies:~~

- ~~(1) Supplemental and Detailed Study fees for all Net Energy Metering Projects requiring additional study per Rule and Regulation 27 shall be based on CPAU's estimate of applicable costs.~~

~~(C) Interconnection Review Charges:~~

- ~~(1) All projects less than or equal to 10 kW\$520.00~~
- ~~(2) Interconnection fees for all Projects not covered under section 4(C)(1) will be based on CPAU's estimate of applicable costs.~~

6. PALO ALTO CLEAN LOCAL ENERGY ACCESSIBLE NOW PROGRAM

~~Meter maintenance and administrative service Charge for Generators participating in the Palo Alto Clean Local Energy Accessible Now (CLEAN) Program —\$207.00~~

~~D. CREDITS:~~

~~Rebates or credits may be available to defray electric service connection charges, if the service upgrade is a result of higher electrical loads caused by electric vehicle charging. For additional information visit: <https://www.paloalto.gov/Departments/Utilities> or call 650-329-2241~~

~~E. NOTES:~~

- ~~1. These Charges apply to all vacant land except where the Charges are recorded as previously paid.~~

CITY OF PALO ALTO UTILITIES

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Effective 071-01-
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ELECTRIC SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

- ~~2. CPAU can generally provide service availability from 30 to 45 days after all Charges are paid except when long lead-time equipment or materials are required. Consult the City for estimated lead-times.~~
- ~~3. All fees and minimum charges are subject to DGS California Construction Cost Index (CCCI) adjustments, to be applied annually effective on July 1.~~
- ~~4. CPAU is not responsible for delays in Service connection caused by conditions beyond its control, including, but not limited to, delays in the arrival of equipment such as transformers, switches and cable.~~

{End}

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No. S-5-4 dated
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CITY OF
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Sheet No. **S-5-4**

Effective 071-01-
2026

WASTEWATER SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

Utility Rate Schedule S-5 has been repealed. Charges are now available in the City of Palo Alto Municipal Code Fee Schedule effective 7-1-2026.

~~A. TERRITORY:~~

~~This Rate Schedule applies anywhere the City of Palo Alto provides Wastewater Service.~~

~~B. CHARGES:~~

~~Customer must pay plan review and connection fees in full prior to scheduling any Utility construction work or inspections. CPAU will send invoices to the responsible party listed on the Service application. All Invoices are valid for 90 days from date of issuance. Once CPAU receives full payment, determines that all applicable Service requirements are met, and the Utilities Inspector determines that the project is ready for utility installation. CPAU Water, Gas, and Wastewater Utilities Operations (WGW Operations) staff will schedule the project for construction. Depending on material availability and scheduling constraints, Utility Services are generally installed between 60 and 90 days later. While CPAU staff makes best efforts to install Services as planned, construction delays may occur as a result of unforeseen conditions. Contact WGW Operations for scheduling lead-time.~~

~~Regular CPAU work hours are 8 AM to 5 PM, Monday through Friday, excluding City holidays. Any work the City deems necessary to be performed during non-regular work hours shall be charged at the overtime rate per Utility Rate Schedule Rate C-1. Conditions in which work may need to be performed during non-regular work hours may include, but are not limited to, performing work on arterial streets, in business districts, in front of major commercial establishments, and near schools.~~

~~1. PLAN REVIEW:~~

New single family residential building or remodel	\$635.00
New commercial building or remodeling permit valuation greater than \$200,000	\$3,520.00
New subdivision residential unit	\$232.00/unit
System extension 8-inch HDPE Wastewater main	\$34.00/ft

~~2. DESIGN:~~

~~Wastewater system design fee.....Utility Estimate~~

CITY OF PALO ALTO UTILITIES

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WASTEWATER SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

~~3. COLLECTION SYSTEM EXTENSIONS:~~

~~City standard 8-inch main, Charge per linear foot \$479.00/ft~~

~~4. CONNECTIONS:~~

~~4-inch connection, depth at 6 feet and below \$15,615.00~~

~~6-inch connection, depth at 6 feet and below \$17,478.00~~

~~4-inch lateral, depth between 6 feet and 10 feet \$21,858.00~~

~~6-inch lateral, depth between 6 feet and 10 feet \$22,938.00~~

~~Rehabilitation of existing 4" to 6" lateral by pipe bursting \$9,694.00~~

~~Connections of sewer laterals over 25 feet in length will be charged for the additional footage at a rate of \$206/linear foot for 4-inch connections and \$213/linear foot for 6-inch connections.~~

~~Special arrangements must be made for connections larger than 6-inch. CPAU will estimate the cost which will serve as the basis for a Customer deposit. Upon receipt of this deposit CPAU will install the connection and the Customer will be responsible for the actual costs that exceed the deposit amount.~~

~~5. REPLACEMENT OR RELOCATION OF FACILITIES:~~

~~Replacement of Lateral connections made necessary because of ordinary wear and deterioration will be made without Charge. Replacement due to inadequacy because of increased demand or load, relocation due to location will be charged as a new connection.~~

~~Costs associated with CPAU approved relocation of lateral, and other facilities are the responsibility of the Applicant. Payment of estimated costs is required before relocation work begins.~~

~~6. CAPACITY CHARGES:~~

~~4-inch connection with 5/8-inch Water Meter (WM) \$5,250.00~~

~~4-inch connection with 1-inch WM \$10,500.00~~

~~4- or 6-inch connection with 1-1/2-inch WM \$31,668.00~~

~~6-inch connection with 2-inch WM \$52,500.00~~

~~6-inch and larger connection with 4-inch or larger WM By estimate at \$210/FU*~~

CITY OF PALO ALTO UTILITIES

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WASTEWATER SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

~~* FU = fixture unit (1 FU = 15 gallons per day).~~

~~Capacity upgrades to an existing Lateral will be calculated as the difference between the new Lateral size and the existing Lateral size.~~

~~7. INSTALL AND CORE DRILL MANHOLE:~~

- ~~(A) Depth, 6 feet or less \$18,404.00~~
- ~~(B) Depth, greater than 6 feet \$24,812.00~~
- ~~(C) Core Drill and Connection Tap to Manhole (Shallow) \$5,488.00~~
- ~~(D) Core Drill and Connection Tap to Manhole (Deep) \$6,435.00~~

~~8. ABANDONMENT AND DEMOLITION:~~

- ~~(A) Sewer Lateral \$5,142.00~~

~~9. INSTALL SEWER CLEANOUT \$4,240.00~~

~~10. WORK PERFORMED BY OUTSIDE CONTRACTORS:~~

~~Engineering and inspection service Charges per Utility Rate Schedule C-1 will apply to utility work performed by outside contractors, which may be done only with the prior written approval of the Utilities Department.~~

- ~~(A) Engineering and inspection for new lateral \$3,508.00~~
- ~~(B) Engineering and inspection for new main (per lineal foot) \$55.00~~
- ~~(C) Engineering and inspection for new manhole \$4,385.00~~
- ~~(D) Engineering and inspection for lateral abandonment \$2,192.00~~

~~**C. NON-STANDARD CONDITIONS**~~

- ~~1. Any condition which, in the opinion of the Engineering Manager, Water Gas Wastewater, will result in a cost higher than the Charges set forth in Section B will be classified as non-standard. The Charge for a non-standard installation will be based on the Engineering Manager's estimate of the total costs of all materials, labor, and other costs required to complete the installation.~~

CITY OF PALO ALTO UTILITIES

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Effective 071-01-
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WASTEWATER SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

~~2. In the event Wastewater Service to a Premise is requested and insufficient capacity exists to provide such Service, the Applicant shall bear the total cost for flow monitoring the existing main to determine remaining capacity, design of new sewer main and construction cost for enlarging the collection system to accommodate serving the Applicant. The Engineering Manager, Water Gas Wastewater may require the Applicant to make arrangements for the design and construction of said expansion in accordance with applicable CPAU Rules and Regulations, standards and specifications. Alternatively, CPAU may elect for City staff or contractors to design and install such facilities at the Applicant's expense.~~

~~3. PUMPING PLANTS:~~

~~If the development requires a pumping facility to drain into the City's Wastewater collection system, the developer is responsible for the cost of construction of the pumping plant and the on-going plant operation and maintenance costs.~~

~~D. SPECIAL NOTES:~~

- ~~1. All fees and minimum charges are subject to DGS California Construction Cost Index (CCCI) adjustments, to be applied annually effective on July 1.~~

{End}

CITY OF PALO ALTO UTILITIES

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CITY OF
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Sheet No. **G-5-3**

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WATER SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

Utility Rate Schedule W-5 has been repealed. Charges are now available in the City of Palo Alto Municipal Code Fee Schedule effective 7-1-2026.

~~A. TERRITORY:~~

~~This Rate Schedule applies anywhere the City of Palo Alto provides Water Service.~~

~~B. CHARGES:~~

~~Customer must pay plan review and connection fees in full prior to scheduling any Utility construction work or inspections. The invoice will be sent to the responsible party listed on the Service application. All Invoices are valid for 90 days from date of issuance. Once CPAU receives full payment, determines that all applicable Service requirements are met, and the Utilities Inspector determines that the project is ready for utility installation, CPAU Water, Gas, and Wastewater Utilities Operations (WGW Operations) staff will schedule the project for construction. Depending on material availability and scheduling constraints, Utility Services will be installed between 60 and 90 days. While CPAU staff makes best efforts to install Services as planned, construction delays may occur as a result of unforeseen conditions. Contact WGW Operations for scheduling lead time.~~

~~Regular CPAU work hours are 8 AM to 5 PM, Monday through Friday, excluding City holidays. Any work the City deems necessary to be performed during non-regular work hours shall be charged at the overtime rate per Utility Rate Schedule Rate C-1. These conditions include but are not limited to performing work on arterial streets, in business districts, in front of major commercial establishments, and near schools.~~

~~1. PLAN REVIEW:~~

~~New single family residence or residential remodel \$635.00
New commercial building or remodeling permit valuation greater than \$200,000 \$4,653.00
New subdivision residential unit \$526.00/unit
System extension of 8-inch high density polyethylene (HDPE) Water main \$19.00/ft~~

~~2. DESIGN:~~

~~Water System Design Utility Estimate~~

~~3. DISTRIBUTION SYSTEM EXTENSION:~~

~~City standard 8-inch main, Charge per linear foot \$383.00~~

~~4. SERVICE CONNECTIONS:~~

CITY OF PALO ALTO UTILITIES

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Sheet No. **G-5-4**

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WATER SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

Water Service: Domestic, Irrigation, and Fire

<u>Size</u>	<u>Amount</u>
1-inch copper connection	\$10,773.00
2-inch copper connection	\$11,965.00
2-inch connection	\$12,236.00
4-inch connection	\$15,030.00
6-inch connection	\$17,920.00
8-inch connection	\$19,482.00
10-inch connection	\$21,826.00

~~Replacement of Service connection made necessary because of ordinary wear and deterioration will be made without Charge. Replacement due to inadequacy because of additional demand or load will be charged as a new Service connection.~~

Additional Domestic or Irrigation Services

~~For Service installations connecting to a pre-existing Service or installations of a new, larger Service.~~

2-inch connection	\$5,626.00
4-inch connection	\$7,956.00

Combination Domestic or Irrigation Water Service and Fire Service

~~Combination Water Service connections require CPAU approval. If approved, connection Charges for both the fire Service and the domestic or irrigation Service connection will apply.~~

Master Water Service

~~Connections that serve domestic Water Service and fire protection through a detector Meter require CPAU approval. Applicable Charges for master Water Service connections will be based on CPAU's estimate of the total costs, including materials, labor, metering, and all other costs required for the installation.~~

~~5. METERS:~~

5/8-inch x 3/4-inch Meter	\$1,193.00
1-inch Meter	\$1,318.00
1 ½-inch Meter	\$2,509.00
2-inch Meter	\$2,726.00

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WATER SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

3-inch Meter	\$4,478.00
4-inch Meter	\$7,259.00
6-inch Meter	\$9,805.00
Automatic Meter Reading – AMR Encoder Receiver Transmitter	\$216.00

6. ~~CAPACITY CHARGES:~~

~~Capacity Charges apply to new Utility Services and added demand on existing Services.~~

Domestic:

5/8-inch x 3/4-inch Meter	\$3,750.00
1-inch Meter	\$6,250.00
1 ½-inch Meter	\$18,850.00
2-inch Meter	\$31,250.00
4-inch Meter and larger	By estimate at \$125/fixture unit (FU)*

~~*These charges vary and are based on the total number of fixture units (FU) estimated for the water supply demand. Water supply fixture units are estimated per California Uniform Plumbing Code.~~

Fire Service Capacity Charges:

2-inch	\$750.00
4-inch	\$8,425.00
6-inch	\$18,250.00
8-inch	\$30,950.00
10-inch	\$48,110.00

~~If a Customer is upgrading the capacity of an existing Service, then the capacity Charge will be the difference between the new Service size and the existing Service size.~~

7. ~~ADDITIONAL METERS:~~

With new connection, up to 2-inch	\$1,823.00
With existing connection, up to 2-inch	\$2,463.00
2 Meter Manifold on 2" PE or 1" CU service	\$1,037.00

8. ~~RELOCATION OF FACILITIES:~~

~~The costs of CPAU-approved relocation of Services, hydrants, or other facilities will be the responsibility of the Applicant. Payment of estimated cost is required before relocation work begins.~~

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WATER SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

~~9. FIRE HYDRANT:~~

(A) Install new hydrant without lateral.....	\$5,135.00
(B) Install new hydrant with lateral.....	\$24,341.00
(C) Relocation behind curb (up to 5 feet).....	\$13,518.00

~~Relocations more than 5 feet will require a new lateral and the existing lateral will be disconnected and abandoned at the main.~~

~~10. TAPPING THE WATER MAIN FOR CONTRACTOR-INSTALLED SERVICES:~~

(A) Tap Water main for 2-inch Service.....	\$2,435.00
(B) Tap Water main for 4-inch Service.....	\$3,137.00
(C) Tap Water main for 6-inch Service.....	\$5,170.00
(D) Tap Water main for 8-inch Service.....	\$6,959.00

~~11. ABANDONMENT:~~

(A) Small Service 2-inch and less.....	\$6,593.00
(B) Large Service more than 2-inch.....	\$8,991.00

~~12. WORK PERFORMED BY OUTSIDE CONTRACTORS:~~

~~Engineering and inspection service Charges per Utility Rate Schedule C-1 will apply to utility work performed by outside contractors, which may be done only with the prior written approval of the Utilities Department.~~

(A) Engineering and inspection for new 2-inch Service.....	\$2,631.00
(B) Engineering and inspection for new 2-inch Service connected to larger Service.....	\$1,754.00
(C) Engineering and inspection for new 4-inch to 8-inch Service.....	\$3,946.00
(D) Engineering and inspection for new hydrant and Service.....	\$3,946.00
(E) Engineering and inspection for abandonment of 2-inch and smaller Service.....	\$1,315.00
(F) Engineering and inspection for abandonment of 3-inch and larger Service.....	\$1,754.00
(G) Engineering and inspection for new 8-inch main (per linear foot).....	\$44.00

~~C. NON-STANDARD CONDITIONS:~~

- ~~1. Any condition which, in the opinion of the Engineering Manager, Water Gas Wastewater, will~~

~~result in a cost higher than the Charges set forth in Section B will be classified as non-standard. The Charge for a non-standard installation will be based on the Engineering Manager's estimate~~

CITY OF PALO ALTO UTILITIES

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Effective 07~~1~~-01-

WATER SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

~~of the total costs of all materials, labor, and other costs required to complete the installation.~~

- ~~2. If CPAU determines that insufficient capacity exists to provide Water Service to an Applicant, Applicant will be responsible for the CPAU's costs to complete a hydraulic system capacity study to determine whether Distribution System upgrades will be required to serve the Applicant, as well the costs of completing the upgrades deemed necessary by CPAU.~~

~~D. SPECIAL NOTES:~~

- ~~1. All fees and minimum charges are subject to DGS California Construction Cost Index (CCCI) adjustments, to be applied annually effective on July 1.~~

{End}

CITY OF PALO ALTO UTILITIES

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Sheet No. **G-5-8**

Effective 07~~1~~-01-

GAS SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

Utility Rate Schedule G-5 has been repealed. Charges are now available in the City of Palo Alto Municipal Code Fee Schedule effective 7-1-2026.

~~A. TERRITORY:~~

~~This Rate Schedule applies everywhere the City of Palo Alto provides Gas Service.~~

~~B. CHARGES:~~

~~Customer must pay plan review and connection fees in full prior to scheduling any Utility construction work or inspections. CPAU will send invoices to the responsible party listed on the Service application. All invoices are valid for 90 days from date of issuance. Once CPAU receives full payment, determines that all applicable Service requirements are met, and the Utilities Inspector determines that the project is ready for utility installation, CPAU Water-Gas-Wastewater Utilities Operations (WGW Operations) staff will schedule the project for construction. Depending on material availability and scheduling constraints, Utility Services are generally installed 60 to 90 days later. While CPAU staff makes best efforts to install Services as planned, construction delays may occur as a result of unforeseen conditions. Contact WGW Operations for scheduling lead time.~~

~~Regular CPAU work hours are 8 AM to 5 PM, Monday through Friday, excluding City holidays. Any work the City deems necessary to be performed during non-regular work hours shall be charged at the overtime rate per Utility Rate Schedule Rate C-1. Conditions in which work may need to be performed during non-regular work hours may include, but are not limited to, performing work on arterial streets, in business districts, in front of major commercial establishments, and near schools.~~

~~1. COMMERCIAL PLAN REVIEW:~~

~~New commercial building or remodeling permit valuation greater than \$200,000.....\$3,536.00
New subdivision residential unit.....\$520.00/unit
System extension of 2-inch polyethylene (PE) Gas main.....\$20.00/ft~~

~~2. RESIDENTIAL PLAN REVIEW:~~

~~New single-family residential (SFR) building or SFR remodeling permit valuation greater than \$100,000.....\$1,270.00~~

~~3. DESIGN:~~

~~Gas system design.....Utility Estimate~~

CITY OF PALO ALTO UTILITIES

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GAS SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

4. ~~DISTRIBUTION SYSTEM EXTENSION:~~

Charge per linear foot..... \$350.00/ft

5. ~~CONNECTION FOR SERVICE INSTALLED ON EXISTING MAIN:~~

~~Service connection Charges include up to 40 feet of Service Line installation inside the property line. Service Lines will be installed along the shortest most practical route, as determined by the Utilities Department (perpendicular from the Gas main in the adjoining street, alley, lane road, or easement to the nearest suitable Meter location at the building or structure).~~

Size

1-inch directionally bored connection	\$8,636.00
2-inch directionally bored connection	\$13,439.00
Excess length Charge for directionally bored connection	\$69.00 /ft*
1- or 2-inch trenched connection	\$8,500.00
2-inch main installation in contractor-provided trench	\$245 /ft
Connections above 2-inches	Utility Estimate
1- or 2-inch excess flow valve (EFV) installation on PE service	\$6,713.00

*Excess Length Charge: An additional Charge (\$69.00/foot) will apply to an extension greater than 40 feet from the property line closest to the street, to the Gas Meter location, measured along a line perpendicular to the street property line.

Replacement of Service connections made necessary because of ordinary wear and deterioration will be made without Charge. However, if the need for replacement arises due to meeting an increase in load or relocation of a non-polyethylene (PE) pipe Service, the installation of the Service will be charged as a new Service.

6. ~~METERS:~~

250 Cubic Foot Per Hour (CFH) House Meter.....	\$1,097.00
250 CFH Curb Meter.....	\$2,601.00
400 CFH House Meter.....	\$1,457.00
400 CFH Curb Meter.....	\$2,782.00
630 CFH House Meter.....	\$1,969.00
630 CFH Curb Meter.....	\$2,796.00
800 CFH Diaphragm Commercial House Meter.....	\$2,782.00
1000 CFH Diaphragm Commercial House Meter	\$3,217.00
1500 CFH Rotary Commercial House Meter.....	\$3,202.00
2000 CFH Rotary Commercial	\$4,165.00
3000 CFH Rotary Commercial	\$4,278.00

CITY OF PALO ALTO UTILITIES

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Supersedes Sheet No. G-5-
10 dated 0109-01-20~~26~~19



**CITY OF
PALO ALTO
UTILITIES**

Sheet No. **G-5-10**

Effective 07~~1~~-01-

GAS SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

5000 CFH Rotary-Commercial	\$4,827.00
7000 CFH Rotary-Commercial	\$5,594.00
11000 CFH Rotary-Commercial	\$15,898.00
16000 CFH Rotary-Commercial	\$18,314.00
23000 CFH Rotary-Commercial	Utility Estimate
Electronic Volume Corrector System	Utility Estimate
Automatic Meter Reading (AMR) Encoder Receiver Transmitter — Diaphragm Meter	\$232.00
AMR Encoder Receiver Transmitter — Rotary Meter	\$324.00
Vent line for Gas Regulator	\$454.00
2-inch bollard (to protect Gas Meter) installation fee	\$525.00
4-inch bollard (to protect Gas Meter) installation fee	\$823.00
Other Meter sizes	Utility Estimate

~~7. ADDITIONAL METERS ON CONNECTION:~~

~~These Charges apply to Meters up to 630 CFH. Charges for Meters above 630 CFH will be based on the Utilities Department's estimate.~~

~~Per Meter~~

With new connection	\$648.00
On existing Metered connection	\$1,585.00

~~8. SERVICE RELOCATION:~~

Service riser relocation	\$2,791.00
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~~Service riser relocations will only be performed on 1-inch and larger polyethylene (PE) pipe Service Lines that have been approved by Utilities Department. All Service Lines made of non-PE materials must be replaced from the main to the Meter at the Charges listed in Section B(6) of this Rate Schedule.~~

Curb Meter-Riser relocation on existing 1-inch PE pipe	\$1,337.00
Curb Meter-New Service from main to house	\$3,887.00

~~9. RELOCATION OF FACILITIES:~~

~~Approved relocation of Service Lines and other facilities will be done at the cost of the Applicant. Payment of estimated costs is required before relocation work begins.~~

~~10. TAPPING THE GAS MAIN FOR CONTRACTOR-INSTALLED SERVICES:~~

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11 dated 0109-01-20~~26~~19



CITY OF
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UTILITIES

Sheet No. **G-5-11**

Effective 07~~1~~-01-

GAS SERVICE CONNECTION CHARGES

UTILITY RATE SCHEDULE S-5

Tap Gas main for 1- to 2-inch Service	\$2,290.00
Tap Gas main for 4- to 6-inch Service	\$2,864.00

~~11. ABANDONMENT OF GAS SERVICES:~~

1-inch to 2-inch Gas service abandonment	\$6,092
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~~12. WORK PERFORMED BY OUTSIDE CONTRACTORS:~~

~~Engineering and inspection service Charges per Utility Rate Schedule C-1 will apply to utility work performed by outside contractors, which may be done only with the prior written approval of the Utilities Department.~~

~~C. NON-STANDARD CONDITIONS:~~

- ~~1. Any condition which, in the opinion of the Engineering Manager, Water Gas Wastewater, will result in a cost higher than the Charges set forth in Section B will be classified as non-standard. The Charge for a non-standard installation will be based on the Engineering Manager's estimate of the total costs of all materials, labor, and other costs required to complete the installation.~~
- ~~2. In the event Gas Service to a Premise is requested and insufficient capacity exists to provide such Service, the Applicant shall bear the total cost for designing and enlarging the Distribution System to accommodate serving the Applicant. The Engineering Manager, Water Gas Wastewater, may require the Applicant to make arrangements for the design and construction of said expansion in accordance with applicable CPAU Rules and Regulations, standards and specifications. Alternatively, CPAU may elect for City staff or contractors to design and install such facilities at the Applicant's expense. Credit to the Applicant will be provided for any over sizing or extra facilities installed to meet Service demands above the specific capacity needs of the Applicant.~~

~~D. SPECIAL NOTES:~~

- ~~1. All fees and minimum charges are subject to DGS California Construction Cost Index (CCCI) adjustments, to be applied annually effective on July 1.~~

{End}

CITY OF PALO ALTO UTILITIES

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12 dated 0109-01-20~~26~~19



CITY OF
PALO ALTO
UTILITIES

Sheet No. **G-5-12**

Effective 07~~1~~-01-

PALO ALTO AIRPORT RATES AND CHARGES STUDY SUMMARY OF CHANGES

Fee Title		FY 2026 Adopted	Rates and Charges Recommendations
Tail-in Open Tie-down, 0 to 3,500 pounds		\$206 per month	\$214.50 per month
Tail-in Open Tie-down, 3501 to 5,2001 pounds		\$239 per month	248.5 per month
Tail-in Open Tie-down, 5,201 - 10,200 pounds		\$268.50 per month	\$279.50 per month
Tail-in Open Tie-down, 10,200 - 17,000 pounds		301.50 per month	\$313.50 per month
Taxi-in Open Tie-down, 0 to 3,500 pounds		\$257 per month	\$267.50 per month
Taxi-in Open Tie-down, 3501 to 5,2001 pounds		\$319.50 per month	\$332.50 per month
Taxi-in Open Tie-down, 5,201 - 10,200 pounds		\$443.50 per month	\$461.50 per month
Taxi-in Open Tie-down, 10,200 - 17,000 pounds		\$470.50 per month	\$489.50 per month
Large Aircraft and helicopter designated tie-downs		\$470.50 per month	\$489.50 per month
Transient Aircraft Landing Fee (Non-Commercial)		NEW FEE	\$3/1000lbs MTOW per landing
Transient Aircraft Landing Fee (Commercial)		0-3,500 pounds - \$25 per landing 3501-5200 pounds - \$27 per landing	\$9/1000lbs MTOW per landing
		5201-10,200 pounds - \$49 per landing	\$9/1000lbs MTOW per landing
		10201-17,000 pounds - \$97 per landing	\$9/1000lbs MTOW per landing
Transient Aircraft Open Tie-down 0-3500 pounds		\$5.50 for first 8 hours	\$14.50 per day
		\$14 for 8-24 hours	\$14.50 per day
		\$14 for every 24 hour period after	\$14.50 per day
Transient Aircraft Open Tie-down 3501-5200 pounds		\$5.50 for 0-8 hours	\$16.50 per day
		\$14 for 8-24 hours	\$16.50 per day
		\$14 for every 24 hour period after	\$16.50 per day
Transient Aircraft Open Tie-down 5,201-17000 pounds		\$14 for 0-8 hours	\$31.00 per day
		\$30 for 8-24 hours	\$31.00 per day
		\$30 for every 24 hour period after	\$31.00 per day
Taxi-through Transient Aircraft Open Tie-down 5,201-17000 pounds		\$14 for 0-8 hours	Fee removed - new fees are based solely on weight
		\$30 for 8-24 hours	Fee removed - new fees are based solely on weight
		\$30 for every 24 hour period after	Fee removed - new fees are based solely on weight
Transient Helicopter Open Tie-down 5,201-17000 pounds		\$14 for 0-8 hours	Fee removed - new fees are based solely on weight
		\$30 for 8-24 hours	Fee removed - new fees are based solely on weight
		\$30 for every 24 hour period after	Fee removed - new fees are based solely on weight
		\$25 every 30 days for unpaid invoice	\$26 every 30 days for unpaid invoice
Transient Aircraft late Fee		\$190 per month	\$197.50
Glider & Aircraft Trailer Parking		\$11 per day	\$21 per day
Automobile Daily Parking		\$92 per month	\$104 per month
Monthly Parking Permit - Automobiles Only		\$55.50 per month	\$57 per month
Monthly Automobile Parking (Parking spots only rented in association with a Tie-down Account)			
Automobile Parking Citation Fee		NEW FEE	\$57 per occurrence
Annual or Replacement Gate Card Access Fee		\$31 per card	\$32 per card
Mobile Truck Operations Permit Daily		\$30 per day	\$31 per day
Mobile Truck Operations Permit Monthly		\$77.50 per month	\$156 per month
Fire Extinguisher Replacement		\$217 per fire extinguisher	\$227 per fire extinguisher
Fuel Flowage Fee		\$0.21 per gallon	\$0.25 per gallon
Commercial Non-Aeronautical Operations Fee		10% Gross Receipts for Rental Car Companies	10% Gross Receipts for all commercial non-aeronautical operators
Hangar Ground Lease Origination / Transfer Fee		NEW FEE	2% of sale of assessed value per agreement
Expired Certification of Insurance Fee		NEW FEE	\$50 per month

PALO ALTO AIRPORT RATES AND CHARGES STUDY

FINAL REPORT

September 17, 2025

Palo Alto Airport (PAO or Airport) is a towered, single runway airport owned and operated by the City of Palo Alto (City or Sponsor) for public use. The Airport is categorized as a General Aviation Regional role in the Federal Aviation Administration's (FAA) National Plan of Integrated Airport System (NPIAS) with 331 based aircraft on 102 acres located within the city of Palo Alto, CA. The airfield consists of Runway 13/31, a 2,441' x 70' asphalt runway with an LNAV MDA non-precision instrument approach.

In August 2014, the County of Santa Clara transferred the PAO back to the City. Since that time, staff has been bringing the Airport up to current Federal Aviation Administration (FAA) standards through several capital projects. In August 2019, the City consolidated a General Fund loan totaling \$3.4M to support operating and capital expenses spanning FY 2011 to 2018. Additional revenue from airport operations is required to finance necessary capital projects and ensure the long-term financial health of the Airport.

The *Palo Alto Airport Master Plan* is currently under development by C&S Engineers. The Master Plan depicts proposed facilities on the Airport Layout Plan (ALP). The Airport Capital Improvement Plan (ACIP) projects capital expenses and project phasing of facilities on the ALP. C&S updated the ACIP in 2024 prescribing \$4.7M in capital projects between 2025 and 2030.

Federal grants provide funding equal to approximately 90% of the eligible project costs in exchange for obligations to uphold FAA Grant Assurances. The Sponsor's 10% match is typically offset by grants from the California Department of Transportation (Caltrans). However, state funding through Caltrans is limited and not all capital projects are eligible for federal and/or state funding. The PAO budget calls for an additional \$5.8M in federally funded projects not on the current ACIP and \$384k in capital projects not eligible for federal funding. In all, the Airport plans to fund \$12.5M in capital projects requiring \$1.4M of Sponsor contributions through 2030.

City has engaged Ascension Group Partners (AGP) to conduct this *Rates and Charges Study* with the purpose of determining appropriate aeronautical fees sufficient to cover the Airport's operating expenses and funding requirements for planned capital projects. A survey of market-based rates and charges was conducted for a peer set of airports along with a landing fee analysis, which uses a residual cost-recovery methodology to determine landing fees adequate to cover the Sponsor's obligations without accumulating an excessive reserve. This report supplements the *Rent Study Analysis* conducted by AGP in August 2023 that evaluated market rates for aeronautical and non-aeronautical facilities for a similar peer set of airports.

The following options are suggested to meet capital development funding needs at PAO:

1. Defer capital projects when capital reserve is insufficient to fund Sponsor contribution,
2. Adopt Minimum Standards and complete the Master Plan prior to conducting any Request for Proposal (RFP) for commercial aeronautical facility development,
3. Adjust Fee Schedule by 2.4% in line with the San Francisco-Oakland-Hayward CPI-U index for CY 2024.
4. Increase office and non-aeronautical ground rents by an additional 5.6% over CPI adjustment for FY26.
5. Increase the fuel flowage fee from \$0.21 to \$0.25,
6. Increase monthly vehicular parking rate from \$90 to \$100 and establish daily vehicular parking at 1/5th of the monthly rate and the Mobile Truck Operating Permit at five times the daily rate,
7. Establish a Hangar Ground Lease Origination / Transfer fee at 2% of sale or assessed value,
8. Apply a Commercial Non-Aeronautical Permit fee equal to 10% of gross receipts,
9. Modify the tie-down parking rate structure to differentiate landing fee and daily parking rates with the landing fee established at \$3.00 / 1,000 lbs. maximum take off weight (MTOW), and
10. Benchmark future fee schedule increases to an Airport Benchmark Index (ABI) blending the City's General Rate Increase (GRI) and the San Francisco-Oakland-Hayward CPI-U index at a 2:1 ratio.

Palo Alto Airport is entering a sustained, capital intensive period of facility redevelopment without a substantial reserve to finance construction projects. The proposed Aeronautical Fee Schedule in Exhibit A would fund planned capital projects and end FY2026 with a positive reserve fund by making minimal changes to consolidate and standardize current aeronautical fees beyond the 2.4% annual CPI adjustment.

1.0 Airport Rates and Charges

Grant Assurance 24, Airport Fees and Rents, requires the airport maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport. Airport proprietors must employ a reasonable, consistent, and transparent (i.e., clear and fully justified) method of establishing rates and charges, and adjustments on a timely and predictable schedule. FAA will not ordinarily investigate the reasonableness of a general aviation airport's fees absent evidence of a progressive accumulation of surplus aeronautical revenues. In establishing new fees, and generating revenues from all sources, airport owners and operators should not seek to create revenue surpluses that exceed the amounts to be used for airport purposes, including reasonable reserves and other funds to facilitate financing and to cover contingencies. FAA Grant Assurance 25 ensures all airport-generated revenue be used solely for the capital or operating costs of that airport (or other FAA-approved airport-related purposes) and prohibits diverting those funds to non-airport entities or uses, including through the use of inappropriate direct or indirect operating expenses.

A hybrid compensatory-residual methodology is applied to determine the Airport's rates and fees. Under this methodology, PAO charges market-based rates comparable to a peer set of airports (Peer Set) for the lease of airport property and airport-related services to aeronautical users while establishing any approved non-aeronautical use of the Airport at fair market value. The Airport's landing fee is calibrated to balance operating and capital budgets after cross-crediting other airport revenues and any reserves.

2.0 Market-Based Rate Survey

A market-based survey of rates and charges was conducted on a Peer Set of ten comparable airports. Seven criteria were used in the evaluation: NPIAS role, number of based aircraft, TFMSC C-II operations, Air Traffic Control Tower (ATCT), and Instrument Landing System (ILS) facilities, acres of land, and distance from PAO. Data was acquired from the FAA Form 5010-1 Airport Master Record database. The Traffic Flow Management System Count (TFMSC) operations for Airport Reference Code C-II aircraft or above was acquired from the FAA Aviation System Performance Metrics Web Data System.

Code	Name	City	State	RNWX Length	Acres	NPIAS Role	ILS	ATCT	Based Aircraft	CII TFMSC	Distance	Index
PAO	PALO ALTO	PALO ALTO	CA	2443	102	Regional	N	Y	331	0	0	7.0000
SQL	SAN CARLOS	SAN CARLOS	CA	2621	110	Regional	N	Y	323	0	8	6.9621
RHV	REID-HILLVIEW	SAN JOSE	CA	3100	179	Regional	N	Y	330	0	18	6.9484
CCR	BUCHANAN FLD	CONCORD	CA	5001	495	National	N	Y	340	1980	37	6.7201
HWD	HAYWARD EXEC	HAYWARD	CA	5694	543	National	N	Y	446	1846	14	6.4857
FUL	FULLERTON MUNI	FULLERTON	CA	3121	86	Regional	N	Y	312	0	340	6.2698
WHP	WHITEMAN	LOS ANGELES	CA	4120	184	Regional	N	Y	223	1	303	6.1037
CMA	CAMARILLO	CAMARILLO	CA	6013	650	National	N	Y	383	2920	281	6.0938
HHR	HAWTHORNE MUNI	HAWTHORNE	CA	4884	80	National	N	Y	184	1849	324	5.8557
MER	CASTLE	ATWATER	CA	11802	1360	Local	N	Y	71	118	85	5.8372
WVI	WATSONVILLE MUNI	WATSONVILLE	CA	4502	330	Regional	N	N	282	13	40	5.7555

Figure 1. PAO Airport Peer Set.

All airports in the Peer Set were scored on the seven criteria by indexing the value for each airport minus the value for PAO on a scale of 0 to 1 with the highest score given to airports identical to PAO and the lowest score given to airports most dissimilar to PAO. PAO received a score of 1 in each of the seven criteria for a total index score of 7.0. San Carlos (SQL) was the most similar airport with an index score of 6.96: NPIAS Role (1.00), based aircraft (0.98), TFMSC C-II Operations (1.00), ATCT (1.00), and ILS (1.00), acres (0.99), and distance (0.98). The ten most similar airports were included in this Peer Set (Figure 1).

Airports from the previous Rent Study Analysis conducted by AGP were also included in the peer set. These airports were selected by flagging regional general aviation service airports with a tower, non-Part 139 certificated, non-precision approaches, airports with +/- 300 based aircraft, +/- 2,000 feet difference from PAO's longest runway, and within the state of California. The PAO Airport 2023 Peer Set (Figure 2) contained four airports included in the current peer set.

Code	Name	State	Runway Length	Acres	NPIAS Role	ILS	ATCT	Based Aircraft	CII TFMSC	Distance	Index
PAO	PALO ALTO	CA	2443	102	Regional	N	Y	331	0	0	7
SQL	SAN CARLOS	CA	2621	110	Regional	N	Y	323	0	8	6.9621
FUL	FULLERTON MUNI	CA	3121	86	Regional	N	Y	312	0	340	6.2698
CMA	CAMARILLO	CA	6013	650	National	N	Y	383	2920	281	6.0938
WVI	WATSONVILLE MUNI	CA	4502	330	Regional	N	N	282	13	40	5.7555
TRK	TRUCKEE-TAHOE	CA	7001	2280	Regional	N	Y	114	1017	167	5.7369
LVK	LIVERMORE MUNI	CA	5253	644	Regional	Y	Y	400	1233	23	5.6816
SMO	SANTA MONICA MUNI	CA	3500	215	Local	N	Y	74	121	314	5.582
SAC	SACRAMENTO EXEC	CA	5503	540	Regional	Y	Y	172	319	80	5.3565
SBP	SAN LUIS RGNL	CA	6101	340	Non-Hub	Y	Y	327	11330	174	5.3502

Figure 2. PAO Airport 2023 Peer Set.

2.1 Ground Lease and Hangar Rent Rates

Ground lease and hangar rent rates are difficult to compare because property leases are uniquely determined based on existing improvements, access to the airfield, negotiation between parties, appraisals, and/or comparative properties. Surveying ground lease and hangar rent rates is informative, but such rates are not universally comparable from airport to airport. Ground lease rates are typically influenced by terms specified in the lease, such as required scheduled improvements over the lease term or conditions such as improvement reversion requirements at the end of the term.

The 2023 Rent Study Analysis (Exhibit C) provides a detailed review of market rental and ground lease rates at comparable airports. Ground lease rates are often bifurcated for unimproved sites with no utilities or taxiway access and improved sites that have utilities and taxiway access. However, the most common structure in the survey was a single aeronautical ground lease rate. Palo Alto's Aeronautical Ground Lease rates are above the market average of \$0.59 / sq. ft annually but still within the Peer Set range.

Palo Alto's airport owned T-hangar rental rates are priced below market average. Non-aeronautical rents are above average but the FAA requires these rates be assessed at fair market value. Compliance Guidance Letter 2018-3 (CGL-2018-3) *Appraisal Standards for the Sale and Disposal of Federally Obligated Airport Property* augments FAA Order 5190.6B – Airport Compliance Manual, Chapter 17 and Appendix Z, by defining the appraisal process and documentation standards required to determine fair-market value for leases and sales of non-aeronautical land and facilities.

The study found that airport fees have not kept pace with operating and capital expenses. As a result, the Airport Enterprise Fund has begun to operate at a deficit and increased fees are necessary to achieve the Airport's financial self-sufficiency. Without corrective action, the funding deficit will begin to limit the Airport's ability to meet operational demands and fund critical infrastructure projects.

The table below illustrates the City's General Rate Increase (GRI) since FY 2019 and corresponding lease rate increases. The GRI methodology is used by the City of Palo Alto to keep fees in line with the cost of service, new or changes to service delivery, and changes in cost recovery levels. From FY 2019 to FY 2025, lease rates increased by approximately 24% while the GRI increased by 36% over the same period.

Table A. GRI vs Lease Rate Increases.

	GRI	100.00	Lease	100.00
FY19	2.6%	102.60	3%	103.00
FY20	7.5%	110.30	3%	106.09
FY21	2.6%	113.16	3%	109.27
FY22	2.0%	115.43	3%	112.55
FY23	4.6%	120.74	4%	117.05
FY24	7.5%	129.79	3%	120.56
FY25	5.2%	136.54	3%	124.18
FY26	6.8%	145.82	8%	134.12

AGP recommends a revised airport fee schedule based on an analysis of the Airport's operating budget and CIP funding requirements. As part of this review, AGP also recommends an 8% increase in lease rates for new commercial aeronautical leases after July 1, 2025 to better align revenues with the increasing operating costs. With this proposed increase, lease rates between FY 2019 and FY 2026 will have increased 34%, or 3.75% per year. During the same period, the GRI increased 46%, or 4.85% per year.

The updated lease rates for FY26 are critical to restore fiscal stability and ensuring that the Airport remains self-sustaining under FAA policy and grant assurance requirements. The decision to implement a moderate but necessary increase is consistent with the City's obligation under FAA Grant Assurance 24 to maintain a fee and rental structure that will make the airport as self-sustaining as possible under the circumstances existing at that particular airport. The use of the GRI is also consistent with FAA Order 5190.6B – Airport Compliance Manual guidance on escalation provisions in Section 9.5, Terms and Conditions Applied to Tenants Offering Aeronautical Services, subpart (e) that periodic adjustments be based on a recognized index to reflect inflation and other changing economic conditions.

An Airport Blended Index (ABI) combining GRI/CPI rate increases would account for year-over-year salary and benefit increases calculated by the City in the GRI while the CPI covers all other cost increases. The ABI formula of $\frac{2}{3}$ GRI + $\frac{1}{3}$ CPI is justified based on $\frac{2}{3}$ of the Airport fund expenses from salaries and benefits.

2.2 Fuel Flowage Fee

Fuel flowage fees are a charge on fuel sales by Fixed Base Operators (FBOs) remitted to the Airport. Similar to ground lease rates, airports occasionally bifurcate fuel flowage fees for jet fuel and avgas. Several airports in the Peer Set exercise their exclusive right to provide sole fueling services at the airport, and therefore, do not have a published fuel flowage fee. Only three airports in the Peer Set include a retail fuel flowage fee in their fee schedule: Concord (\$0.08 retail, or 4.5% of wholesale, \$0.95 self-fuel), Fullerton (\$0.15), Livermore (\$0.11 - \$0.15 depending on volume), San Carlos (\$0.10), Camarillo (\$0.06), Hayward (greater of \$0.05 or 3%). Despite PAO having the highest published fuel flowage fee in the Peer Set, it is not uncommon for general aviation airports in the region to have retail fuel flowage fees between \$0.20 - \$0.25 per gallon.

2.3 Other Airport Fees and Charges

Airports in the Peer Set were selected on characteristics similar to those found at PAO. However, many other circumstances influence the revenue-generating ability of the airport to cover capital and operating expenses toward the FAA's stated goal of self-sufficiency described in Grant Assurance 24. These circumstances influence the opportunities available to PAO for additional revenue-generation. Thus, comparable market rates are informative in determining appropriate rates at PAO, but market rates may reflect other budget-balancing revenue sources that are not available to the Airport.

Fees found at Peer Set airports not charged by PAO include non-aeronautical permit fees and hangar ground lease origination / transfer fees. Non-aeronautical permit fees charged to rental car agencies or transportation network companies (TNCs) such as Uber, Lyft, and Turo are typically 10% - 12% of gross revenue or a fixed price per parking space. PAO has established a fee for car rentals equal to 10% of gross receipts, but not for TNC's. Additionally, the existing Commercial Aeronautical Permit Fee of \$134.50 annually be changed to a tiered structure that collects a fixed fee at lower thresholds while establishing a percentage of gross receipts fee for operators generating significant revenue. Ground lease origination / transfer fees are typically a fixed amount, ranging from \$150 - \$1,000, but can be 1% - 3% of the assessed or sale value like those collected at Camarillo. Similarly, some airports collect a percentage of revenue for subleasing of commercial aeronautical storage based on hangar square footage.

PAO could add or change the following fees while remaining within the range of Peer Set market rates:

Vehicular Parking Fee:	• Current Fee: \$10.50 / day • Typically \$4-\$30/day or \$50-\$150/month
Derelict / Non-Operational Aircraft Storage Fee	• Potential Fee: \$1,500 annually / 1.75x monthly storage fee • Recent standard at GOO and WVI as well as SNS and O52
Commercial Aeronautical Permit Fee	• Current Fee: \$134.50 annually • Fixed fee of \$150 - \$1,400 min. annually; SQL: \$500 monthly
Commercial Non-Aeronautical Permit Fee	• Current Fee: 10% of Gross Receipts for Rental Cars only • Ranges 10-12% , \$100 per vehicle/month or fixed annual fee
Hangar Transfer Fee	• New Fee: 2% of greater sale or assessed value • Typically fixed fee of \$150-\$1,000; CMA: 2% of sale/assessed value

Figure 3. Other Airport Fees.

2.4 Transient Landing Fees

These fees allow the City to capture value created by their continued investment in airport infrastructure from based tenants. However, transient aircraft account for 27% of general aviation landed weight at PAO, yet transient landing fees only represent 0.08% of aeronautical revenue. Landing fees represent a mechanism immediately available to PAO for an increased source of sustainable, relatively inelastic revenue. Unlike hangar rent or fuel flowage fees, landing fees assess actual airport use that correlates with the operating and capital needs of the airfield.

Commercial landing fees are assessed on aircraft weight. General aviation has traditionally been subsidized by commercial operators on the justification that heavier aircraft contribute more to the deterioration of runway pavement than lighter aircraft. However, load is less of a factor on runway deterioration when used primarily by aircraft within the pavement's designed weight bearing capacity or in environments with heavy moisture, extreme temperatures, and frequent freeze-thaw cycles. While aircraft load can be a significant factor in runway deterioration, it isn't the only factor or even the primary factor in many cases. Therefore, a flat rate may be applied for aircraft under a minimum weight threshold that represent a high share of operations but don't significantly contribute to pavement deterioration. Based aircraft are typically exempt from landing fees as they pay into the airport system through ground, hangar, or tie-down rents and other fees. This has the secondary benefit of encouraging based aircraft registration, which may increase available state funding.

3.0 Landing Fee Methodology

A transient landing fee model provides a scalable, legally supported, and increasingly practical option thanks to third-party fee collection services. This model enables airports to align fees more closely with facility use and fund capital reserves without overburdening based tenants. PAO currently charges a fixed tier landing fee for commercial operators based on the aircraft Maximum Take Off Weight (MTOW) ranging from \$24.50 to \$93.00 per landing. General aviation aircraft are charged a tie-down parking fee for 0-8 hours tiered on aircraft weight. This charge acts as a landing fee equivalent to an average of \$2.05 / 1,000 lbs. MTOW.

Landing fees vary widely in the Peer Set with some based on a fixed tier like PAO but more commonly assessing a rate per 1,000 lbs. MTOW, or a hybrid of both. Truckee Tahoe (TRK) is one such airport that has established the maximum of the Peer Set range at \$8 / 1,000 lbs. for all aircraft > 5,500 lbs. up to 22,000 lbs., \$10 / 1,000 lbs. for aircraft 20,000 lbs. to 36,000 lbs., and \$14 / 1,000 lbs. for aircraft 26,000 lbs. to 80,000 lbs, and \$16 / 1,000 lbs. for aircraft over 80,000 lbs. MTOW. Others in the Peer Set charge landing fees ranging from \$1.44 / 1,000 lbs. for aircraft over 12,500 lbs at Camarillo to \$3.00 / 1,000 lbs for general aviation aircraft over 6,000 lbs.

The transient aircraft landed weight at PAO for September 1, 2024 through April 14, 2025 of 22,956,000 pounds was calculated using data from 1200.aero to extrapolate the FY 2025 baseline of 37,075,000 pounds. Applying the tie-down parking fee (0-8 hours) to all transient landings, PAO would have collected approximately \$74,892 in landing fees, representing 12% of tie-down revenue budgeted for FY 2025.

As a cost recovery mechanism, landing fees can be determined by dividing expenditures, less all other airport revenues and any reserve funds, by the anticipated landed weight for the rate setting period. The ACIP provides estimated costs and timing for implementation over the 5-year planning period. Capital project expenditures assume FAA Airport Improvement Program (AIP) federal grants fund approximately 90%¹ (Figure 4). The Sponsor participation of capital projects is approximately 10% of federally eligible projects and 100% of locally funded projects (Figure 5).

Year	Airport Capital Improvement Projects (ACIP) - Federal FY 2025 - 2030 (Oct 1 - Sep 30)	2024 Est. Cost	Future Value
2025	AWOS III (Construction)	\$ 2,532,000	\$ 2,532,000
2026	Master Plan (Environmental)	\$ 750,000	\$ 780,000
2027	Airfield Solar Array (Design)	\$ 500,000	\$ 541,000
2028	Runway and Taxiway Reconstruction and Drainage Improvements (Environmental)	\$ 900,000	\$ 1,012,000
2026	Access Road Reconstruction (Design)	\$ 300,000	\$ 312,000
2029	Airfield Electrical Improvement (Design)	\$ 482,000	\$ 564,000
2031	Airfield Electrical Improvement (Construction)	\$ 5,000,000	\$ 6,327,000

Figure 4. Federal ACIP-eligible Projects.

Year	Locally Funded Projects	2024 Est. Cost	Future Value
2026	Airport Customer Parking Charging Stations (Design & Phase I)	\$ 25,000	\$ 26,000
2026	Airport Temporary Office Buildings	\$ 359,000	\$ 373,000

Figure 5. Locally Funded Projects.

Operating expenses were forecasted by calculating the future value of the FY2025 projected expenses for the Airport operating fund at a 3% annual growth rate. FAA policy requires sponsors charge direct operating expenses only when costs can be specifically identified with airport functions and must allocate all other overhead through an FAA-approved cost allocation plan prepared in accordance with OMB Uniform Guidance (2 CFR Part 200 Subpart E), ensuring indirect costs are GAAP-consistent, reasonable, similarly billed to comparable sponsor units, limited to employee salaries and wages, and not billed directly as pass-through expenses. The City should evaluate any internal policies for direct and indirect expenses allocated to the Airport for conformance with FAA Order 5190.6B – Airport Compliance Manual and FAA Order 5100.38D – AIP Handbook.

¹ The FAA Reauthorization Act of 2024 provides a 95% match in federal funds through FY 2026.

The General Aviation Landing Fee is calculated in Exhibit B using the methodology as set forth in Table A.

EXPENSE CATEGORY	LINE ITEM
Operations and Maintenance Expense	A
Operations and Maintenance Reserve Charge	B
Capital Improvement Plan Expenditures	C
Capital Improvement Plan Reserve Charge	D
AIRPORT TOTAL REQUIREMENT	$E = A + B + C + D$
Less Credits to Airport Total Requirement	F
AIRPORT NET REQUIREMENT	$G = E - F$
Total Landed Weight	H
General Aviation Landing Fee (per 1,000 lbs)	$I = G / H$

- Line Item A. Operation and Maintenance Expenditures. This line item is the Airport's costs for the operation, maintenance, and repair of the Airport including salaries and employee benefits, utility costs, ordinary maintenance, direct and indirect administrative and general expenses listed in the annual operating budget of the Airport Revenue Fund for the rate setting period.
- Line Item B. Operation and Maintenance Reserve. This line item is an amount equal to one fifth (1/5) of the annual budget for Operation and Maintenance Expenses for the rate setting period.
- Line Item C. Capital Improvement Plan Expenditures. This line item includes the sponsor's participation of federal, state, and locally funded capital projects and other capital expenditures attributable to the airport cost center.
- Line Item D. Capital Improvement Plan Reserve Charge. This line item includes financing and contingencies that ensure airport self-sufficiency and a positive cashflow in future rate setting periods. The Capital Improvement Plan Reserve Charge is the Sponsor's CIP Participation of Uncompleted Projects divided by the number of current and future rate setting periods in the CIP. The Sponsor's CIP Participation of Uncompleted Projects means the total capital expense of uncompleted CIP projects less projected capital revenues from federal and state grant sources for future rate setting periods in the CIP.
- Line Item E. Airport Total Requirement. This line item is the sum of the following line items: Operation and Maintenance Expenditures, Operation and Maintenance Reserve Charge, Capital Improvement Plan Expenditures, and Capital Improvement Plan Reserve Charge.
- Line Item F. Credits to Airport Total Requirement. This line item identifies the credits to the Airport Total Requirement which include other airport revenues and the prior period ending balance of the Airport Revenue Fund, if any. The Airport Revenue Fund is a reserve fund to facilitate financing and cover contingencies. Any surplus revenue from the airport cost center will be transferred to the Airport Revenue Fund at the end of the fiscal year.
- Line Item G. Airport Net Requirement. This line item is the Airport Total Requirement less Credits to the Airport Total Requirement.
- Line Item H. Total Landed Weight is the sum of the Maximum Take Off Weight (MTOW) rounded up to the next highest 1,000 pound interval of each transient aircraft landing at the Airport with a MTOW of 8,000 pounds or more. For aircraft with a MTOW of less than 8,000 pounds, the landed weight is calculated as 1,000 pounds.
- Line Item I. General Aviation Landing Fee. Airport Net Requirement divided by Total Landed Weight.

4.0 Conclusion

Palo Alto Airport is entering a sustained, capital intensive period of facility redevelopment without a substantial reserve to finance construction projects. Through 2030, the Airport is planning to fund \$12.5M in capital projects requiring \$1.4M in Sponsor contributions. The proposed Aeronautical Fee Schedule in Exhibit A would maintain a 10% average of Uncompleted Projects Funding in Reserve over the planning period. The reserve balance is forecast to remain above 0% during the planning period and end with 29% of the funding needed for Airport Electrical Improvement upgrades in 2031. This analysis assumes the City will defer non-critical capital projects if the reserve balance is insufficient to cover projected capital costs instead of pursuing debt financing.

Once the Master Plan is complete, the Airport may choose to conduct a Request for Proposal (RFP) for private development of aeronautical facilities on airport-leased ground to realized additional revenues without funding capital development. The proposed T-hangar reconstruction, box hangar replacement, expanded commercial office development, and vertiport facilities could generate substantial revenue offsetting the need for higher aeronautical fees in the future. Airport-funded development requires up-front investment but provides a higher return over the lifespan of the project from facility rental revenues. Private development requires less upfront investment, dependent on existing site conditions, and the airport receives ground rent revenue. Reversionary ground leases for private developments are a common method for the airport to realize hangar rent revenues after the initial ground lease term has expired and the private developer has recovered their initial investment.

Implementing a Hangar Ground Lease Origination / Transfer fee provides the Airport an opportunity to capture additional revenue on the initial sale and subsequent transfer of private hangars on airport leased ground. Similarly, collecting a Commercial Non-Aeronautical Recovery fee for off-airport operators enables the Airport to capture a percentage of gross receipts generated from activity at the airport.

The waiver of landing fees for non-commercial transient aircraft operations is common among Peer Set airports. However, removing this waiver at PAO presents the opportunity to generate substantial and immediate revenue necessary to fulfill the City's obligations for capital projects maintaining the airport in a safe and serviceable condition required by federal grant assurances.

The following options are suggested to meet capital development funding needs at PAO:

1. Defer capital projects when capital reserve is insufficient to fund Sponsor contribution,
2. Adopt Minimum Standards and complete the Master Plan prior to conducting any Request for Proposal (RFP) for commercial aeronautical facility development,
3. Adjust Fee Schedule by 2.4% in line with the San Francisco-Oakland-Hayward CPI-U index for CY 2024.
4. Increase office and non-aeronautical ground rents by an additional 5.6% over CPI adjustment for FY26.
5. Increase the fuel flowage fee from \$0.21 to \$0.25,
6. Increase monthly vehicular parking rate from \$90 to \$100 and establish daily vehicular parking at 1/5th of the monthly rate and the Mobile Truck Operating Permit at five times the daily rate,
7. Establish a Hangar Ground Lease Origination / Transfer fee at 2% of sale or assessed value,
8. Apply a Commercial Non-Aeronautical Permit fee equal to 10% of gross receipts,
9. Modify the tie-down parking rate structure to differentiate landing fee and daily parking rates with the landing fee established at \$3.00 / 1,000 lbs. maximum take off weight (MTOW), and
10. Benchmark future fee schedule increases to an Airport Benchmark Index (ABI) blending the City's General Rate Increase (GRI) and the San Francisco-Oakland-Hayward CPI-U index at a 2:1 ratio.

The proposed Aeronautical Fee Schedule in Exhibit A would fund planned capital projects and end FY2026 with a positive reserve fund by making minimal changes to consolidate and standardize current aeronautical fees beyond the 2.4% annual CPI adjustment. These include standardizing monthly rates at five times the daily rate and reclassifying the short-term tie down parking fee to a standardized landing fee per 1,000 lbs. based on the aircraft maximum take off weight.

EXHIBIT A – AERONAUTICAL FEE SCHEDULE (effective July 1, 2025)

Palo Alto Airport Schedule of Fees and Charges

Fiscal Year 2026 (July 1, 2025 - June 30, 2026)

On each July first of every year, all rates in Section A. "Based Aircraft", Section B. "Non-Based Aircraft" and Section C. "Other Charges" for the ensuing twelve (12) months shall be adjusted according to the Airport Benchmark Index calculated at 2/3rd the City of Palo Alto's General Rate Increase (GRI) and 1/3rd the Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose area of the United States Department of Labor, Bureau of Labor Statistics. In the case of an ABI decrease the rates will remain the same. All fees are rounded up to the nearest fifty cents (\$.50)

AIRCRAFT: All aircraft weights referenced in this document are defined by the aircraft manufacture and/or the Federal Aviation Administration (FAA) as the certified maximum gross take-off weight (MTOW) rounded up to the nearest 1,000 lbs.

SECTION A. City-Based Aircraft		
Tail-in Open Tie-Down, improved pavement (monthly)		
0 to 3,500 pounds	\$	206.00
3,501 to 5,200 pounds	\$	239.00
5,201 to 10,200 pounds	\$	268.50
10,201 to 17,000 pounds	\$	301.50
Taxi-in Open Tie-Down, improved pavement (monthly)		
0 to 3,500 pounds	\$	257.00
3,501 to 5,200 pounds	\$	319.50
5,201 to 10,200 pounds	\$	443.50
10,201 to 17,000 pounds	\$	470.50
Large aircraft and helicopter designated tie-downs (monthly)	\$	470.50
SECTION B. City Non-Based Aircraft*		
Transient Aircraft, landing fee (non-commercial)	\$ / 1,000 lbs. MTOW	\$ 3.00
Transient Aircraft, landing fee (commercial)	\$ / 1,000 lbs. MTOW	\$ 9.00
Transient Aircraft, tie-down fees (daily for every 24 hour period, aircraft leaving within 4 hours of landing are exempt)		
0-3,500 pounds		\$ 14.00
3,501 to 5,200 pounds		\$ 16.00
5,201 to 17,000 pounds, taxi-through, and helicopter		\$ 30.00
Transient Aircraft Late Fee	Added to each invoice not paid within 30 days.	\$ 25.00
Transient Gliders will be charged for the number of tie-downs they occupy.		
SECTION C. Other Charges		
Glider & Aircraft Trailer Parking	Per Month	\$ 190.00
Automobile Daily Parking Permit		\$ 20.00
Monthly Parking Permit - Automobiles Only		\$ 100.00
Monthly Automobile Apron Parking (Parking spots only rented in association with a Tie-down account)		\$ 55.00
Automobile Parking Citation Fee	Per Transaction (same as Transient Aircraft Convenience Fee)	\$ 50.00
Annual or Replacement Gate Access Card Fee	Per Card	\$ 31.00
Mobile Truck Operations Permit	Per Day	\$ 30.00
	Per Month	\$ 150.00
Fire Extinguisher Replacement	Per Fire Extinguisher	\$ 218.00
Commercial Operators/FBO Waste Oil Fee	Per Quart	\$ 1.50

* Aircraft not currently based in a hangar or tiedown at the Palo Alto Airport is considered a transient aircraft.

SECTION D. Other Charges (not subject to annual ABI adjustment)		
Aircraft Storage Late Fee	Per Month	\$ 45.00
Fixed Base Operator Late Fee	Per Month	10% of amount due
Hangar Sublease Fee	Per Month per additional aircraft	\$ 25.00
Non-Operational Aircraft Storage Fee	Per Month	1.75x monthly storage fee
Fuel Flowage Fee for Palo Alto Airport	Per Gallon	\$ 0.25
Self-Fueling Permit Flowage Fee:		
Individual aircraft owner/operator	Annual Fee per aircraft	\$ 84.00
Aircraft owned or operated by a Flying Club	Annual Fee per aircraft	\$ 731.00
Commercial Aeronautical Operations Fee	Per Year	\$ 134.50
Commercial Non-Aeronautical Fee (Rental Car and Transportation Network Company Operations)	Operators who sublease to, or offer as a part of their services, car rental services, shall pay a monthly fee based on the gross receipts received from car rentals.	10% gross receipts
Commercial Agreement Transmittal Fee	Per Agreement	\$ 1,124.00
Hangar Ground Lease Origination / Transfer Fee	Per Agreement	2% of sale or assessed value
Expired Certificate of Insurance Fee	Per Month	\$ 50.00

Payments made by credit card are subject to a 3% convenience fee. This fee does not apply to payments made by check, ACH or Cash.

EXHIBIT B – PRO FORMA FINANCIAL ANALYSIS

	Actual		Forecasted		2026	2027	2028	2029	2030	2031			
	2025		2025										
Fiscal Year (July 1 - June 30)													
Operations Growth Rate	3.0%												
Operating Expense Escalation Rate	3.0%												
Capital Expense Escalation Rate	4.0%												
Activity Based Fees													
Fuel Flowage Fee	\$0.21		\$0.21		\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25			
Transient Landing Fee (\$/1k lbs)					\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00			
Transient Landed Weight (000's)	58,402		60,154		61,959	63,817	65,732	67,704	69,735	71,800			
Fuel Sales (gallons)	503,771		518,884		534,451	550,484	566,999	584,009	601,529	619,051			
Rental Income Increase	0%		0%		0%	0%	0%	0%	0%	0%			
Operations and Maintenance Expense													
Operations and Maintenance Reserve Charge	\$ 3,458,112	\$	3,399,722	\$	3,493,509	\$	3,590,109	\$	3,689,607	\$	3,792,090	\$	3,897,648
Capital Project Expenditures	\$ 691,622	\$	679,944	\$	698,702	\$	718,022	\$	737,921	\$	758,418	\$	779,530
Capital Improvement Plan Reserve Charge	\$ -	\$	80,600	\$	27,050	\$	101,200	\$	56,400	\$	-	\$	1,086,700
Airport Total Requirement	\$ 4,149,734	\$	4,372,158	\$	4,468,120	\$	4,695,106	\$	4,846,162	\$	5,093,858	\$	5,763,878
Less Credits to Airport Total Requirement	\$ (232,358)	\$	1,156,088	\$	1,035,690	\$	1,074,407	\$	1,122,491	\$	1,180,223	\$	1,247,892
AIRPORT NET REQUIREMENT BEFORE LANDING FEES	\$ 4,382,092	\$	3,216,070	\$	3,432,431	\$	3,620,698	\$	3,723,671	\$	3,913,635	\$	4,515,986
AIRPORT OPERATING FUND													
Airport Aeronautical Revenues													
Rental Income	\$ 970,089	\$	1,104,620	\$	1,137,759	\$	1,171,891	\$	1,207,048	\$	1,243,260	\$	1,280,557
Hangar Fees	\$ 1,303,269	\$	1,289,010	\$	1,327,680	\$	1,367,511	\$	1,408,536	\$	1,450,792	\$	1,494,316
Fuel Commission	\$ 115,709	\$	79,210	\$	81,586	\$	84,034	\$	86,555	\$	89,152	\$	91,826
Tie Down Fees	\$ 715,336	\$	636,500	\$	655,595	\$	675,263	\$	695,521	\$	716,386	\$	737,878
Parking	\$ 17,946	\$	19,220	\$	19,797	\$	20,390	\$	21,002	\$	21,632	\$	22,281
Other Utilities	\$ 103,405	\$	66,240	\$	68,227	\$	70,274	\$	72,382	\$	74,554	\$	76,790
Misc. Revenues (Transient Fees / Charter Flights)	\$ 27,431	\$	30,440	\$	31,353	\$	32,294	\$	33,263	\$	34,260	\$	35,288
Incremental Landing Fees	\$ -	\$	-	\$	154,523	\$	159,159	\$	163,933	\$	168,851	\$	173,917
Incremental Rental Income	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Incremental Fuel Commission	\$ -	\$	-	\$	52,026	\$	53,587	\$	55,195	\$	56,851	\$	58,556
TOTAL AIRPORT AERONAUTICAL REVENUES	\$ 3,253,185	\$	3,225,240	\$	3,528,546	\$	3,634,403	\$	3,743,435	\$	3,855,738	\$	3,971,410
Airport Aeronautical Expenses													
Salaries and Benefits (Operating & CIP)	\$ 1,647,448	\$	1,731,152	\$	1,783,087	\$	1,836,579	\$	1,891,677	\$	1,948,427	\$	2,006,880
Contract Services (ex-ACIP)	\$ 374,333	\$	270,900	\$	279,027	\$	287,398	\$	296,020	\$	304,900	\$	314,047
Supplies and Materials	\$ 52,842	\$	76,472	\$	78,766	\$	81,129	\$	83,563	\$	86,070	\$	88,652
General Expenses	\$ 46,001	\$	39,480	\$	40,664	\$	41,884	\$	43,141	\$	44,435	\$	45,768
Rents and Leases	\$ 670	\$	6,630	\$	6,829	\$	7,034	\$	7,245	\$	7,462	\$	7,686
Direct and Indirect Charges	\$ 1,063,318	\$	1,001,588	\$	1,031,636	\$	1,062,585	\$	1,094,462	\$	1,127,296	\$	1,161,115
Liability Insurance	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
TOTAL SALARY AND OPERATING EXPENDITURES	\$ 3,184,612	\$	3,126,222	\$	3,220,009	\$	3,316,609	\$	3,416,107	\$	3,518,590	\$	3,624,148
Transfers Out													
State DOT Loan Repayment	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
General Benefits Fund	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Loan Repayment- General Fund	\$ 272,000	\$	272,000	\$	272,000	\$	272,000	\$	272,000	\$	272,000	\$	272,000
Transfer to Technology Fund	\$ 1,500	\$	1,500	\$	1,500	\$	1,500	\$	1,500	\$	1,500	\$	1,500
Transfer to Vehicle Fund	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
TOTAL TRANSFERS OUT	\$ 273,500	\$	273,500	\$	273,500	\$	273,500	\$	273,500	\$	273,500	\$	273,500
TOTAL AIRPORT AERONAUTICAL EXPENSES	\$ 3,458,112	\$	3,399,722	\$	3,493,509	\$	3,590,109	\$	3,689,607	\$	3,792,090	\$	3,897,648
TOTAL AIRPORT OPERATING PROFIT	\$ (204,927)	\$	(174,482)	\$	35,038	\$	44,294	\$	53,828	\$	63,648	\$	73,762
Airport Capital Improvement Fund - Ending Balance													
Reserve for Encumbrances	\$ 1,361,010	\$	1,186,528	\$	1,221,566	\$	1,265,860	\$	1,319,687	\$	1,383,335	\$	1,457,097
Unrestricted Fund Balance	\$ 241,595	\$	581,046	\$	581,046	\$	581,046	\$	581,046	\$	581,046	\$	581,046
	\$ 1,119,415	\$	605,482	\$	640,520	\$	684,814	\$	738,641	\$	802,289	\$	876,051

Airport Capital Improvement Fund									
Airport Capital Improvement Fund - Revenues									
Federal Grants (90% of Federal ACIP projects only)									
State Grants (0% of Federal ACIP and 0% of State Funded ACIP projects)									
TOTAL CAPITAL REVENUE									
Airport Capital Improvement Fund - Expenses									
TOTAL CAPITAL EXPENSES (See ACIP Below)									
Sponsor Participation of Capital Projects									
Sponsor Participation of Uncompleted Projects									
Percentage of Uncompleted Projects Funding in Reserve									
Airport Capital Improvement Projects (ACIP) - Federal FY 2025 - 2030 (Oct 1 - Sep 30)									
2025 AWOS III (Construction)	Future Value	2025 Est. Cost	2026	2027	2028	2029	2030	2031	
2026 Master Plan (Environmental)	\$ 2,532,000	\$ 2,532,000							
2027 Airfield Solar Array (Design)	\$ 780,000	\$ 750,000	\$ 780,000						
2028 Runway and Taxiway Reconstruction and Drainage Improvements (Environmental)	\$ 541,000	\$ 500,000	\$ 541,000						
2026 Access Road Reconstruction (Design)	\$ 1,012,000	\$ 900,000		\$ 1,012,000					
2029 Airfield Electrical Improvement (Design)	\$ 312,000	\$ 300,000	\$ 312,000						
2031 Airfield Electrical Improvement (Construction) - Phase I	\$ 564,000	\$ 482,000			\$ 564,000			\$ 6,327,000	
Locally Funded Projects									
2026 Airport Customer Parking Charging Stations (Design & Phase I)	\$ 26,000	\$ 25,000	\$ 26,000						
2031 Airport Temporary Office Buildings	\$ 454,000	\$ 359,000						\$ 454,000	

EXHIBIT C – 2023 RENT STUDY ANALYSIS

Submitted to:
Palo Alto Airport
Palo Alto, California

Palo Alto Airport (PAO)
Rent Study Analysis



Submitted By:



Palo Alto Airport (PAO)
Airport Rent Study Analysis

3333 E. Spring Street, Suite 204
Long Beach, CA 90806
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www.aeroplex.net

Mr. Andrew Swanson, C.A.E.
Airport Manager
250 Hamilton Ave
Palo Alto, CA 94301

RE: Airport Rates and Fees Analysis – Palo Alto (PAO)

Dear Mr. Swanson

The Aeroplex Group Partners LLC (AGP) is pleased to submit this report, a Rent Study Analysis for Palo Alto Airport (PAO). Our report provides recommendations based on an analysis of those rates used at comparable like airports, consistent with FAA Airport Compliance and Policy relative to rates and fees, and as well accepted airport industry standards and best practices.

Palo Alto's unique and diverse operations fleet mix provides opportunity for the airport sponsor to maximize revenue with respect to aircraft hangar and land rates with the goal to make the Airport as financially self-sustaining as possible. Evaluating the rates and fees structure for airport land on a regular basis will best assure Palo Alto can meet its federal obligations and support fund generation that will provide surplus funds for matching grant applications. AGP completed a survey of comparable rental rates from a list of similar airports provided to us by PAO. The 10 comparable airports offer similar physical and operational characteristics to Palo Alto. AGP has provided a recommendation on adjusting the current rates, which we believe aligns Palo Alto with the FAA's obligation to maintain financial self-sustainability.

The Aeroplex Group Partners LLC is pleased to submit this report to Palo Alto Airport. We appreciate the opportunity to conduct this work. We will remain available to answer any questions and provide additional assistance.

Sincerely,



Justin Castagna, PMP, C.M.
Partner

Palo Alto Airport (PAO) Airport Rent Study Analysis

I. BACKGROUND

- a. Current Practices

II. ASSUMPTIONS

III. FEDERAL POLICY RELATED TO AIRPORT RATES AND FEES

- a. Overview
- b. Self-sustainability
- c. Reasonable terms, without unjust discrimination

IV. STUDY FINDINGS

V. SUMMARY

VI. RECOMMENDATIONS

VII. CLOSING

VIII. RESOURCES

IX. APPENDIX

X. REFERENCES

Disclaimer: The information contained in this report is intended as a guide for the reader in better understanding the complexities, policies, industry standards and airport leasing policies, rules, and procedures that apply to airports. It is not intended to replace any necessary research and review of applicable law that may be required in a specific review of a particular case, nor is intended to give legal advice or take the place of an attorney who can advise with respect to a particular situation. While every care is exercised in the preparation of this report, AGP does not accept responsibility for an individual or entity's reliance on its contents.

BACKGROUND

Aeroplex Group Partners LLC (AGP) is pleased to submit this Airport Rent Study to the Palo Alto Airport (PAO). This analysis includes a survey of the 10 comparable airports as noted above and the current market rents for aircraft hangars, tie-downs, office, restaurant and improved land rates at PAO.

Consistent with FAA's Rates and Charges Policy for aeronautical rate setting, the most accurate and effective methodology for establishing market rents for aeronautical property is through the assessment of rental rates at similar and comparable airports, consistent with fair and reasonable rates and fees for aeronautical property at airports. These airports were selected by flagging regional general aviation service airports with a tower, non-Part 139 certificated, non-precision approaches, airports with +/- 300 based aircraft, +/- 2,000 feet difference from PAO's longest runway, and within the state of California. The 10 airports selected had at least four of the six characteristics in common with PAO.

Please note that market rents for off-airport, non-aeronautical properties were not utilized, as this approach is problematic due to the different types of land use. The adjustment between off-airport, non-aeronautical properties and on-airport, aeronautical properties would have to reflect the fact that these land uses do not exhibit the same rights or restrictions. It is very difficult to determine the adjustment applied to unencumbered off-airport, non-aeronautical rental rates to reflect the constraints imposed by the Federal Aviation Administration (FAA), the Airport, and/or others pertaining to the development and/or use of on-airport, aeronautical properties.

TABLE 1 – COMPARABLE AIRPORTS

Comparable Airports		
Airport	Code	Location
San Carlos	SQL	San Carlos, CA
Fullerton Municipal	FUL	Fullerton, CA
Camarillo	CMA	Camarillo, CA
Watsonville Municipal	WVI	Watsonville, CA
Truckee Tahoe	TRK	Truckee, CA
McClellan-Palomar	CRQ	Carlsbad, CA
Santa Monica Municipal	SMO	Santa Monica, CA
Livermore	LVK	Livermore, CA
San Luis Obispo County	SBP	San Luis Obispo, CA
Sacramento Executive	SAC	Sacramento, CA

CURRENT PRACTICES AT PAO

Current PAO Rates	
Hangar Type	Rate
T-Hangar	\$0.85 - \$0.88/sf
Box Hangar	\$0.85/sf
Executive/Corporate Hangar	\$0.78 - \$1.11/sf
Tail-in Tie Down	\$196.00/mo
Taxi-in Tie Down	\$244.50/mo
Tie Down Rotorcraft	\$448.00/mo
Office	\$2.28 – \$2.64
Restaurant	\$2.39/sf
Improved Land	\$0.74psf/yr

ASSUMPTIONS

It is noteworthy that the market rent opinions conveyed in this Rent Study Summary are based on the lessee having full (unrestricted) and continued access /from the Subject Property) to PAO's airside and landside infrastructure. Additionally, it is important to note that the analysis was based on an evaluation of triple net lease rates (wherein the lessee pays maintenance, utilities, insurance, and taxes associated with the Subject Property).

Market rents are driven by the amount a willing buyer (lessee) pays to a willing seller (lessor). To the extent that local economic and social factors affect rental rates at the national, regional, comparable, and competitive airports, these economic factors will be rejected in the rental rate conclusions. To derive the market rent opinions for the Subject Property, AGP has identified and analyzed (on a comparative basis) the rents being charged and paid for similar properties (by component) at a cross-section of airports that are considered most comparable to PAO.

AGP recognizes that there are differences between PAO and the comparable airports where there is no identical comparison. Some of the comparable airports exhibit superior characteristics and some exhibit inferior characteristics. In an effort to identify airports that were considered most comparable to PAO, and to draw conclusions that reflect the conditions at PAO, the comparable airports were compared using a number of aeronautical activity and infrastructure indicators.

FEDERAL POLICY RELATED TO GENERAL AVIATION AIRPORT RATES AND FEES

FAA Airport Compliance Manual Order 5190.6B, chapter 18.2 requires all airports to adhere to policy regarding airport rates and charges. “The *Rates and Charges Policy* provides comprehensive guidance on the legal requirement that airport fees be fair, reasonable, and not unjustly discriminatory” (5190.6B, 18.2). Airport sponsors have the responsibility to establish a schedule of reasonable rental rates and charges for the use of facilities and services and to periodically revise those charges to be comparable with other airports having similar characteristics, facilities, and services.

The FAA encourages airports to incorporate the following objectives into their fee structures:

1. **Requirement to Be Financially Self-Sustaining** – Sponsors must maintain a fee and rental structure, which based on the circumstances of that unique airport, makes the airport as financially self-sustaining as possible.
2. **Fair and Reasonable Fees** – Unless otherwise agreed by aeronautical users, the airport proprietor must allocate capital and operating costs among cost centers for those airfield facilities and services directly used by the aeronautical users.
3. **Equitable Treatment of Tenants and Users at Airport** – To ensure that the revenues generated by the tenants and users of the Airport will be consistent with the income potential of such tenants and users at the Airport. In addition, fee structures should be reviewed, and possibly revised, on a periodic basis with the goal of satisfying the reasonable expectation to maintain competitive fee structures for the tenants and users of the Airport on an ongoing basis. Ensuring that any airport tenants are subject to the same rates, fees, and charges as are uniformly applicable to other tenants offering similar services or utilizing similar facilities at the Airport will assist in alleviating the potential for claims of unjust discrimination.
4. **Escalation Provision.** FAA guidance provides that ground leases with terms of five (5) or more years should contain an escalation provision for periodic adjustments based on a recognized economic index. An annual escalation provision helps the sponsor comply with Grant Assurance 24, *Fee and Rental Structure*, which requires the sponsor to make the airport as self-sustaining as possible under existing circumstances for a specific airport. Thus, given the financial and competitive goal, it is reasonable that Airports apply such a standard for shorter lease terms less than five (5) years.

The FAA policy provides that airport sponsors may use different mechanisms and methodologies to establish fees for different facilities, and for different aeronautical users, e.g., air carriers and fixed-base operators. The FAA will consider these differences if called upon to resolve a dispute over aeronautical fees or otherwise consider whether an airport sponsor complies with its obligation to provide access on fair and reasonable terms without unjust discrimination. The FAA typically will not investigate the reasonableness of an airport's fees absent evidence of a progressive accumulation of surplus aeronautical revenues.

STUDY FINDINGS

The tables below contain the specified airports' metrics including Hangars, Tie-Downs, Office space, Restaurant and Improved Land. The three types of hangars studied are T-Hangar, Box Hangar, and Executive/Corporate Hangar. Due to the nature of varying hangar dimensions, an average was taken by dividing all monthly rates by hangar square footages. Similarly to hangars, three different tie-downs were evaluated. The three different types of tie downs are tail-in, taxi-in and rotorcraft. Sufficient information was gathered to compare rates for tail-in and taxi-in however not enough rates were compiled for rotorcraft simply because the majority of airports do not offer specific tie downs for rotorcraft. Similarly to hangars, tie-down rates also vary widely based on aircraft weight so rates listed in the tables below were calculated based on aircraft weighing under 12,500lbs. Office and Restaurant rates were taken directly from fee schedules provided on a monthly per square foot basis. Improved Land is the only rate that is calculated on a per square foot per year basis.

The results of the study indicate that the average rental rate for T-Hangar is \$1.15 psf/month and average rental rate for Box Hangars is \$0.94 psf/month, both being slightly higher than the current rates at PAO. However the rate for Executive/Corporate Hangar is \$1.02 psf/month, which is in line with the current range at PAO. The average monthly rate for a tail-in tie down is \$141.16 and \$162.25 for a taxi-in tie down, respectively. Both rates are slightly lower than the current rates for tie downs at PAO. The average rates for Office, Restaurant and Improved Land are as follows: Office \$1.99 psf/month, Restaurant \$1.76 psf/month & Improved Land \$0.59 psf/yr. These rates are significantly lower than current rates at PAO. Based on AGP's research, there is sufficient data to derive reasonable conclusions of market rent for Palo Alto Airport. The selection of comparable market-based rental rates is based upon the information analyzed by the AGP team, with consideration to the sizes (SF), utility, and age of structures. It is important to note that for the three different types of hangar rates, we analyzed and compared on a rate per square foot basis. Since each airport has their own unique hangar sizes, AGP wanted to show comparable rates for the same structure, which is achieved by analyzing the specific rate per square foot on the space.

T-Hangar Rates per SF

PAO Rate	\$0.85 - \$0.88
Minimum Rate	\$0.38
Maximum Rate	\$2.24
Average Rate	\$1.15

Box Hangar Rates per SF

PAO Rate	\$0.85
Minimum Rate	\$0.29
Maximum Rate	\$2.56
Average Rate	\$0.94

Executive/Corporate Hangar Rates per SF

PAO Rate	\$0.78 - \$1.11
Minimum Rate	\$.37
Maximum Rate	\$2.56
Average Rate	\$1.02

Tail-in Tie down Rates per Month

PAO Rate	\$196.00
Minimum Rate	\$71.14
Maximum Rate	\$300.00
Average Rate	\$141.16

Taxi-in Tie down Rate per Month

PAO Rate	\$244.50
Minimum Rate	\$125.00
Maximum Rate	\$221.00
Mean Rate	\$162.25

Tie down Rotorcraft Rate per Month

PAO Rate	\$448.00
Minimum Rate	
Maximum Rate	
Mean Rate	\$221.00*

Office Rate per SF

PAO Rate	\$2.28 - \$2.64
Minimum Rate	\$0.50
Maximum Rate	\$4.87
Mean Rate	\$1.99

Restaurant Rate per SF

PAO Rate	\$2.39
Minimum Rate	\$0.75
Maximum Rate	\$4.87
Mean Rate	\$1.76

Land Rates psf/yr

PAO Rate	\$0.74
Minimum Rate	\$0.35
Maximum Rate	\$0.98
Mean Rate	\$0.59

SUMMARY

Based on the results of all ten (10) surveyed airports, Palo Alto's Airport's range of various hangar rates are below the average rate of surveyed airports, with the exception of Executive/Corporate hangars. Tie down rates for both tail-in and taxi-in are higher than the average rate on the tables above. As stated previously, there is not enough data to derive an average rate for rotorcraft tie downs. Office, Restaurant and the annual Improved Land rates are higher than the average rate of surveyed airports. All these findings should be evaluated within PAO's overall inventory of similar land and buildings, so to evaluate how these rates and fees, uniformly applied, can be used to support PAO's budget and self-sustainability compliance goal, with revenues to provide for new investment.

CLOSING

Rates and fees for all general aviation users, regularly and consistently adjusted, will best support PAO in meeting its required grant assurance obligations to keep itself financially healthy and sustainable. As suggested by FAA policy, PAO should consult with aeronautical users and stakeholders well in advance, if practical, of introducing significant changes in charging systems and procedures or in the level of charges. PAO should also provide adequate information to explain to the aeronautical users the survey data justification for the change, the overall airport's budget, and assess the need and reasonableness of any proposal to adjust PAO's land rates. For consultations to be effective, PAO should give due regard to the views of aeronautical users and to the effect of any proposed changes in fees. Likewise, aeronautical users should also consider the financial needs of PAO itself so that it remains a viable enterprise. Understanding that consistent rate setting process will ensure that PAO remains self-sufficient, thereby best eliminating any risk in requiring support from the Airport Sponsor's general fund.

RESOURCES

The ideas and concepts presented in this report are intended to be consistent with FAA Airport Compliance Policy and industry standards and recommendations, combining all of this information in an effort to assist Palo Alto Airport with best airport management practices available. These ideas and concepts are consistent with information from the Airport Cooperative Research Program (ACRP), which is funded by the FAA, whose information provides excellent resources and ideas. The ACRP carries out applied research on problems that are shared by airport operating agencies on a variety of airport subject areas. The primary participants in the ACRP are an independent governing board appointed by the Secretary of the U.S. Department of Transportation, with representation from airport operating agencies, other stakeholder, and relevant industry organizations.

APPENDIX

A. Definitions

- Improved Land – Airport land having access (airside and landside) and utilities to the property boundary
- Market Rent – The rent a property (land or improvement) will most likely command in the open market
- Minimum – Minimum value present in the data range
- Maximum – Maximum value present in the data range
- Average – Arithmetic average of all data in the data range

B. Limiting Conditions

This report is subject to the following conditions and to other specific and limiting conditions as described by Aeroplex Group Partners (AGP) in this report.

1. AGP assumes no responsibility for matters legal in nature affecting the Subject Property, nor does AGP render any opinion as to the title of the Subject Property, which are assumed to be good and marketable. The Subject Property have been analyzed as though free and clear and held under responsible ownership and competent management.
2. Information, estimates, and opinions furnished to AGP and contained in this report were obtained from sources considered to be reliable and are believed to be true and correct. However, AGP assumes no responsibility for their accuracy.
3. Although parcel dimensions were taken from a source considered reliable, this should not be construed as a land survey. A licensed engineer or land surveyor should verify the exact land size.

4. Unless noted in this report the rental rate conclusions do not include contributory value of any personal property, furniture, fixtures, equipment, or on-going business value.
5. It is assumed that the utilization of the land is within the boundaries or property lines of the Subject Property and there is no encroachment or trespass unless noted in this report.
6. This report is prepared for the sole, exclusive use of the client. No third parties are authorized to rely on this report without the prior written consent of AGP and the client.
7. It is assumed that all applicable zoning and use regulations have been complied with unless non-conformity was stated, defined, and considered in this report.
8. It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state, or federal government or private entity or organization have been or can be obtained or renewed for any use on which the rental rate conclusions are based.
9. Full compliance with all applicable federal, state, and local environmental regulators and laws is assumed unless noncompliance is stated, defined, and considered in this report.
10. In this assignment, the existence of potentially hazardous material, gases, toxic waste, and mold, which may or may not be present on the Subject Property, nor does AGP have any knowledge of the existence of such materials on the Subject Property. To AGP's knowledge, the presence of potentially hazardous waste, materials, or gases has not been detected, or if detected, it has been determined that the amount or level is considered to be safe according to standards established by the Environmental Protection Agency (EPA). However, AGP is not qualified to detect such substances and does not make any guarantees or warranties that the Subject Property have been tested for the presence of potentially hazardous waste, gases, toxic waste, or mold and, if tested, that the tests were conducted pursuant to EPA-approved procedures. The existence of any potentially hazardous waste, gases, toxic waste, or mold may have an effect on the rental rate conclusions.
11. The American with Disabilities Act (ADA) became effective January 26, 1992. AGP has not made a specific compliance survey and analysis of the Subject Property to determine whether or not the Subject Property are in conformity with the various detailed analysis of the requirements of the ADA. It is possible that a compliance survey of the Subject Property together with a detailed analysis of the requirements of the ADA could reveal that the Subject Property are not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative impact on the market rent conclusion. Since AGP has no direct evidence relating to this issue, possible noncompliance with the requirements of the ADA was not considered in the rental rate conclusions.
12. AGP assumes there are no hidden or unapparent conditions of the Subject Property or subsoil that would render the Subject Property more or less valuable. AGP assumes no responsibility for such conditions or for engineering that might be required to discover such facts.

13. No requirements shall be made of AGP to give testimony or appear in court by reason of this report unless arrangements have been made previously. If any courtroom or administrative testimony is required in connection with this report, additional fees and expenses shall be charged for those services.
14. Possession of this report, or copy hereof, does not carry with it the right of publication nor may it be used for any purpose whatsoever by any entity but the client without the prior written consent of AGP and the client.
15. Neither all nor any part of the contents of this report shall be disseminated to the public through advertising media or public means of communication without the prior written consent of AGP and the client.

REFERENCES

FAA Airport Compliance webpage: www.faa.gov/airports/airport_compliance/

FAA Order 5190.6B: Airport Compliance Requirements

Policy Regarding Airport Rates and Fees (Federal Register Volume 78- Sept 2013)

<https://www.federalregister.gov/documents/2013/09/10/2013-21905/policy-regarding-airport-rates-and-charges>

Notice of Amendment to Policy Regarding Airport Rates and Charges: July 2008

Final Policy Regarding Airport Rates and Charges: June 1996

<https://www.gpo.gov/fdsys/pkg/FR-1996-06-21/pdf/96-15687.pdf>

AIRPORT COOPERATIVE RESEARCH PROGRAM (ACRP)

Report 23 - Guidebook for compliance with grant agreement obligations to provide reasonable Access to

An AIP funded public use general aviation airport

REPORT 16 -Guidebook for Managing Small Airports

REPORT 36 -Airport/Airline Agreements- Practices and Characteristics

REPORT 47 -Guidebook for Developing and Leasing Airport Property

Exhibit A

Airport Rent Study Analysis

—Attached—



FY 2027 PROPOSED BUDGET HEARINGS

FY 2027 MUNICIPAL FEE SCHEDULE

Staff Report #2604-6297

May 6, 2026

www.paloalto.gov/budget

Background & Fee Adjustment Summary

- Annual update to the City Municipal Fee Schedule
- User Fee Cost Recovery Level Policy

Low	Medium	High*
0% - 30%	30.1% - 70%	70.1% - 100%

**Certain types of fees not bound by state laws that limit to full cost recovery (e.g. fines, penalties, late charges, or charges for entrance to, use of, purchase, rental, or lease of local government property) may not be restricted by cost recovery levels.*

- General Rate of Increase (GRI) = 4.59%
 - The City’s standard annual adjustment reflecting changes in labor costs and inflation (CPI)
- Based on the general premise of exception reporting
- Updates to Parking In-Lieu Fees and Development Impact and In-Lieu Fees – Engineering News Record Construction Cost Index (CCI) increase of 0.6%

Key Updates in FY 2027 Fee Schedule

- **Incorporation of Utilities and Airport fees into Citywide schedule for streamlining**
 - Utilities Fees: Selected connection, capacity, and service-related fees incorporated
 - Airport Fees: Reflect updates from the Airport Rates and Charges Study

See Attachments B (Utilities) and C (Airport) for details.

- **Implementation of credit card processing fee**

- **Ongoing evaluation of fees**

- **Summary of Changes**

- 13 New Fees
- 62 Deleted Fees
- 241 Changed Fees

New Fees

New Fees (13) in total

- **Administrative Services**
 - Credit Card Processing Fee (2-3%)
- **Community services**
 - Veterinary Services (refined fee structure)
- **Utilities**
 - Non-scheduled gas service calls (after hours / weekends)
- **Airport**
 - New fees informed by the Airport Rates and Charges Study

Department	Fee Title	FY 2027 Proposed Fee	Cost Recovery Level
Administrative Services	Credit Card Service Fee	2-3% of transaction; actual amount will be based on percentage charged to City	High
Community Services	Leptospirosis Vaccine	\$45.00 per pet	High
Community Services	FelV Vaccine	\$45.00 per pet	High
Community Services	Fluid Therapy - SQ	\$50.00 - 75.00 each	High
Community Services	Medication	\$15.00 - \$250.00 each	High
Community Services	Sedation/Anesthesia	\$150.00 - \$350.00	High
Community Services	Surgery, Preparation and Recovery	\$550.00 - \$1,650.00 per hour	High
Utilities	Unscheduled Gas Disconnection Service Call - After Hours	\$9,798 per mobilization	High
Utilities	Unscheduled Gas Disconnection Service Call - Weekend	\$13,065 per mobilization	High
Airport	Transient Aircraft Landing Fee (Non-Commercial)	\$3/1000lbs MTOW per landing	High
Airport	Automobile Parking Citation Fee	\$57 per occurrence	High
Airport	Hangar Ground Lease Origination / Transfer Fee	2% of sale of assessed value per agreement	High
Airport	Expired Certification of Insurance Fee	\$50 per month	High

Deleted Fees

Deleted Fees (62 in total) – See Attachment A for full list and justifications

- **Administrative Services**
 - Tobacco Retail Permit (*administered by Santa Clara County*)
- **Community services**
 - Consolidation of animal care and veterinary-related fees
 - Facility rentals (*services provided directly by museum tenant*)
- **Police**
 - Massage establishment fees (*updated per Municipal code changes*)
- **Library**
 - Expired hold fee (*no longer used*)

Changed Fees

Changed Fees (241) – See Attachment A for full list and justifications

- Parking & transportation (cost of service)
 - Annual parking permits adjusted to better reflect cost of service
- Animal services (vendor-based pricing)
 - Spay/neuter and vaccination fees updated based on vendor rates
- Administrative / civic fees (accessibility considerations)
 - Candidate filing fee held flat to support accessibility and public participation

RESOLUTION NO. XXXX

**Resolution of the Council of the City of Palo Alto Establishing the City's Appropriations Limit for
Fiscal Year 2027**

WHEREAS, under Article XIII B of the Constitution of the State of California, the City of Palo Alto (City) may not appropriate any proceeds of taxes in excess of its appropriations limit; and

WHEREAS, since fiscal year 1991, the City is permitted to adjust its appropriations limit annually based on inflation and population adjustment factors; and

WHEREAS, pursuant to Government Code Section 37200, the calculation of the appropriations limit and the total appropriations subject to the limit were set forth in the annual budget of the City for Fiscal Year 2027, which was adopted by ordinance of the Council on June 15, 2026; and

WHEREAS, pursuant to Government Code sections 7901 and 7910, the final calculation of the appropriations limit has been determined, and the adjustment factors on which the calculation is based are a 4.95% percent change in California per capita income and a 0.23% percent change in the population growth for the County of Santa Clara; and

WHEREAS, the documentation used in the determination of the appropriations limit has been made available to the general public for fifteen (15) days prior to the date of adoption of this resolution; and

WHEREAS, according to the final calculation, the City's net appropriations subject to limitation are approximately \$168.21 million.

NOW, THEREFORE, the Council of the City of Palo Alto does RESOLVE as follows:

SECTION 1. The Council of the City of Palo Alto hereby finds that, for Fiscal Year 2027, the final calculation of the appropriations limit of the City of Palo Alto has been determined in accordance with the adjustment factors referred to above, the documentation used in the determination of the calculation has been made available to the general public for the period of fifteen days as required by law, and the City's appropriations are under the appropriations limit by approximately \$78.59 million.

SECTION 2. The Council hereby adopts the final calculation of the appropriations limit of the City for Fiscal Year 2027, a copy of which is attached hereto as Exhibit 1.

ATTACHMENT B

SECTION 3. The Council finds that the adoption of this resolution does not constitute a project under the Section 15378(b)(4) of California Environmental Quality Act Guidelines because establishing the annual appropriations limit is a fiscal activity, and, therefore, no environmental assessment is necessary.

INTRODUCED AND PASSED: Enter Date Here

AYES:

NOES:

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:

APPROVED:

City Clerk

Mayor

APPROVED AS TO FORM:

City Manager

City Attorney

Director of Administrative Services

APPROPRIATIONS LIMITATION COMPLIANCE CALCULATION FOR FISCAL YEAR 2027 ADOPTED BUDGET

(\$ IN MILLIONS)

Total Budgeted Appropriations	General Fund **	Capital Projects Funds	Special Revenue Funds	Debt Service Fund	Combined Funds
FY 2027 Adopted Budget	\$ 311.83	\$ 107.85	\$ 30.43	\$ 11.91	\$ 462.02
Less:					
Interfund Transfers	\$ (41.26)	\$ (7.40)	\$ (22.47)	\$ -	\$ (71.13)
Allocated Charges	\$ (31.93)	\$ (0.69)	\$ (0.69)	\$ -	\$ (33.31)
Non-Proceeds	\$ (63.92)	\$ (102.20)	\$ (11.42)	\$ (11.84)	\$ (189.37)
Net Appropriations Subject to Limit	\$ 174.71	\$ (2.43)	\$ (4.15)	\$ 0.07	\$ 168.21
	FY 2026 Per Capita Income Change (CA Department of Finance)				4.95%
	Factor A				1.0495
	FY 2026 Population Change (County of Santa Clara)				0.23%
	Factor B				1.0023
	FY 2026 Adopted Appropriations Limit				\$ 234.62
	Factor A x Factor B				1.0519
	FY 2027 Adopted Appropriations Limit				\$246.80
	Net Appropriations Subject to Limit				\$168.21
	Amount Under the Limit				\$78.59

The City of Palo Alto remains well within its appropriations limit in FY 2027. Future year limit trends can be made based on the average change in regional population and income growth. The appropriations subject to limitation includes proceeds of taxes from the General Fund, Capital Projects Fund, and Special Revenue Funds.

Fiscal Year	Per Capita Income Factor	Population Change Factor	Total Adjustment Factor	Appropriations Limit	Appropriations Subject to Limit	Amount Under the Limit
2026	1.0644	1.0031	1.0677	\$ 234.62	\$ 178.01	\$ 56.61
2025	1.0362	1.0002	1.0364	\$ 219.74	\$ 173.10	\$ 46.64
2024*	1.0444	0.9975	1.0418	\$ 212.02	\$ 157.94	\$ 54.08
2023*	1.0755	1.0007	1.0763	\$ 203.52	\$ 138.39	\$ 65.13
2022*	1.0573	0.9944	1.0514	\$ 189.10	\$ 127.09	\$ 62.01
2021	1.0373	1.0037	1.0411	\$ 179.86	\$ 113.06	\$ 66.80
2020	1.0385	1.0033	1.0419	\$ 172.75	\$ 127.42	\$ 45.33
2019	1.0367	1.0099	1.0470	\$ 165.80	\$ 114.94	\$ 50.86
2018	1.0369	1.0082	1.0454	\$ 158.36	\$ 131.49	\$ 26.87
2017	1.0537	1.0130	1.0674	\$ 151.48	\$ 109.51	\$ 41.97
2016	1.0382	1.0113	1.0499	\$ 141.92	\$ 100.60	\$ 41.32

* FY 2022-2024 Appropriation Limits restated to correct for Total Adjustment Factor calculation error in those fiscal years.

** Excludes the \$0.2m in General Fund transfers.

On November 6, 1979, California voters approved Proposition 4, an initiative that added Article XIII B to the state Constitution. The provisions of this article place limits on the amount of revenue that can be appropriated by all entities of government. The Appropriations Limit is based on actual appropriations during the 1978-1979 fiscal year, as increased each year using specified population and inflationary growth factors.

Attachment C: FY 2027 Summary of Stanford Related Programs and Services

Fund	Dept. or Project	Description
Operating	Fire	Fire Services Contract with Stanford University Stanford reimburses the City for providing Fire services to the University based on an agreement between the City and the University.
Operating	Office of Transp.	Palo Alto Link (PAL) On Demand Transit Services Palo Alto Link services provide on-demand transit services, and Stanford provides funding for a portion of this service.
Operating	Police	Dispatch Communication Services Contract with Stanford University Stanford reimburses the City for providing dispatcher communication services to the University based on an agreement between the City and the University.
Capital	PL- 16000	Quarry Road Improvements and Transit Center Access Stanford is the lead on this project, and in order to continue with it, Palo Alto voters must undedicate a portion of El Camino Park (which is owned by Stanford and leased to the City) so that the land can be used for transit center access. A ballot measure proposing this action is expected in 2024.
Capital	FD-24000	Fire Training Facility Replacement This project will identify an appropriate site and construct a new fire training facility in Palo Alto. The current training facility is located on the Stanford University campus and is not owned by the City. A feasibility study will be conducted to determine the facility needs as well as an appropriate and available location for the new facility.
Capital	FD-25000	Fire Equipment Replacement This project will replace variety of equipment required for different types of emergency response and training, a portion of which is funded by Stanford and used to provide services to the University. The Fire Department completed a comprehensive assessment of all current primary equipment categories, as well as estimated costs and replacement schedules.



City Council Supplemental Report

CITY OF
**PALO
ALTO**

From: Lauren Lai, Administrative Services Director

Meeting Date: June 15, 2026

Item Number: 3

Report #:2606-6464

TITLE

PUBLIC HEARING: Adoption of an Ordinance Adopting the Operating and Capital Budgets, Revised Table of Organization, and Municipal Fee Schedule for Fiscal Year 2027; Adoption of a Resolution Proposing the Appropriations Limit for Fiscal Year 2027 - State Law/ City Charter; Accept the Bi-Annual Actuarial Valuation Report of Palo Alto's Retiree Healthcare and Other Post-Employment Benefits (OPEB) as of June 30, 2025 and Approve Annual Actuarially Determined Contribution for Fiscal Years 2027 and 2028; Authorize the City Manager or their Designee to Negotiate and Execute a Memorandum of Understanding and Funding Agreement (or Lease Agreement Amendment) with the Palo Alto Museum to Provide Cost Sharing for Repairs to the Basement and Waterproofing in the Roth Building and Improvements to Heritage Park

BACKGROUND

The Palo Alto Municipal Code requires the Planning and Transportation Commission to review the City's capital improvement program, review each project for consistency with the City's Comprehensive Plan, and submit an annual report to the City Council. The Council considers this report as part of budget adoption process.

The Finance Committee unanimously recommended adoption of the proposed Fiscal Year 2027 Operating and Capital Budgets at its May 19, 2026 meeting. At the time, the Planning and Transportation Commission (PTC) had not yet reviewed the new projects in the 2027-2031 Capital Improvement Program for each of the projects' consistency with the City's 2030 Comprehensive Plan. The PTC reviewed the 2027-2031 Capital Improvement Program at its May 27, 2026 meeting, and determined that the new projects are consistent with the Comprehensive Plan 2030 policies and programs. The letter attached to this supplemental report includes the PTC's recommendation to forward this finding to the Finance Committee and City Council.

ATTACHMENTS

Supplemental Report Attachment A - Planning and Transportation Commission 2027-2031
Capital Improvement Plan Consistency Letter to the City's Comprehensive Plan

APPROVED BY:

Lauren Lai, Administrative Services Director



June 3, 2026

Honorable City Council
C/O City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301

RE: Review of 2027-2031 Capital Improvement Projects

The Planning and Transportation Commission (PTC) reviewed the proposed 2027-2031 Capital Improvement Projects (CIPs) on Wednesday May 27, 2026. The PTC determined that the new projects included in the 2027-2031 Capital Budget are consistent with the Comprehensive Plan 2030 policies and programs. The PTC recommends forwarding this finding to the Finance Committee and City Council at this time.

The motion was made by Vice Chair Kevin Ji and it was seconded by Commissioner Allen Akin. The motion was approved by a vote of 6-0.

Respectfully,

Signed by:

Bryna Chang

6/3/2026

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Bryna Chang, Chair

Planning and Transportation Commission