



CITY OF  
**PALO  
ALTO**

**CITY OF PALO ALTO  
Finance Committee  
Regular Meeting  
Tuesday, May 19, 2026**

|                    |
|--------------------|
| <b>Agenda Item</b> |
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1. FY 2027 Budget Wrap-up and recommended FY 2027 Budget including FY 2027 Municipal Fee Schedule *Agenda Item Reordered, Late Packet Report Added, At-Places Supplemental Report Added, Staff Presentation*



CITY OF  
**PALO  
ALTO**

## **Finance Committee Staff Report**

**Report Type: ACTION ITEMS**

**Lead Department: City Clerk**

**Meeting Date: May 19, 2026**

Report #:2605-6339

### **TITLE**

FY 2027 Budget Wrap-up and recommended FY 2027 Budget including FY 2027 Municipal Fee Schedule

This will be a late packet report published on May 14, 2026.



CITY OF  
**PALO  
ALTO**

## Finance Committee Staff Report

**From: City Manager**

**Report Type: ACTION ITEMS**

**Lead Department: Administrative Services**

**Meeting Date: May 19, 2026**

Report #:2512-5677

### **TITLE**

FY 2027 Budget Discussion Wrap-up and Recommend City Council Adopt FY 2027 Budget Including FY 2027 Municipal Fee Schedule

### **RECOMMENDATION**

This memorandum will be used to facilitate the discussion of the Finance Committee ("Committee") budget wrap-up for the FY 2027 Operating and Capital Budgets.

1) Staff recommends the Finance Committee:

a. Review and discuss:

- i. Additional information provided as requested by the Committee or staff
- ii. Summary of current budget adjustments to the Fiscal Year 2027 Proposed Operating and Capital Budgets and Municipal Fee Schedule as directed by the Committee on May 5 and 6, 2026, and the full Council on May 11, 2026; and

b. Recommend to the City Council:

- i. Adoption of the FY 2027 Proposed Operating and Capital Budgets and Municipal Fee Schedule (Staff Report #:2604-6297)<sup>1</sup>, amended by the actions outlined in this report in "Table: Summary of Parking Lot Items for Potential Adjustments to the FY 2027 Proposed Budget," and as further amended in the wrap-up discussion; and
- ii. Approve the FY 2027-2031 Capital Improvement Program, amended by the actions outlined in this report and as further amended in the wrap-up discussion

### **EXECUTIVE SUMMARY**

This memorandum follows the Committee review of the FY 2027 Proposed Operating and Capital Budgets and Municipal Fee Schedule and includes additional information and recommended changes for further review in this Committee wrap-up session, to submit formal Committee adjustments to the City Council for adoption on June 15, 2026.

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<sup>1</sup> Finance Committee, May 6, 2026; Agenda Item #4; Staff Report# 2604-6297

<https://recordsportal.paloalto.gov/WebLink/DocView.aspx?id=87994&dbid=0&repo=PaloAlto>

While the Committee's "Parking Lot" items represent valued investments and services, increased expenditures will have financial impacts in the short and long term. Based upon Committee Parking Lot items and further financial and operational analysis, the revised Parking Lot listing is included in this memorandum.

Taking all of this into consideration and based upon the existing recommended adjustments from the Committee and additional Parking Lot items, the General Fund projected FY 2027 expenditures increase by \$0.8 million. Revenues would increase by approximately \$0.5 million in Transient Occupancy Tax (TOT) for infrastructure reflecting a 2.6% increase from the proposed FY 2027. This additional revenue allows for a reduction to the General Fund Base Transfer to capital to cover the additional expenditures as directed by the Committee. To support sustaining Oversized Vehicles (OSV) work through the end of FY 2027, \$0.38 million in additional Measure K revenues would be added to the budget. The reduction in the General Fund transfer to capital in addition to the additional Measure K use in FY 2027 results in a balanced budget at \$311.8 million for FY 2027.

During this budget wrap-up session, the Committee is requested to provide budget recommendations to amend the FY 2027 budget. The Committee will direct any remaining items be moved from the Parking Lot list to the "Committee Budget Adjustments" list for the FY 2027 budget. Several items in the Parking Lot are categorized as placeholders to define the target totals needed to balance the budget and allow time to constructively develop more specific recommendations. Should Committee advance these recommendations, on June 15, Council will review and adopt the FY 2027 Operating and Capital budgets with reductions inclusive of these placeholder amounts.

Balancing the budget should not be limited to consideration of only FY 2027 but broadly to the next several years, which is especially difficult with current economic and political uncertainties. Budget balancing strategies primarily focus upon fulfilling the City vision, Council priorities, City policies and core services, while non-core services and/or programs are appropriated if financial resources are available.

## **BACKGROUND**

The FY 2027 Proposed Operating and Capital Budgets were transmitted to the City Council at the May 4, 2026, meeting. On May 5 and 6, 2026, the Finance Committee spent approximately 16 hours reviewing the budget materials and supplemental memorandums, including the FY 2027 Proposed Operating Budget, Capital Budget, and Municipal Fee Schedule. After reviewing the \$1.0 billion proposed budget—which includes the \$311.0 million General Fund and the \$313.7 million capital budget—the Committee created a "Parking Lot" of items as potential adjustments to be refined by staff and discussed as part of this meeting for recommendation to the City Council for adoption on June 15, 2026. Staff remain cautious of mixed economic indicators that suggest potential economic risk and seek to provide a budget that proposes a measured approach to using one-time funds and limiting ongoing costs to mitigate the potential for exacerbating future deficits.

During budget deliberations on May 5 and 6, 2026, the Finance Committee completed a detailed review of the FY 2027 Proposed Budgets with public comment incorporated for each service area to provide opportunities for community input in the decision-making process. The Committee reviewed individual budget sections by department for tentative approval, moved potential amendments to the Parking Lot, and requested additional information to aid in their review. Much of the additional information was provided by staff during the hearings as part of the recap presentations to the Committee. This report provides the status of the Committee’s review as well as feedback from a check-in with the full City Council on May 11, 2026, that focused on the Committee’s parking lot items.

The Finance Committee will finalize recommended amendments to the Proposed Operating and Capital Budgets and Municipal Fee Schedule to be included at the June 15, 2026, City Council meeting for budget adoption.

**ANALYSIS**

The Committee Budget Adjustments and Parking Lot items represent Council and Committee’s budget meetings of May 5, 6, 7 and 12, with focus on nonprofit funding, Oversized Vehicles (OSV), school crossing guards, track watch and critical capital projects. To facilitate the Committee budget wrap up session, the items are organized in:

- Table 1: Finance Committee Budget Adjustments as of May 6, 2026
- Table 2: Parking Lot Items as of May 6, 2026
- Table 3: Information Referrals items requested by Finance Committee that were not addressed on May 5 or May 6 and Staff will work on during FY 2027, subject to Council approval.
- Table 4: Budget Rebalancing and Technical Adjustments (preliminary to date).

**Finance Committee Budget Adjustments to date:**

As of May 6<sup>th</sup>, the Finance Committee has taken motions for the following items in Table 1 to be added in the budget for FY 2027.

**Table 1: Finance Committee Budget Adjustments as of May 6, 2026**

| Finance Committee Adjustments to Budget   | FY 2027<br>GF (cost)/source | Potential FY 2028 GF<br>(cost)/source |
|---|-----------------------------|---------------------------------------|
| JMZ Conservation Costs and explore utilizing existing conservation programs to fulfill the AZA requirements to the extent possible   <b>Reduce Hourly Positions</b> | 64,000                      |                                       |
| School Crossing Guards   <b>50% of Cost - Contingent upon match from PAUSD</b>  | (51,250)                    |                                       |
| Track Watch   <b>50% of Cost - Contingent upon match from PAUSD (March - June)</b>  | (307,715)                   |                                       |

|  |                     |             |
|--|---------------------|-------------|
| OSV - recommend the City Council approve budget allocation and consider potential alternative funding methods for the Geng Road parking site from Sept-June (\$200k) and additional towing capacity to include (\$184K) for enforcement and street sweeping. | (384,000)           |             |
| Non-Profit Work Plan - Option C  | (124,000)           |             |
| <b>Subtotal Costs (Expense)</b>  | <b>\$ (802,965)</b> | <b>\$ -</b> |
|  |                     |             |
| <b>Potential Funds Remaining Net (cost) / source</b>   | <b>\$ (802,965)</b> | <b>\$ -</b> |

The result of these actions is the General Fund projected FY 2027 expenditures increase by \$0.8 million to \$311.8 million. Moreover, the budget stabilization reserve (BSR) is projected to continue at \$53.7 million or 17.2% within the policy range of 15% to 20%, however less than 18.5% target level.

Updates for the Committee since May 6<sup>th</sup> include the following:

OSV Geng Road Parking Site & Additional Towing Capacity – During the May 6, 2026, Finance Committee meeting, a \$384,000 recommendation was proposed to sustain the Oversized Vehicle (OSV) program. This total includes \$200,000 to bridge a funding gap for Geng Road Safe Parking, ensuring the site remains operational after its current budget expires in September. The remaining \$184,000 is allocated for Phase 1 maintenance and enforcement, supporting quarterly storm drain cleaning, specialized enforcement staffing, and targeted towing of non-compliant vehicles. Collectively, these funds aim to maintain established sanitation standards and regulatory oversight throughout the upcoming fiscal year. Per the Committee’s suggestion staff has investigated the availability of funds from the Measure K Housing category to cover this expense in FY 2027 and have determined that there is sufficient fund balance for the expenditure in FY 2027.

School Crossing Guards – The Committee also addressed the proposed 10% reduction in school crossing guard coverage by tentatively approving a \$51,250 budget adjustment. The City Council on May 11<sup>th</sup> concurred with this recommendation. This allocation restores half of the funding for the proposed reductions to the program, provided that the Palo Alto Unified School District (PAUSD) matches the contribution. Committee members emphasized student safety as a top priority and sought to formalize a cost-sharing partnership with the district. This decision aims to maintain critical intersection coverage while targeting a collaborative funding commitment from PAUSD. Based upon this recommendation, as of July 1, 2026, there will be no reduction in current School Crossing Guard sites. If matching funds are not secured by the end of the calendar year, the City Council would need to consider alternative funding during the FY 2027 Midyear Budget.

Track Watch – The Committee approved a motion for the rail crossing monitor program by tentatively approving a \$307,715 budget adjustment. The proposed budget included funding the agreement through February 2027. This budget adjustment allocation specifically extends

the program through the end of FY 2027, covering the months of March - June 2027. This \$307,715 represents the City’s 50% share of the projected \$615,430 total cost for the four-month extension, provided that the Palo Alto Unified School District (PAUSD) matches the contribution. The current program, which utilizes Orion Security for 24/7 human monitoring at all four grade crossings, operates under a 50/50 cost-sharing agreement originally approved in February 2026 for a total contract value of \$1,708,314 (\$854,157 per agency). Committee members emphasized that maintaining these safety measures is a vital priority, seeking to formalize the collaborative funding commitment from school leadership. If matching funds are not secured by the end of the calendar year, the City Council would need to consider alternative funding and appropriation by December 2026 to allow time to fully fund and implement the contract extension.

Non-Profit Workplan – The Finance Committee made a motion to recommend “Option C”, recommending a \$124,000 budget adjustment. This action provides a direct allocation to: Magical Bridge (\$150,000), California Avenue special events (\$40,000), and the United Nations Association Film Festival (\$45,000).

**Parking Lot Items to date:**

The Parking Lot includes items that required further discussion and staff evaluation. One such item, which the City Council discussed is that any future grant funding that may be authorized by the Council in the future should be processed through the Human Services Resource Allocation Process (HSRAP).

**Table 2: Parking Lot Items as of May 6, 2026**

| Parking Lot Items   |
|---|
| Quiet Zones Construction, direct staff to return with revised timing figures. Evaluate funding sources for Grade separation. (Accelerate funding to FY27-FY28 with Measure K (OOT will return May 19 FC Budget Wrap Up) |
| Direct staff to add the Chimalus Right of Way (ROW) as a project in CIP. (OOT will return May 19)   |
| Information regarding the marginal benefit of restoring Office of Transportation staffing to work on critical City priorities. (OOT will return FC May 19)  |
| Consider lateral hiring bonuses in the Police Department as part of the FY 27 budget process (PD will return May 19)  |
| Non-Profit – Council to approve finance committee recommendation that any additional grant funding that may be authorized by the Council be processed through HSRAP.  |
| Balancing strategy will prioritize reduction to CIP   |

Additional updates for the Committee since May 6<sup>th</sup> include the following:

*Quiet Zones Construction* – During budget deliberations on May 5, May 6, and May 11, 2026, the Finance Committee and the City Council prioritized the expedited implementation of Quiet Zones at all four rail crossings, with a specific focus on Churchill Avenue. To advance this initiative, the Committee directed the use of Measure K funds starting in Fiscal Year 2027 for design, with construction scheduled for 2028. The details of the advancing of funds are shown below.

The change in use of Measure K reduced the City of Palo Alto Local contribution to the Final Design funding in FY 2028 to the Grade Separation Projects at Churchill Avenue, Meadow Drive, and Charleson Road. This funding had previously been allocated to serve as the local match for future grant opportunities, including the 2016 Santa Clara County Measure B Grade Separation Program funds and potential federal or state grant funding. This may need to be reconsidered during the FY 2028 budget development.

*Chimalus Right of Way (ROW)* – The Finance Committee requested that the Office of Transportation (OOT) investigate how to include the Chimalus Right-of-Way as a new project within the Capital Improvement Program. Following an evaluation by the OOT, staff is recommending that it be added to the CIP as a FY 2028 project with an initial allocation of \$600,000 to include project management and planning. Funding for the planning work would come from Measure B Funds for Local Streets and Roads. The first phase of work will support the City's ability to secure grants for the project such as the Caltrans Sustainable Transportation Planning Grant Program and TDA Article 3 funds, which specifically support bicycle and pedestrian infrastructure.

*OOT Staffing* – The Finance Committee requested that the Office of Transportation (OOT) evaluate its staffing and present the marginal benefit of position adds. Upon review, OOT recommends converting an existing limited 0.50 full-time equivalent Assistant Engineer position designed to support OSV engineering work into a permanent, full-time benefited role. This conversion requires an annual budget of approximately \$190,000 for salary and benefits, with the incremental cost in FY 2027 covered by Measure B funding. 1.0 FTE Assistant Engineer would be added to the Table of Organization. The full-time Assistant Engineer would continue to provide essential technical engineering support and field verification for the design and installation of signage and striping required to implement the Oversized Vehicle Program. In addition to these regulatory tasks, the position would support the design of bicycle, pedestrian and street safety projects including a performance goal to daylight 200 intersections during fiscal year 2027. By formalizing this role, the City increases its technical capacity to deliver high-priority transportation safety projects while utilizing regional funds to manage the increased workload associated with both safe parking oversight and citywide visibility improvements.

*Police Lateral Hiring Bonus* – The Committee requested additional information regarding the police lateral hiring bonus incentive program, placing the item in the budget parking lot for further review during the May 19<sup>th</sup> wrap-up session. On May 11<sup>th</sup>, the City Council was briefed

on this recommendation to evaluate recruitment tools designed to fill sworn officer vacancies. Previously during Committee budget hearings, the Department reported seven sworn vacancies but the number is nine as of this writing. The City initiated a \$25,000 hiring bonus for lateral officers in FY 2018, with three bonuses accepted in 2019. Current tools supporting lateral recruitment include service credit toward higher vacation accrual rates, accelerated eligibility for career incentive pay, and an employee referral incentive program. Potential options for consideration include a modest hiring incentive for successful completion of probation, relocation expense reimbursements, vacation leave bank incentives, and deferred compensation contributions. These recruitment expenses could be absorbed through Police Department salary savings without requiring new General Fund appropriations.

**Table 3** includes items requested by the Committee that were not addressed on May 5 or May 6 and staff will work on during FY 2027, subject to Committee recommendation and Council approval.

**Table 3: Information Referrals items requested by Finance Committee**

| Finance Committee Recommendation for Council Referrals |  |
|--|--|
| 1)   | Referral to staff to return with a summary of the City's AI strategy.  |
| 2)   | Referral to staff to return with a consultant best practices narrative, including impacts to date as part of Council Priority Workplan for the item  |
| 3)   | Referral to staff to present Palo Alto Golf Course P&L in a more complete way and evaluate golf fees, including senior resident rates  |
| 4)   | Referral to staff to explore increase in proportion of outdoor recreation programs located at Cubberley.   |
| 5)   | Cubberley - Evaluate acceleration of certain capital repair needs for Cubberley including potentially utilities infrastructure.  |
| 6)   | Referral to staff to bring back refine overtime budgeting for the Police Dept during the FY 28 budget process. <i>Staff also reflected this in the response to the recent City Auditor's report on public safety overtime.</i> |
| 7)   | Referral to staff to evaluate potential efficiency opportunities in Fire Dept during the FY 28 budget process.   |

### **Proposed Amendments to the FY27 Municipal Fee Schedule**

On May 6, the Committee reviewed the proposed amendments to the FY27 municipal fee schedule and approved the recommendation to Council. This will be incorporated into the final Committee recommendation to Council on June 15.

### **Budget Rebalancing and Technical Adjustments**

The Committee's recommendations for budget adjustments (Table 1 above) would require budget rebalancing in order to avoid impacting the Budget Stabilization Reserve (BSR). Staff

further reviewed the CIP, revenue forecasts, and technical adjustments in order to propose an option to rebalance the General Fund. This budget balancing is shown for Committee consideration, noting that these technical adjustments will be finalized along with the Council budget adoption resolution on June 15<sup>th</sup>. This incorporates the Table 1 Committee budget adjustments, increases TOT revenues, includes technical adjustments and does not further reduce CIP nor BSR. An At Places Memo will be provided on May 19 that details the budget adjustments and technical adjustments (to date) for all funds. Below is a summary of General Fund budget adjustments for consideration:

**Table 4: Budget Rebalancing and Technical Adjustments (as of May 19, 2026)**

| <b>Finance Committee Adjustments to Budget</b>   | <b>FY 2027<br/>GF (cost)/source</b> | <b>Potential FY 2028 GF<br/>(cost)/source</b> |
|--|-------------------------------------|---|
| JMZ Conservation Costs and explore utilizing existing conservation programs to fulfill the AZA requirements to the extent possible   <b>Reduce Hourly Positions</b>  | 64,000                              |   |
| School Crossing Guards   <b>50% of Cost - Contingent upon match from PAUSD</b>   | (51,250)                            |   |
| Track Watch   <b>50% of Cost - Contingent upon match from PAUSD (March - June)</b>   | (307,715)                           |   |
| OSV - recommend the City Council approve budget allocation and consider potential alternative funding methods for the Geng Road parking site from Sept-June (\$200k) and additional towing capacity to include (\$184K) for enforcement and street sweeping. | (384,000)                           |   |
| Non-Profit Work Plan - Option C  | (124,000)                           |   |
| <b>Subtotal Costs (Expense)/Source</b>   | <b>\$ (802,965)</b>                 | <b>\$ -</b>                                   |
| Measure K funding – OSV  | 384,000                             |   |
| TOT Revenue – increase projection  | 542,000                             |   |
| TOT Infrastructure Transfer to CIP – increase  | (542,000)                           |   |
| General Fund Base Transfer to CIP – decrease   | 218,347                             |   |
| Technical Adjustments (aggregated)   | 200,618                             |   |
| <b>Potential Funds Remaining Net (cost) / source</b>   | <b>\$ -</b>                         | <b>\$ -</b>                                   |

**Additional Clarifications and/or Consideration:**

Employee Childcare Pilot Program – On May 6, Committee recommended this be continued in the Long Range Financial Forecast and it was conveyed to Council on May 11.

CIP – KPI – Committee requested additional CIP KPI which were presented on May 6 and to Council on May 11 and will be summarized in the FY27 adopted budget CIP transmittal.

PG-21000 Heritage Parks CIP - The Finance Committee provided direction during its May 5 and 6, 2026 meetings to prioritize evaluating and utilizing the remaining funding in PG-21000 Heritage Parks Site Amenities Replacement for Heritage Park drainage improvements related to Roth Building water intrusion.

Document Transfer Tax (DTT) – Future revenue projections could be affected by the passage of the Local Taxpayer Protection Act to Save Proposition 13 (aka “Save Prop 13”), a state initiative that recently qualified for the November 2026 ballot. In pertinent part, the initiative would amend the State Constitution to repeal local real estate transfer taxes adopted by charter cities and render any previously adopted transfer tax null and void as of December 31, 2028.

If approved, the initiative would void Palo Alto’s locally adopted real property transfer tax (PAMC Chapter 2.34) and would reduce the amount of transfer tax collected from \$3.30 per \$1,000 to \$1.10 per \$1,000 (split evenly between the City and the County). Beginning in calendar year 2029, the initiative would reduce projected revenues by \$8 million per year, with lost revenues increasing to \$10.2 million per year by FY 2036. The City would be prohibited from adopting a local real property transfer tax to replace the lost revenue.

Administrative Assistant to the City Council – On May 11, 2026, it was noted that the pilot part-time administrative assistant to the City Council would end December 2026 before the FY27 Mid-Year Budget Review in February 2027. The Finance Committee may consider increasing the City Council contingency carryforward from FY26 to FY27. That would require \$45,000 total carryforward (from FY26 to FY27) to fund the pilot position from July 2026 through March 2027. These additional costs (\$15,000 over prior estimates) should be considered in the context of the remaining available Council Contingent funds.

Tree Trimming and Canopy – The proposed budget for FY27 includes cuts in funding and staffing for all aspects of the City’s Urban Forestry operations. Proposed reductions were strategically spread across all aspects of the Urban Forestry budget with the goal of minimizing the long-term impact to the City’s urban canopy. Urban Forestry Staffing is being reduced by two positions for a 12.5% reduction in staffing. Funding for the Street Tree Maintenance Contract (West Coast Arborist) is being reduced by \$50,000 for a 3.5% reduction. The Urban and Community Forestry Services Contract (Canopy) is being reduced by \$43,550 for a 10.5% reduction. When proposing potential Canopy contract reductions, Staff focused on protecting contract scope for Basic Service items and focused proposed cuts to Urban Forest Master Plan implementation items, as they would have fewer long-term impacts to the City’s urban forest. Staff met with Canopy on May 14th to clarify that if City Council approves reductions to the budget for the Canopy contract, final decisions on specific reductions to the contract scope of work can be made collaboratively between Staff and Canopy after the budget is finalized.

Irrigation at Foothill – Of approximately 15 acres of irrigated turf throughout Foothills Nature Preserve, staff plans to focus irrigation reductions primarily on the 8-acre lawn in Las Trampas Valley and surrounding lawn areas by the Interpretive Center that serve mostly aesthetic and

passive recreational functions. Irrigation frequency on irrigated turf at the Preserve is currently twice per week from Mid-May through Mid-November. While staff are finalizing the details, the tentative plan is to maintain the existing two days per week schedule and reduce run times by 10-15%. As a result, turf may have some dry spots but is not anticipated to experience substantial decline or loss of functionality.

As a long term measure, the city is in the process of identifying areas of non-functional (aesthetic) turf to remove and replace with water-wise landscaping, as it has previously done in 2021 where it eliminated 2.25 acres of Last Trampas Valley lawn and replaced with California-native drought-tolerant plantings through partnership with Grass Roots Ecology. Staff will explore future opportunities to remove additional non-functional turf at Foothills Nature Preserve and intends to work with stakeholders on specific project details prior to implementing the work.

Additionally, staff will monitor Boronda Lake fill frequency and overall water use more closely as a water management best practice and does not intend to intentionally maintain lake water levels at a lower level as a water conservation measure.

### **Stormwater Management Oversight Committee Review of the FY 2026 Stormwater Management Fund Budget (Attachment B)**

The Stormwater Management Oversight Committee met on April 13, 2026 to discuss the Fiscal Year 2027 proposed Stormwater Management Fund budget and compared it with the provisions of the Stormwater Management Fee approved by Palo Alto property owners in 2017. The Committee concurred that funding generated by the Storm Water Management Fee will be applied solely to fund the capital improvement projects, green stormwater infrastructure projects, innovative stormwater projects, enhanced maintenance of storm drain system, and stormwater quality protection programs specified for implementation in the ballot measure in Fiscal Year 2027. The Committee submitted a letter (Attachment C) for the Finance Committee and City Council.

### **Planning and Transportation Commission Review of the New Projects in the 2026-2030**

At the time of the preparation of this memo, 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' compliance with the City's 2030 Comprehensive Plan. The PTC is expected to review the 2027-2031 Capital Improvement Program at its May 27, 2026 meeting, and upon their review will send a Letter of Conformance to the City Council. This letter will be attached to the item regarding the FY 2027 Operating and Capital Budgets on June 15, 2026.

### **FISCAL/RESOURCE IMPACT**

Fiscal impact will depend upon Committee adjustments to the FY 2027 budget and subject to final Council adoption of the budget scheduled for June 15, 2026. Balanced budget strategies

consider fulfilling the City vision, Council priorities, City policies, and City core services, balancing non-core services and programs within limited financial resources.

#### **STAKEHOLDER ENGAGEMENT**

Community members have been encouraged to participate in the FY 2026 budget process and provide input for the City Council to consider regarding priorities and service needs as part of the public budget meetings held in May.

#### **ENVIRONMENTAL REVIEW**

This activity is not a project under the California Environmental Quality Act (CEQA) as defined in CEQA Guidelines, section 15378, because discussion of the budget is a government funding mechanism or 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: Finance Committee FY 2027 Proposed Budget Review Actions and Materials  
Attachment B: Stormwater Management Oversight Review of the FY 2027 Capital Budget

#### **APPROVED BY:**

Lauren Lai, Administrative Services Director



## Summary of Finance Committee Review of FY 2027 Proposed Budget (Actions & References)

Action Minutes to the Finance Committee Hearings can be found on the City's webpage here: <https://www.paloalto.gov/Departments/City-Clerk/City-Council-Standing-Committees/Finance-Committee>. In addition, throughout the Finance Committee Budget Hearings, various memoranda were distributed "At Places" in order to respond to inquiries made by the Committee or provide additional pertinent information at staff's behest. In addition, summary presentations were given at each hearing providing high-level overviews of each item. Specific meetings and reference links to materials are outlined below.

### **May 4, 2026 City Council Meeting**

Action Minutes:

- <https://cityofpaloalto.primegov.com/Public/CompiledDocument?meetingTemplateId=18710&compileOutputType=1>

Presentations:

- FY 2027 Proposed Budget Overview: <https://cityofpaloalto.primegov.com/viewer/preview?id=0&type=8&uid=a760a3d3-1400-45f3-92c1-32e078bdd810>
- Video: <https://youtube.com/watch?v=vM0GY2Rdnw?feature=share>

### **May 5, 2026 Finance Committee**

Action Minutes:

- <https://cityofpaloalto.primegov.com/Public/CompiledDocument?meetingTemplateId=18569&compileOutputType=1>

Presentations:

- FY 2027 Proposed Operating and Capital Budgets: [75af5a3b-12e2-402d-aa23-b70c583c3515.pdf](https://cityofpaloalto.primegov.com/viewer/preview?id=0&type=8&uid=a760a3d3-1400-45f3-92c1-32e078bdd810) - OneMeeting
- Video: <https://youtube.No/watch?v=a2TkKDhnK5Y?feature=share>

### **May 6, 2026 Finance Committee**

Action Minutes:

- <https://cityofpaloalto.primegov.com/Public/CompiledDocument?meetingTemplateId=18575&compileOutputType=1>

Presentations:

- FY 2027 Proposed Operating and Capital Budgets Continuation: [8cb228a8-37a1-4ed6-96fa-f69133eb9846.pdf](https://cityofpaloalto.primegov.com/viewer/preview?id=0&type=8&uid=a760a3d3-1400-45f3-92c1-32e078bdd810) - OneMeeting
- Video: <https://youtube.com/watch?v=jfYssT7v5bM?feature=share>

**Summary of Finance Committee Review of FY 2027 Proposed Budget  
(Actions & References)**

**List of Supplemental Information provided during Budget Deliberations**

During the Finance Committee hearings and the City Council update, staff provided additional information to Committee members to assist in the review of the Fiscal Year 2026 Proposed Budget. Below is a list of links to those memoranda:

- May 5: [At Places Memo: Capital Reappropriations, staffing & vacancies, and contract spend](#)



## Storm Water Management Oversight Committee

**MEMORANDUM**

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**Date:** April 13, 2026

**To:** Honorable Finance Committee of the Palo Alto City Council

**From:** Members of the Storm Water Management Oversight Committee

**Subject:** Review of the Proposed Fiscal Year 2027 Stormwater Management Fund Budget

As directed by the City Council, the Committee met to discuss the Fiscal Year 2027 proposed Stormwater Management Fund budget on Monday, April 13, 2026. Prior to the meeting, Public Works staff provided informational materials about the approved 2017 ballot measure and the proposed budget for the Committee's review. During the meeting, staff presented information and answered questions from the Committee members.

We have reviewed the proposed budget for Fiscal Year 2027 and compared it with the provisions of the Storm Water Management Fee approved by Palo Alto property owners in 2017. We find that the attached spreadsheet describing the proposed budget for Fiscal Year 2027 fairly describes the relationship between the budget and the ballot measure. Staff and the Committee concur that funding generated by the Storm Water Management Fee will be applied solely to fund the capital improvement projects, green stormwater infrastructure projects, innovative stormwater projects, enhanced maintenance of storm drain system, and storm water quality protection programs specified for implementation in the ballot measure in Fiscal Year 2027. The committee is aware that staff continues to evaluate funding and cost projections for future projects included on the ballot measure. Because funds available for green stormwater infrastructure and innovative projects are not being utilized fully, the Committee supports efforts by staff to continue to identify and promote new projects that meet the goals associated with the ballot measure, such as the proposed Green Stormwater Infrastructure capital improvement project.

Attachment: Fiscal Year 2027 Proposed Budget

**STORMWATER MANAGEMENT PROGRAM****Fiscal Year 2026 Budget**

(Amounts in 1000s, as of April 2026)

|   | <b>Adopted<br/>Budget<br/>Year 8<br/>2025</b> | <b>Adopted<br/>Budget<br/>Year 9<br/>2026</b> | <b>Projection*<br/>Year 9<br/>2026</b> | <b>Proposed<br/>Budget*<br/>Year 10<br/>2027</b> |
|---|---|---|--|--|
| <b>Revenue Collected</b>  |   |   |  |  |
| Fee Revenue   | 8,791   | 9,002   | 9,272                                  | 9,272  |
| Interest Earnings   | 225   | 301   | 358                                    | 358  |
| Development Fees, Violation Fines, Other (Includes Grant Funding)**   | 1,461   | 1,300   | 84                                     | 84   |
| <b>Total Revenue</b>  | <b>10,477</b>                                 | <b>10,603</b>                                 | <b>9,714</b>                           | <b>9,714</b>                                     |
| <b>Base Components</b>  |   |   |  |  |
| Base Program (Incl. Flood Control, Engineering and Administrative Support, Water Quality, Emergency Response) | 4,029   | 3,809   | 3,733                                  | 3,878  |
| Storm Drainage Maintenance  | 1,940   | 1,993   | 1,885                                  | 2,057  |
| <b>Project &amp; Infrastructure</b>   | <b>7,427</b>                                  | <b>9,041</b>                                  | <b>2,077</b>                           | <b>3,841</b>                                     |
| Capital Improvements Program**  | 6,027   | 7,740   | 1,197                                  | 2,600  |
| Recurring System Repair (SD-06101)**  | 700   | 600   | 600                                    | 523  |
| Debt Service for Past Capital Projects  | -   | -   | -                                      | -  |
| Capital Program Engineering Support   | 195   | 196   | 196                                    | 213  |
| Green Stormwater Infrastructure (GSI)   | <b>380</b>                                    | <b>380</b>                                    | <b>77</b>                              | <b>380</b>                                       |
| GSI - CIP Design/Construction   | 150   | 150   | -                                      | 150  |
| GSI - Consulting Services   | 85  | 85  | 77                                     | 85   |
| GSI - Other unassigned tasks  | 145   | 145   |  | 145  |
| Innovative Project  | <b>125</b>                                    | <b>125</b>                                    | <b>7</b>                               | <b>125</b>                                       |
| Innovative Project - GSI Consulting Services & Outreach   | 100   | 100   |  | 100  |
| Innovative Project - Rebates  | 25  | 25  | 7                                      | 25   |
| <b>Total Expenses</b>   | <b>13,396</b>                                 | <b>14,843</b>                                 | <b>7,696</b>                           | <b>9,776</b>                                     |
| <b>Net Impact</b>   | <b>(2,919)</b>                                | <b>(4,240)</b>                                | <b>2,018</b>                           | <b>(62)</b>                                      |



CITY OF  
**PALO  
ALTO**

## Finance Committee At-Places Supplemental Report

**From: Lauren Lai, Chief Financial Officer/ASD Director**

**Meeting Date: May 19, 2026**

**Item Number: 1**

Report #:2605-6396

### **TITLE**

At Places Supplemental Report: FY 2027 Budget Wrap-up and recommended FY 2027 Budget including FY 2027 Municipal Fee Schedule

### **RECOMMENDATION**

In previous meetings on May 5 and May 6, Committee recommended to Council certain budget adjustments for the FY 2027 Proposed Budget. This table includes those adjustments and also reflects the fiscal impact of the Committee's "Parking Lot" items.

### **BACKGROUND**

Staff would like to provide the Finance Committee (Committee) with additional information for the May 19th FY 2027 Budget Hearing meeting. This material includes the Finance Committee recommendations and technical adjustments to date.

#### Technical Adjustments

Given the complexity, volume and timing of the proposed budget, subsequent to publication, staff have found technical adjustments necessary to ensure accuracy in the adopted budget. A list is provided to Committee on May 19 (Attachment A) and the final listing will accompany the budget adoption for Council on June 15.

**Supplemental Attachment A** shows the preliminary budget adjustments to the FY 2027 Proposed Budget for Committee recommendations and technical adjustments.

### **ATTACHMENTS**

Supplemental Attachment A: Preliminary Technical Adjustments

### **APPROVED BY:**

Lauren Lai, Chief Financial Officer/Administrative Services Director

**FY 2026 - 2027 Proposed Budget  
Preliminary - Budget Adjustments Technical Adjustments**

| Type         | Dept    | Description  | FY 2027<br>GF Revenue | FY 2027<br>GF Expense | GF<br>FT FTE | FY 2027<br>NON-GF Revenue | FY 2027<br>NON-GF Expense | Non-<br>GF<br>FT FTE | Non-<br>GF<br>PT FTE |
|--------------|---------|--|-----------------------|-----------------------|--------------|---------------------------|---------------------------|----------------------|----------------------|
| FC           | CSD     | JMZ Conservation Costs and explore utilizing existing conservation programs to fulfill the AZA requirements to the extent possible                             | -                     | (64,000)              | -            | -                         | -                         | -                    | -                    |
| FC           | POL     | School Crossing Guards   50% of Cost - Contigent upon match from PAUSD   | -                     | 51,250                | -            | -                         | -                         | -                    | -                    |
| FC           | POL     | Track Watch   50% of Cost - Contigent upon match from PAUSD (March - June)   | -                     | 307,715               | -            | -                         | -                         | -                    | -                    |
| FC           | CMO     | OSV - Geng Road parking site from Sept-June (\$200k) and additional towing capacity to include (\$184K) for enforcement and street                             | -                     | 384,000               | -            | -                         | -                         | -                    | -                    |
| FC           | NON     | Non-Profit Work Plan - Option C - direct allocation  | -                     | 124,000               | -            | -                         | -                         | -                    | -                    |
| FC           | CIP     | Quiet Zones - <u>Move</u> design to FY27 & construction to FY28  | -                     | 1,000,000             | -            | 1,000,000                 | 1,000,000                 | -                    | -                    |
| FC           | CIP     | Chimalus Bikeway - New CIP with \$0.6M in <u>FY28</u> (Measure B LSR funding)  |                       |                       |              |                           |                           |                      |                      |
| FC           |         | Measure K funding for Quiet Zones  |                       | (1,000,000)           |              |                           |                           |                      |                      |
| FC           |         | Measure K funding for OSV  |                       | (384,000)             |              |                           |                           |                      |                      |
| FC           | CIP     | General Fund - Transfer to CIP (reduction)   |                       | (402,464)             |              | (402,085)                 | -                         | -                    | -                    |
| A2P          | ASD     | TOT Revenue - 2.6% increase from FY26 revised revenue forecast and offset with Transfer to Infrastructure  | 542,000               | 542,000               | -            | 542,000                   | -                         | -                    | -                    |
| A2P          | ASD     | Pension UAL technical adjustment associated with Section 115 ADP - with confirmation from CalPERS actuary (favorable)  | -                     | (499,658)             | -            | -                         | (401,000)                 | -                    | -                    |
| A2P          | CIP     | CIP TR-26000 Embarcardo Improvements - include second year of funding (Ref FY26 CMR#2604-6269)   | -                     | -                     | -            | 260,000                   | 260,000                   | -                    | -                    |
| A2P          | CIP     | Annual CIP Adjustment to Art in Public Spaces AC-86017   | -                     | -                     | -            | -                         | (5,100)                   | -                    | -                    |
| A2P          | CIP     | Foothills Rebuild (Fire Mitigation, Utility Fund) EL-21001, appropriation needed to complete by December 2026  | -                     | -                     | -            | -                         | 1,750,000                 | -                    | -                    |
| A2P          | OOT     | 1.00 FTE Planner - OOT Position #7544 (technical adjustment)   | -                     | 72,156                | 0.40         | -                         | 108,234                   | 0.60                 | -                    |
| A2P          | PDS     | 1.00 FTE Planner - Planner Position #790 (technical adjustment)  | -                     | 183,545               | 1.00         | -                         | -                         | -                    | -                    |
| A2P          | PDS     | REC Exchange Rebate Program to offset permit fees for building code inspections limited by State Caps  | 225,000               | -                     | -            | -                         | 275,000                   |                      |                      |
| A2P          | PWD     | Fuel Contract Reduction - budget true-up   | -                     | -                     | -            | -                         | (225,000)                 | -                    | -                    |
| A2P          | PWD     | General Fund FTE Allocation for Tree Program - technical adj.  | -                     | 4,077                 | 0.03         | -                         | (4,077)                   | (0.03)               | -                    |
| A2P          | PWD     | Wastewater Collection Fund (#527) true up allocated charges (appropriation) to Wastewater Treatment Fund (#526)  | -                     | -                     | -            | -                         | 2,814,640                 | -                    | -                    |
| A2P          | PWD/UTL | Street Cut appropriation to offset the associated General Fund revenue. (paid by project applicants)   | -                     | -                     | -            | -                         | 200,000                   | -                    | -                    |
| A2P          | UTL     | City utility costs (water) - technical adjustment  | -                     | 119,000               | -            | (2,000)                   | -                         | -                    | -                    |
| A2P          | UTL     | Electric rate true-up (1) FY27 rate of 4.5% (instead of 6%) for the Utilities Charges for Services and (2) General Fund Utility Costs to include PSB Facility. | -                     | 141,379               | -            | (195,584)                 | (178,455)                 | -                    | -                    |
| A2P          | UTL     | Equity Transfer - true-up  | (140,000)             |                       |              |                           | (140,000)                 |                      |                      |
| A2P          | UTL     | General Fund (UUT) Utility Users Tax - City Utility - true-up with new FY27 rate forecast  | (340,000)             |                       |              |                           | -                         | -                    | -                    |
| A2P          | UTL     | General Fund (UUT) Utility Users Tax - Cable Franchise - true-up, assumes 4% growth based upon historical trends   | 292,000               |                       |              |                           | -                         | -                    | -                    |
| A2P          | UTL     | Hourly staff to promote customers' uses on alternative resources 2508-5090 (Management Specialist - 6 Month)   | -                     | -                     | -            | -                         | 100,000                   | -                    | 0.48                 |
| A2P          | UTL     | SCAP (Duplicate entries, previously discussed with FC May 5)   | -                     | -                     | -            | -                         | (14,503,759)              | -                    | -                    |
| <b>Total</b> |         |  | \$ 579,000            | \$ 579,000            | 1.43         | \$ 1,202,331              | \$ (8,949,517)            | 0.57                 | 0.48                 |



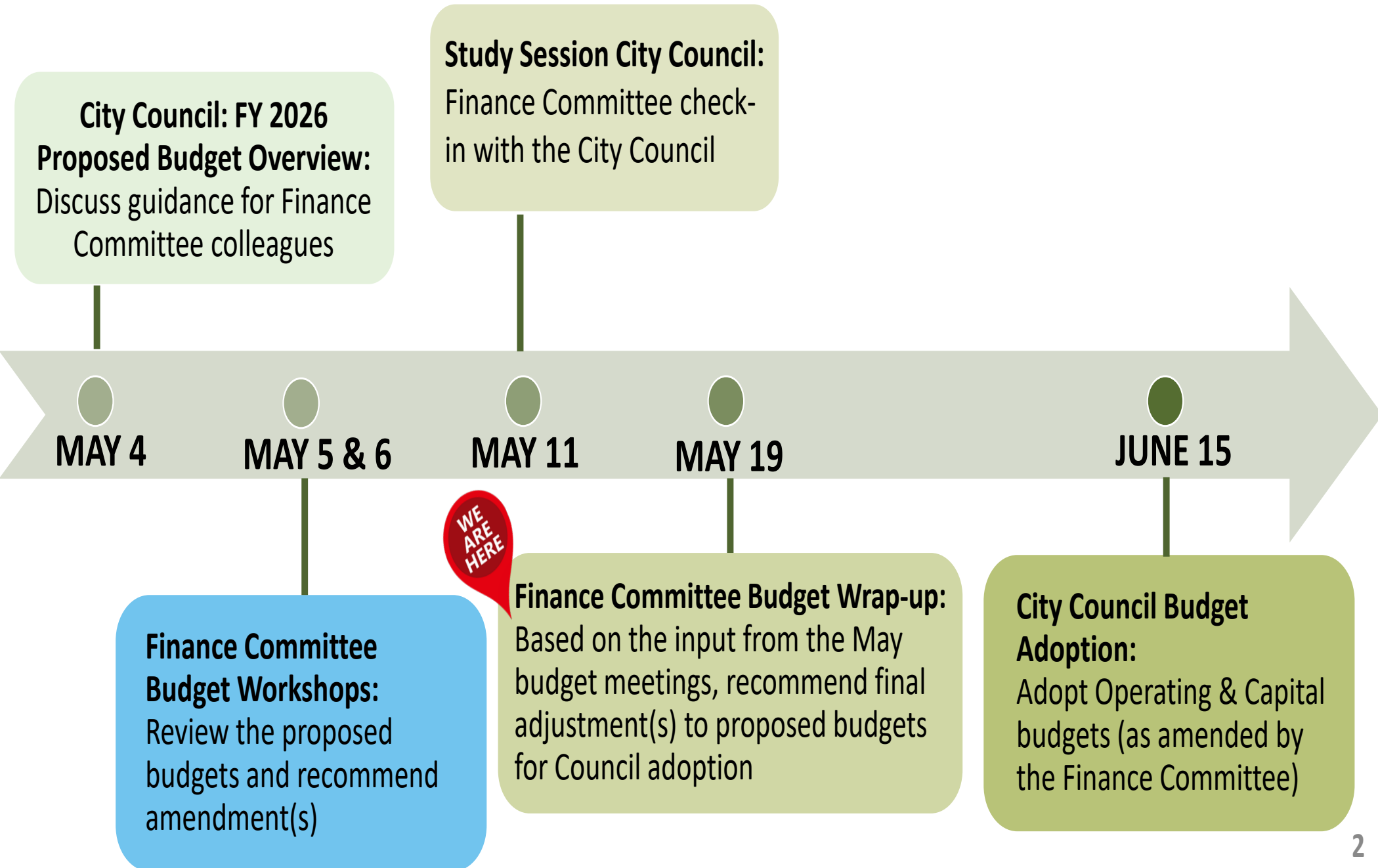
# FY 2027 PROPOSED OPERATING & CAPITAL BUDGETS & MUNICIPAL FEE SCHEDULE WRAP-UP

Finance Committee

May 19, 2026

[www.paloalto.gov/budget](http://www.paloalto.gov/budget)

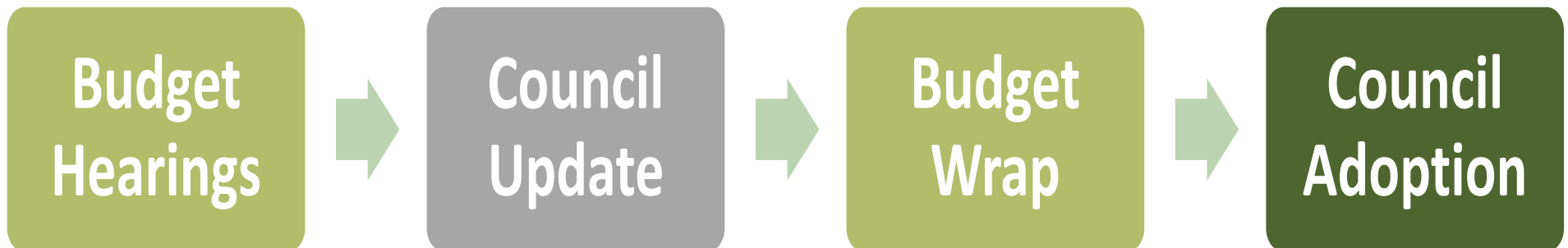
# BUDGET CONVERSATIONS & CALENDAR



# REMINDER: BUDGET HEARING GUIDELINES

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- Meeting proceedings were organized by agenda item:
  - Combined presentation from departments by City service area (CSA)
  - Highlighted budgetary information and areas of focus
  - Finance Committee discussion with a 5-minute timer for Councilmember comments and questions
- Recommended Motions:
  - “Tentative Approval of *[insert item]*”: **majority vote**
  - Recommend to be placed in the “parking lot”: **majority vote**
  - Request additional information/staff follow up: **majority vote**



# UPDATES SINCE MAY 6th BUDGET HEARING

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- Received Council feedback (May 11) and additional Staff analysis and information
- Revised Parking Lot
- Multi-Year Budget Balancing Strategies
- Staff Recommended Technical Adjustments
- Consideration for Referrals

# FC BUDGET ADJUSTMENTS – Table 1

| Finance Committee Adjustments to Budget  | FY 2027<br>GF<br>(cost)/source | Potential<br>FY 2028 GF<br>(cost)/source |
|--|--------------------------------|--|
|  |                                |  |
| JMZ Conservation Costs and explore utilizing existing conservation programs to fulfill the AZA requirements to the extent possible   Reduce Hourly Positions   | 64,000                         |  |
| School Crossing Guards   50% of Cost - Contingent upon match from PAUSD  | (51,250)                       |  |
| Track Watch   50% of Cost - Contingent upon match from PAUSD (March - June)  | (307,715)                      |  |
| OSV - recommend the City Council approve budget allocation and consider potential alternative funding methods for the Geng Road parking site from Sept-June (\$200k) and additional towing capacity to include (\$184K) for enforcement and street sweeping. | (384,000)                      |  |
| Non-Profit Work Plan - Option C  | (124,000)                      |  |
| <i>Subtotal Costs (Expense)</i>  | \$ (802,965)                   | \$ -                                     |
| Potential Funds Remaining Net (cost) / source  | \$ (802,965)                   | \$ -                                     |

# FINANCE COMMITTEE - "PARKING LOT" Table 2 (as of May 6, 2026, 5pm)

## Parking Lot Items

Quiet Zones Construction, direct staff to return with revised timing figures. Evaluate funding sources for Grade separation. (Accelerate funding to FY27-FY28 with Measure K (OOT will return May 19 FC Budget Wrap Up)

Direct staff to add the Chimalus Right of Way (ROW) as a project in CIP. (OOT will return May 19)

Information regarding the marginal benefit of restoring Office of Transportation staffing to work on critical City priorities. (OOT will return FC May 19)

Consider lateral hiring bonuses in the Police Department as part of the FY 27 budget process (PD will return May 19)

Non-Profit – Council to approve finance committee recommendation that any additional grant funding that may be authorized by the Council be processed through HSRAP.

Balancing strategy will prioritize reduction to CIP

# Technical Adjustments & Budget Balancing Table 4 (as of 5/19/2026)

| <b>Finance Committee Adjustments to Budget</b>  | <b>FY 2027<br/>GF (cost)/source</b> | <b>Potential FY 2028<br/>GF (cost)/source</b> |
|---|-------------------------------------|---|
| <b>JMZ Conservation Costs</b> and explore utilizing existing conservation programs to fulfill the AZA requirements to the extent possible   Reduce Hourly Positions | 64,000                              |   |
| <b>School Crossing Guards</b>   50% of Cost - Contingent upon match from PAUSD  | (51,250)                            |   |
| <b>Track Watch</b>   50% of Cost - Contingent upon match from PAUSD (March - June)  | (307,715)                           |   |
| <b>OSV</b> - Geng Road parking site from Sept-June (\$200k) and additional towing capacity to include (\$184K) for enforcement and street sweeping.                 | (384,000)                           |   |
| <b>Non-Profit Work Plan</b> - Option C  | (124,000)                           |   |
| <b>Subtotal Costs (Expense)/Source</b>  | <b>\$ (802,965)</b>                 | <b>\$ -</b>                                   |
| Quiet Zone – accelerate design to FY27 and construction to FY28   | (1,000,000)                         |   |
| Measure K funding – Quiet Zone  | 1,000,000                           |   |
| Measure K funding – OSV   | 384,000                             |   |
| Chimalus Bikeway – new CIP with \$0.6M in FY28 (Measure B LSR funding)  | -                                   |   |
| TOT Revenue – increase projection   | 542,000                             |   |
| TOT Infrastructure Transfer to CIP – increase   | (542,000)                           |   |
| General Fund Base Transfer to CIP – decrease  | 402,464                             |   |
| Technical Adjustments (net aggregated to balance)   | *16,501                             |   |
| <b>Potential Funds Remaining Net (cost) / source</b>  | <b>\$ -</b>                         | <b>\$ -</b>                                   |

# BSR Impact of FC Recommendations & Technical Adjustments

| (\$ in millions)                | FY 2027<br>Proposed Budget | FY 2027 FC<br>(Revised) | Increase/<br>Decrease | FY 2027<br>(Revised) |
|---------------------------------|----------------------------|-------------------------|-----------------------|----------------------|
| Revenues                        | \$311.0                    | \$311.6                 | \$0.6                 | \$311.6              |
| Expenses                        | \$309.4                    | \$311.4                 | \$2.0                 | \$311.4              |
| Transfers                       | \$1.6                      | \$0.2                   | (\$1.4)               | \$0.2                |
| <b>Savings / (Cost)</b>         | -                          | -                       | -                     | -                    |
| <b>General Fund Reserves</b>    |                            |                         |                       |                      |
| Uncertainty Reserve at Year-End | \$0                        | \$0                     | \$0                   | \$0                  |
| Budget Stabilization Reserve \$ | \$53.7                     | \$53.7                  | \$53.7                | \$53.7               |
| Budget Stabilization Reserve %  | 17.4%                      | 17.2%                   | 17.2%                 | 17.2%                |

\*Sales Tax prior year adjustment may be more favorable increasing BSR by \$2 M to \$55.7 M or 17.9%

# Additional Clarification and/or Consideration

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- Employee Childcare Program
- PG – 21000 Heritage Parks CIP
- Document Transfer Tax (DTT)
- Administrative Assistant to the City Council
- Tree trimming and Canopy
- Irrigation at Foothill

# Technical Adj & Oversight Committee Reviews

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- **Technical Adjustments**
  - Refer to At-Places Memo
  - Annual Re-appropriations
  - Various utility funds including 5-year CIP – as noted on May 7
  - Final detail will be incorporated into FY27 adopted budget action on June 15
- **Oversight Committee Reviews – 2027-2031 Capital Improvement Plan (CIP)**
  - Stormwater Management Oversight Committee Review of the FY 2026 Stormwater Management Fund Budget (Attachment B)
  - Planning & Transportation Commission – CIP alignment with Comprehensive Plan
    - Meeting will occur on May 27, 2026
    - Letter will be directed to City Council and attached to June 15<sup>th</sup> item.

# BUDGET HEARING RECOMMEND – REFERRALS Table 3

## Finance Committee Recommendation for Council Referrals

- 1) Referral to staff to return with a summary of the City's **AI strategy**.
- 2) Referral to staff to return with a **consultant best practices** narrative, including impacts to date as part of Council Priority Workplan for the item
- 3) Referral to staff to present **Palo Alto Golf Course P&L** in a more complete way and evaluate golf fees, including senior resident rates
- 4) Referral to staff to explore increase in proportion of **outdoor recreation programs located at Cubberley**.
- 5) Cubberley - Evaluate acceleration of certain **capital repair needs for Cubberley** including potentially utilities infrastructure.
- 6) Referral to staff to bring back refine **overtime** budgeting for the **Police Dept during the FY 28 budget process**.
- 7) Referral to staff to evaluate potential **efficiency opportunities** in **Fire Dept during the FY 28 budget process**.

# OTHER FUNDS

Additional actions included in the Proposed Budget address non-General Fund activities including but not limited to:

- Parking Funds
- **Utility rate changes to the right**



|                            | FY 2026 Adopted | FY 2027 Proposed |
|----------------------------|-----------------|------------------|
| <b>Electric</b>            | 6%              | 6%**             |
| <b>Gas</b>                 | 12%*            | 9%**             |
| <b>Water</b>               | 10%             | 8%               |
| <b>Wastewater</b>          | 20%             | 16%              |
| <b>Refuse</b>              | 0%              | 3%               |
| <b>Storm Drain</b>         | 2%              | 3%               |
| <b>Monthly Bill Amount</b> | \$441.50        | \$477.80         |
| <b>Monthly Bill Change</b> | 9%*             | 8%               |
|                            | \$37.80         | \$36.30          |

\*Rates reflect rate change update in February 2026 due Cost of Service Analysis (COSA).

\*\*On 4/21 Finance Committee recommendation Electric from 6.0% to 4.5%, Gas split 2:1 vote



# RECOMMENDED ACTION



## PROPOSED OPERATING BUDGET



FISCAL YEAR 2027

### DRAFT MOTION:

Recommend to the City Council:

1. Adoption of the FY 2027 Operating and Capital Budgets and Municipal Fee Schedule, amended by:
  - a. the Table of Finance Committee Adjustments to the Budget, including the Staff technical adjustments
2. Approve the FY 2027-2031 Capital Improvement Plan, amended by
  - a. Changes approved in the wrap-up discussion

Budget and meeting details listed at [www.paloalto.gov/budget](http://www.paloalto.gov/budget)

