FINANCIAL COMMISSION MEETING AGENDA

December 1, 2025 - 6:00 PM
Community Center- 97 Hillview Ave, Los Altos, CA 94022

PARTICIPATION: Members of the public may participate by being present at the Los Altos Community Center Sequoia Room located at 97 Hillview Avenue Los Altos, CA 94022 during the meeting. Public comment is accepted in person at the physical meeting location, or via email to financialcommissionmeeting@losaltosca.gov.

REMOTE MEETING OBSERVATION: Members of the public may view the meeting via the link below but will not be permitted to provide public comment via Zoom. Public comment will be taken in- person, and members of the public may provide written public comment by following the instructions below.

Telephone: 1-669-444-9171 | Zoom Webinar ID: 945 2431 9127 | Passcode: 724956

https://losaltosca-gov.zoom.us/j/94524319127?pwd=fKry8IW17UtWIm2j3eXH9FDqpXgQ6i.1

SUBMIT WRITTEN COMMENTS: Verbal comments can be made in-person at the public hearing or submitted in writing prior to the meeting. Written comments can be mailed or delivered in person to the City Clerk's Office or emailed to financialcommissionmeeting@losaltosca.gov.

Correspondence must be received by 2:00 PM on the day of the meeting to ensure distribution prior to the meeting. Comments provided after 2:00 PM will be distributed the following day and included with public comment in the packet.

AGENDA

ESTABLISH QUORUM

PLEDGE OF ALLEGIANCE

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Members of the audience may bring to the Commission's attention any item that is not on the agenda. Please complete a "Request to Speak" form and submit it to the Staff Liaison. Speakers are generally given two or three minutes, at the discretion of the Chair. Please be advised that, by law, the Commission is unable to discuss or take action on issues presented during the Public Comment Period. According to State Law (also known as "the Brown Act") items must first be noticed on the agenda before any discussion or action.

ITEMS FOR CONSIDERATION/ACTION

1. **Commission Minutes**
   Approve the minutes of the October 20, 2025 Financial Commission Meeting

2. **FY 2024/25 Preliminary Audit Update**

Receive a preliminary update on the FY 2024/25 audit

3. **New Financial System Implementation Update**
   Receive an update on the implementation of the City's new financial system

4. **Publication of financial status of City**
   Discuss possible methods for communicating to the community the financial state of the City

5. **Key Performance Indicators Subcommittee**
   Receive an update from the Key Performance Indicators Subcommittee and provide direction as needed

6. **Commission Work Plan**
   Review the draft 2025/26 Commission Work Plan

7. **2026 Commission Meeting Schedule**
   Approve the 2026 Commission Meeting Schedule

COMMISSIONERS' REPORTS

POTENTIAL FUTURE AGENDA ITEMS

ADJOURNMENT

SPECIAL NOTICES TO THE PUBLIC
In compliance with the Americans with Disabilities Act, the City of Los Altos will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the City Clerk at least 48 hours prior to the meeting at (650) 947-2720.

Agendas, Staff Reports and some associated documents for Financial Commission items may be viewed on the Internet at http://www.losaltosca.gov/meetings.

If you wish to provide written materials, please provide the Commission Staff Liaison with 10 copies of any document that you would like to submit to the Commissioners in order for it to become part of the public record.

For other questions regarding the meeting proceedings, please contact the City Clerk at (650) 947-2720.

Financial Commission Staff Report

Meeting Date: December 1, 2025
Prepared By: Jon Maginot

Subject: Commission Minutes

RECOMMENDATION
Approve the minutes of the October 20, 2025 Financial Commission Meeting

BACKGROUND

DISCUSSION

ATTACHMENTS
1. 10-20-25 Minutes

MINUTES OF THE MEETING OF THE FINANCIAL COMMISSION OF THE CITY OF LOS ALTOS, HELD ON MONDAY, OCTOBER 20, 2025, AT 6:00 P.M. HELD AT 97 HILLVIEW AVENUE, LOS ALTOS, CALIFORNIA 94022

ROLL CALL

PRESENT: Chair Ottoes, Commissioners Chang, Fowler, Jain, Zhang

ABSENT: None

PLEDGE OF ALLEGIANCE

Chair Ottoes led the Pledge of Allegiance.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

None

ITEMS FOR CONSIDERATION/ACTION

1. Commission minutes: Approve the minutes of the June 16, 2025 Financial Commission meeting

   Action: Upon a motion by Commissioner Jain, seconded by Commissioner Zhang, the Commission approved the minutes of the June 16, 2025 Financial Commission meeting by a 4-0-1 vote, with Commissioner Chang abstaining.

2. Receive Quarterly Report Ended on June 30, 2025: Receive the Quarterly Investment Report for Quarter Ended June 30, 2025

   John Grady of PTMA presented and responded to Commission questions.

3. Public Safety Infrastructure Funding Update: Receive an update on funding efforts for public safety infrastructure within the City of Los Altos

   Staff presented the update.

4. Commission Work Plan: Review the 2025 Commission Work Plan and the draft 2025/26 Commission Work Plan

   The Commission discussed the Work Plan.

POTENTIAL FUTURE AGENDA ITEMS

The Commission requested future agenda items to discuss strategies for letting the community know about the City's financial health, to receive an update from the KPI subcommittee and to receive a final update on the implementation of the new financial software system.

ADJOURNMENT

Chair Ottoes adjourned the meeting at 7:18 p.m.

Financial Commission Staff Report

Meeting Date: December 1, 2025
Prepared By: Jessie Kim

Subject: FY 2024/25 Preliminary Audit Update

RECOMMENDATION
Receive a preliminary update on the FY 2024/25 audit

BACKGROUND
The City engaged Badawi & Associates to conduct the audit for FY2024/25. This is the second year the firm has performed the City's audit. The majority of fieldwork is complete, and staff is presenting a preliminary update on the audit results. The final audit report and the Annual Comprehensive Financial Report (ACFR) will be brought to the Council in January 2026.

<u>Preliminary Audit Results</u>
The City has received the draft financial statements and does not expect any significant changes to the numbers. Staff anticipates receiving a clean (unmodified) opinion from the auditors.

<u>Internal Controls</u>
No material weaknesses were identified in the audit. A few minor recommendations related to accounts payable and workflow practices remain unresolved from the prior year. These issues were not the result of any incident but stemmed from limitations in the system, which did not prevent the same individual from both entering and approving a transaction. With the implementation of Tyler Munis, those gaps have been systemically addressed. The system now enforces separation of duties through automated workflows and approval controls, which are fully in effect as of FY2026.

DISCUSSION
<u>Financial Stability and Reserves</u>

- Total Assets increased from $68.9 million in FY2024 to $80.9 million in FY2025, reflecting 17.4% growth. The General Fund accounted for $50.5 million of these assets, up 21.7% from $41.5 million in FY2024.
- Liabilities decreased slightly from $5.4 million to $5.2 million, reducing the liabilities-to-assets ratio from 7.9% to 6.7%.
- General Fund Balance grew by $8.9 million to $47.1 million. The unassigned fund balance is $21.9 million, representing 49.1% of expenditure.

BALANCE SHEET					(million)
Governmental Funds	General Fund	In-Lieu Park Land	Capital Projects	Other Governmental Funds	Total Governmental Funds
Total assets	50.5	19.7	1.2	9.5	80.9
Total liabilities	3.4	0.2	1.6	0.1	5.3
Total fund balances	47.1	19.4	(0.4)	9.4	75.5

Revenue and Expenditure Trends

- Total Revenues increased by $19.6 million to $83.0 million. Key drivers:
  - Property Taxes increased by $2.0 million to $36.2 million.
  - License, permits and fees Income grew by $2.2 million, due to large projects such as 5150 El Camino Real Project.
  - Charges for Services increased by $2.3 million, due to large projects
- Expenditures increased from $52.3 million to $64.0 million. Major changes include:
  - Public Safety expenditure rose by $2.3 million to $24.4 million, driven by service enhancements.
- Capital improvement spending increased from $2.7 million to $11.3 million, aligning with Council priorities to modernize City facilities, improve public safety infrastructure, and address deferred maintenance.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES					(million)
Governmental Funds	General Fund	In-Lieu Park Land	Capital Projects	Other Governmental Funds	Total Governmental Funds
Total revenues	66.8	12.2	0.0	3.9	82.9
Total expenditures	50.8	0.2	11.4	1.5	63.9
Operating surplus	**16.0**	**12.0**	**(11.4)**	**2.4**	**19.0**
Transfers	(7.1)	(0.6)	0.2	0.6	(7.0)
Net change in fund balances	8.9	11.4	(11.2)	3.0	12.0

FUND BALANCE					(million)
Governmental Funds	General Fund	In-Lieu Park Land	Capital Projects	Other Governmental Funds	Total Governmental Funds
Beginning of year	38.2	8.0	10.8	6.5	63.5
Net change in fund balances	8.9	11.4	(11.2)	3.0	12.0
End of year	47.1	19.4	(0.4)	9.5	75.5

Fund Balances

- Total governmental fund balances equaled $75.5 million at fiscal year-end, an increase of $12.0 million from prior year’s fund balance of $63.5 million.
- The In-Lieu Park Land Fund ended the year with a fund balance of $19.4 million, supported by $12.2 million in revenues and $0.9 million in transfers out for eligible projects and debt service payments.
- General government capital spending totaled $11.4 million in FY2025, reflecting the City’s ongoing investment in infrastructure and facilities. As of June 30, 2025, the Capital Projects Fund showed a temporary shortfall of $0.4 million, due to timing differences between expenditures and incoming revenues. The FY2026 Adopted Budget includes a $12.1 million transfer, which is projected to fully restore the fund balance.
- Other Non-Major Governmental Funds ended the fiscal year 2025 with a total combined fund balance of $9.5 million, an increase of $2.9 million from $6.5 million in fiscal year

2024.

Enterprise and Internal Service Funds

- Sewer operations ended the year with a net position of $30.6 million. Operating revenue increased by $0.4 million from $10.4 million in fiscal year 2024 to $10.8 million in fiscal year 2025.
- Solid waste operations ended the year with a net position of $2.2 million. Operating expenses increased by $0.6 million, rising from $1.8 million in fiscal year 2024 to $2.4 million in fiscal year 2025, primarily due to higher costs in outside services and employee-related expenses.
- Internal Service Funds ended the year with a total combined net position of $3.6 million in fiscal year 2025, an increase of $0.4 million from $3.2 million in fiscal year 2024.

STATEMENT OF NET POSITION (million)

Proprietary Funds	Sewer	Solid Waste	Business-type Total	Internal Service Funds
Total assets	33.9	3.6	37.5	14.2
Deferred outflows	1.3	0.5	1.8	-
Total liabilities	4.4	1.8	6.2	3.8
Deferred inflows	0.2	0.1	0.3	-
Net Position	30.6	2.2	32.8	10.4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES OF NET POSITION (million)

Proprietary Funds	Sewer	Solid Waste	Business-type Total	Internal Service Funds
Total revenues	10.8	1.1	11.8	1.8
Total expenditures	9.7	2.4	12.1	1.9
Operating surplus	**1.1**	**(1.3)**	**(0.2)**	**(0.1)**
Non operating & transfers	0.6	0.2	0.8	7.0
Change in net position	1.7	(1.1)	0.6	6.9

NET POSITION (million)

Proprietary Funds	Sewer	Solid Waste	Business-type Total	Internal Service Funds
Beginning of year	28.9	3.4	32.3	3.6
Net change in fund	1.7	(1.2)	0.5	6.8
End of year	30.6	2.2	32.8	10.4

Summary

The City remained in a strong financial position in FY2025, with steady revenue growth, healthy reserves, and progress on major capital projects. The General Fund generated a significant operating surplus, allowing for continued investment in infrastructure and long-term obligations.

Revenues continued to grow, supported by stable property taxes and development-related income. Expenditures increased as planned, with a focus on public safety, city operations, and capital improvements.

Reserves remain well above policy targets, positioning the City to respond to future uncertainties. Enterprise and internal service funds also remained stable, supporting ongoing operations and service delivery.

ATTACHMENTS
None

Financial Commission Staff Report

Meeting Date: December 1, 2025
Prepared By: Jessie Kim

Subject: New Financial System Implementation Update

RECOMMENDATION
Receive an update on the implementation of the City's new financial system

BACKGROUND
The City moved from the old CentralSquare Finance Enterprise (FE) system to the new Tyler Munis ERP system as part of our modernization and efficiency efforts. The system went live on July 1, 2025, at the start of the new fiscal year.

DISCUSSION
The Tyler Munis implementation is a major step in improving the City's financial operations. It helps strengthen internal controls, streamline processes, and improve financial reporting.

Key Modules Implemented:

- **General Ledger**
- **Purchasing**
- **Accounts Payable**
- **Contracts and Requisitions**
- **Cash Receipts**
- **Budget Management**

These modules are now fully operational. While the transition included the expected minor post-launch adjustments and user learning curve, the overall deployment has gone smoothly.

Key Benefits:

- **Workflow Efficiency:** Division codes are embedded in approval workflows, so transactions are automatically routed to the approvers - reducing delays and manual routing.
- **Accurate Reporting:** All financial data is integrated across modules (GL, AP, Purchasing), ensuring reliable reports.
- **Internal Controls:** System-enforced approval paths prevent users from submitting and approving their own transactions - supporting audit compliance and reducing risk.
- **Transparency:** Department staff can view status of invoices, POs, and contracts - no more guessing where things are stuck.

- **Contract Oversight:** Contracts are now tracked within the purchasing module, with workflows, attachments, and change orders all in one place - improving accountability and reducing errors.

Challenges and Mitigation Measures:

- **Workflow Customization:** Some departments required unique approval paths. Finance worked with IT to customize the workflow while maintaining citywide standards.
- **System Familiarity:** Some processes were initially slower due to the new interface but have improved as staff became more familiar with the system. Finance team also continues to provide follow-up training as needed.

Next Steps:

Future phases of Munis implementation will include:

- **Capital Asset**
- **Bank Reconciliation**

Ongoing trainings will continue to support system adoption, address department-specific needs, and assist with onboarding new staff.

ATTACHMENTS
None

Financial Commission Staff Report

Meeting Date: December 1, 2025
Prepared By: Jon Maginot

Subject: Publication of financial status of City

RECOMMENDATION
Discuss possible methods for communicating to the community the financial state of the City

BACKGROUND
At the October 20, 2025 Financial Commission meeting, the Commission received a presentation related to the City's planning efforts for public safety infrastructure. This presentation also highlighted the efforts the City has taken to promote fiscal sustainability and the financial health of the City. Following the presentation, the Commission requested a future agenda item to discuss how to communicate with the community the financial health of the City.

DISCUSSION
The City has a number of methods of communicating with the community that could be tapped into. These include email distribution lists and various social media accounts. In addition, there are traditional media methods which could be considered, including the City's website, print media and mailed communications.

As part of highlighting the City's finances, the City has created and begun distributing a Budget in Brief highlighting the FY 2025/26 Budget.

ATTACHMENTS
1. Attachment 1 - Budget in Brief book

BUDGET IN BRIEF

FISCAL YEAR 2025-26

LOS ALTOS AT A GLANCE

INCORPORATION:
December 1, 1952

POPULATION:
Approx. 29,990

AREA:
6.49 square miles

PUBLIC SAFETY:
Police Calls For Service: 17,245

Fire Calls for Service : 2,643

Medical Calls for Service: 1,999

911 calls: 5,588

Police Vehicles: 21

Police Motorcycles: 4

Canine Units: 1

Fire Stations: 2

Fire Engines: 5

LIBRARIES:
Library Branches: 2

Items Checked Out: 1,790,795

Books: 1,027,790

Ebooks and Eaudio: 597,230

Audio Visual Materials: 165,775

Reference Questions: 8,076

PARKS, RECREATION, & COMMUNITY CENTERS:
Parks, Preserves, and Open Space: 94.5 acres

Parks: 10

Dog Parks: 2

Playgrounds: 15

Community Centers and Museums: 2

Gymnasiums: 2

Facilities: 168,000 square footage

INFRASTRUCTURE AND UTILITIES:
Streets: 104 miles

Wastewater Mains: 140 miles

PRINCIPAL EMPLOYERS:
Los Altos School District

Los Altos Sub-Acute and Rehabilitation Center

Whole Foods

Los Altos High School

Toyota Research institute

City of Los Altos

Packard Foundation

Adobe Animal Hospital

Palo Alto Medical Foundation

THE CITY'S MISSION IS TO BE A SUSTAINABLE, VIBRANT, AND INCLUSIVE COMMUNITY IN WHICH TO LIVE, WORK, VISIT, AND PLAY.

CITY MANAGER'S MESSAGE TO RESIDENTS

I am pleased to present this summary of the City of Los Altos' Fiscal Year 2025–26 Budget, adopted by the City Council in June 2025. This balanced budget will be in effect from July 1, 2025 through June 30, 2026 and funds all core City services, including public safety, parks and recreation, libraries, community development, public works, environmental programs, utilities, infrastructure improvements, and internal support functions.

The FY26 Budget was developed during a period of continued fiscal stability, with strong reserves, steady revenue growth, and a clear focus on delivering high-quality services while investing in the City's long-term needs. Guided by the City Council's Strategic Goals - Public Safety, Business Communities, Circulation Safety & Efficiency, Environmental Sustainability, and Housing - this plan directs resources toward projects and programs that will have lasting benefits for our community.

Highlights of this year's budget include:

- **Investments in Public Safety** – Designing a modern Police Building, upgrading fire stations, expanding crossing guard services, and enhancing emergency response technology.
- **Downtown Enhancements** – Creating new park space, installing EV charging stations, resurfacing parking lots, adding secure bicycle parking, and improving lighting for safety and vibrancy.
- **Safe and Accessible Streets** – Funding annual street resurfacing, safe routes to school projects, and traffic safety upgrades.
- **Environmental Leadership** – Expanding solar and battery storage, installing energy-efficient lighting, and transitioning to electric vehicles in the City fleet.
- **Community Facilities and Parks** – Renovating playgrounds, upgrading the Main Library interior, improving museum facilities, and enhancing public gathering spaces. Looking Ahead In the coming year, residents will see important projects take shape across the City - from the design of a new Downtown Dog Park and workshops shaping the future Downtown Park, to ADA improvements on the Hetch Hetchy Trail, and continued upgrades to downtown streets, lighting, and infrastructure. Regional wildfire mitigation work along Highway 280 will further strengthen community safety.

LOOKING AHEAD

In the coming year, residents will see important projects take shape across the City - from the design of a new Downtown Dog Park and workshops shaping the future Downtown Park, to ADA improvements on the Hetch Hetchy Trail, and continued upgrades to downtown streets, lighting, and infrastructure. Regional wildfire mitigation work along Highway 280 will further strengthen community safety.

Equally important, the City will continue to manage its finances responsibly. We maintain strong reserves for facilities, fleet, and CalPERS obligations in line with Council policy, and we remain committed to producing transparent financial reports, including the Annual Comprehensive Financial Report. Our recently updated Purchasing Policy enhances internal controls, safeguards taxpayer dollars, and ensures open and competitive procurement. We are also upgrading financial systems to improve efficiency and service delivery.

On the legislative front, we will continue to meet state and national reporting standards, pursue grants to leverage outside funding for local priorities, and align budget actions with the city's general plan update, climate action goals, and housing strategies. These efforts ensure that Los Altos not only invests wisely today, but also positions itself for long-term resilience and sustainability.

This budget is more than a set of numbers - it is a blueprint for investing in what matters most to Los Altos residents. Over the next five years, our Capital Improvement & Major Maintenance Program will deliver dozens of projects across every neighborhood, enhancing safety, expanding recreation opportunities, preserving our infrastructure, and advancing our sustainability goals.

We will continue to follow disciplined financial policies, maintain healthy reserves, and monitor economic conditions closely so we can adapt while keeping our commitments. Our aim is to ensure that every dollar is spent wisely and visibly, in ways that strengthen the quality of life for all who live, work, and visit Los Altos.

For a detailed look at the FY26 operating and capital plans, I invite you to review the full Budget and Capital Program documents on the City's website.

Respectfully,

Gabriel Engeland

CITY COUNCIL STRATEGIC GOALS FY2025-26

The City Council Strategic Goals highlight those areas identified by the Council for emphasis and focus. The City Council will accomplish these goals by engaging the community and making decisions which are equitable, sustainable and fiscally prudent. The City Council will ensure that appropriate resources are allocated to maintain Los Altos as a great place to live and work, including providing a work culture and environment that supports recruitment and retention of exceptional employees to provide City services and maintenance and improvement of the City's assets.

The following are the five strategic goals, along with the key projects supporting each goals.

PUBLIC SAFETY:

The City of Los Altos will continue providing excellent public safety for the community by providing safe, reliable and resilient police and fire facilities and services and by engaging the community in emergency preparedness best practices.

- *Almond Fire Station Roof.* Make necessary upgrade and modification of the fire station to accommodate new equipment and address building deficiencies.
- *Police Building Design.* Focus on the planning and architectural development of a modern facility to support effective law enforcement operations and community engagement. It may include admin office, secure detention areas, evidence storage, public service counters, and parking.
- *Crossing guards.* Enhance public safety by ensuring children and pedestrians can cross intersections safely, particularly near schools.
- *Drone program.* Improve response times, providing aerial support during emergencies, assisting in search and rescue.

BUSINESS COMMUNITIES:

- *Downtown Park.* Design for Downtown Park Space with Parking.
- *Downtown Park Lot Resurfacing.* Design and Reconstruct Parking lot 4, 5, and 6.
- *Downtown Lighting Improvements.* Improve the lighting within the downtown core especially for sidewalks, veterans community plaza, and parking plazas.

CIRCULATION SAFETY AND EFFICIENCY:

- *Annual Street Resurfacing/Striping/Slurry Seal.* Milling and overlaying of asphalt concrete on existing street surfaces that are approaching the end of their useful life.

- *Traffic and Pedestrian System Maintenance.* To upgrade existing pedestrian-activated in-pavement warning light systems at crosswalk locations in and around Downtown.

ENVIRONMENTAL SUSTAINABILITY:

- *Grant Park Solar and Battery Storage.* Reduce greenhouse gas emissions and improve energy resilience.
- *Downtown EV Charging.* Support clean transportation by reducing greenhouse gas emission and encouraging the use of Electric vehicles.

HOUSING:

- *Playground Renovations.* Upgrade the aging play equipment at Grant park and Shoup park.
- *General Plan Update.* The General Plan Update defines the City's long-term vision, integrating community priorities and policies to guide future growth and land use decisions.

COMMUNITY ENGAGEMENT

Annual Budget Process

The City of Los Altos operates on a fiscal year basis that begins on July 1 of each year and ends the following year on June 30. The City Manager's Office and Finance Department manage the budget process with support from each operating department. The preparation of the budget takes place between March and June.

The budget is presented to the City Council to allow for public hearings and the City Council adopts the annual budget before June 30 of each year. The budget is adopted through the passage of a resolution. The budget represents the maximum authorized expenditures for the year and cannot legally be exceeded except by subsequent amendments of the budget by the City Council. The City Manager is authorized to make any amendments or transfers of appropriations within the same department.

Any amendments to the total level of appropriations for a fund or transfers between funds must be approved by the City Council. Please see the budget preparation calendar below.

MARCH
- Operating Budget worksheet open to department.

APRIL
- CIMMP* Budget Workshop open to CIMMP Budget Team.
- Department Operating Budget proposals to Budget Team and discussions.

MAY
- CIMMP Budget Meetings.
- All Proposals are due to Finance and finalized.
- Finance Draft report.
- CM & Executive review.
- Finance Commission Review.

JUNE
- Staff reports to Clerk.
- City Council Meeting: Public Hearing & Adoption.

**CIMMP: Capital Improvement and Major Maintenance Program*

Open Budget

As part of its ongoing effort to improve communication with residents and strengthen public trust, the City is considering the use of Open Budget platform. This tool would provide clear, interactive access to financial data, making it easier for the community to understand how public funds are allocated and spent. By enhancing transparency, the City aims to foster greater engagement and accountability.

Stay tuned for updates as we continue exploring new ways to keep you informed and involved.

OPEN BUDGET PLATFORM CAN PROVIDE...

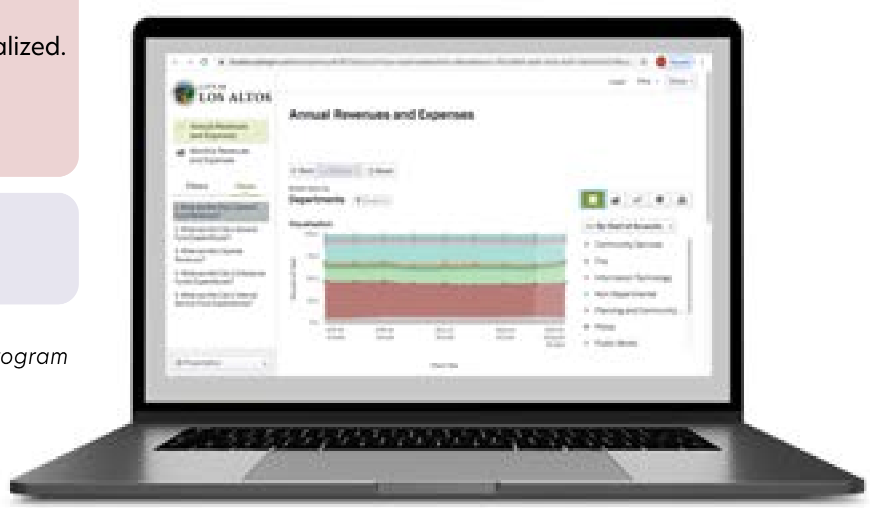
1. Transparency. Provides clear, real-time access to financial data, helping residents see exactly how public funds are collected, allocated, and spent.

2. User-Friendly Visuals. Transforms complex budget information into intuitive charts, graphs, and tables that are easy to explore and understand—no finance background needed.

3. Public Engagement. Encourages civic participation by making financial information accessible and meaningful, fostering trust and community input.

4. Customizable Communication. Allows governments to add narrative explanations, project details, and filters tailored to different audiences—residents, staff, or elected officials.

5. Efficiency for Staff. Reduces manual work in reporting and budget presentation, saving time while ensuring accuracy and consistency across departments.



CITY REVENUES

City revenue fuels the services and infrastructure that support our daily lives. It comes from sources like property taxes, Charges for services, Sales tax, and other local revenues. Understanding where our money comes from helps build Trust and transparency in how it's used for our community.

Property tax: This is the most significant funding source for the city. It's collected base don the assessed value of residential, Commercial, and industrial properties. The revenue supports essential public services such as police, fire protection, parks, and Libraries, etc. Its stability makes the city vital for long-term budgeting.

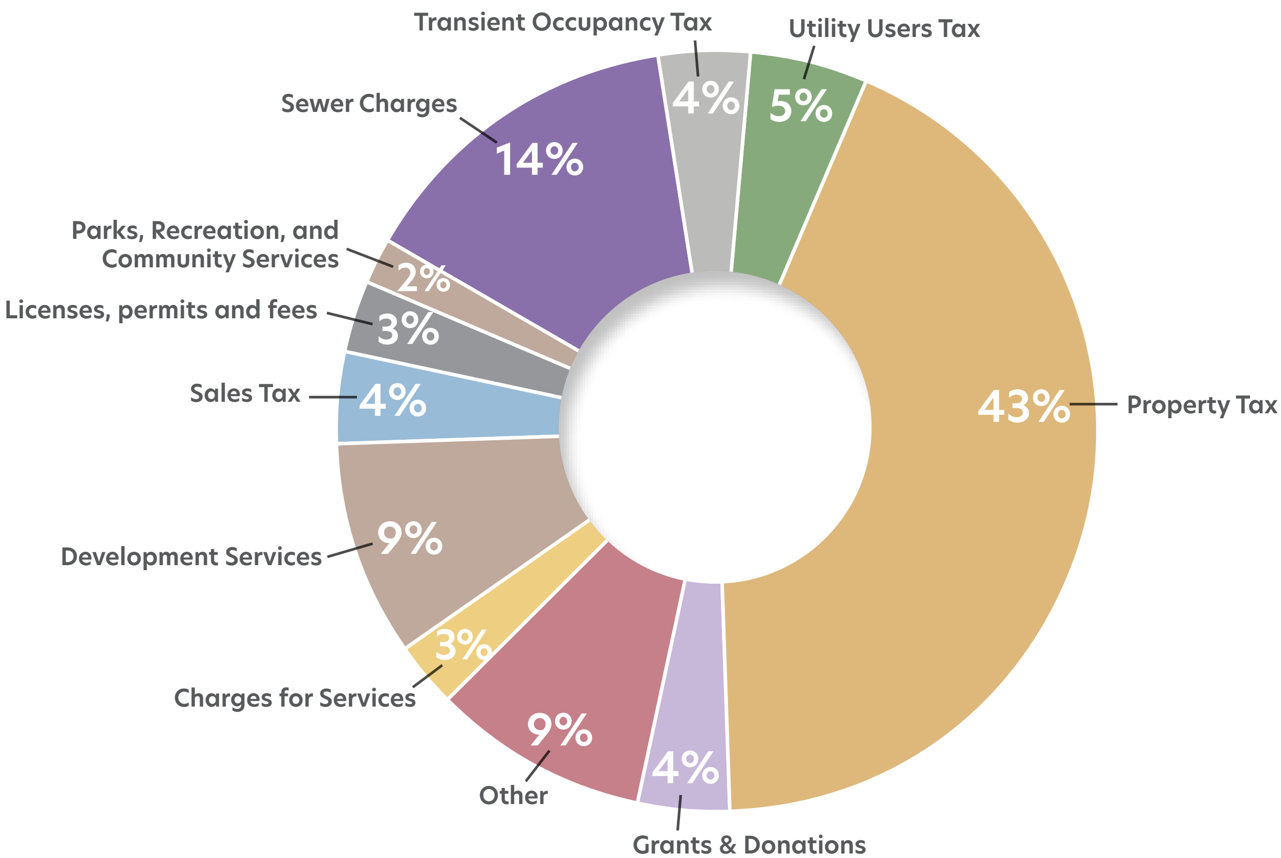
UUT(Utility Users Tax): UUT is a local tax applied to the use of utility services such as electricity or gas. The revenue is deposited into the General fund and is used to support a wide range of essential municipal services.

Sales tax: The portion of the tax collected on sales transactions occurring within the city is allocated back to the city. It is influenced by local economic activity and plays a vital role in maintaining the city's day-to-day operation.

Sewer charges: This is collected from residents and businesses in exchange for access to the city's wastewater collection and Treatment system. As a fee-for-service revenue, sewer charges are intended to be self-sustaining and used to fund the operation, Maintenance, and capital improvement of the sewer infrastructure.

TOT (Transient Occupancy Tax): TOT is imposed on individuals who occupy a hotel, motel, or other short-term lodging within the City. It is valuable for the city with active tourism, providing a flexible funding source with minimal impact on local residents.

City Revenue by Category



CITY EXPENSES

The City uses public funds to provide essential services such as public safety, parks and recreation, road maintenance, and community Programs. Careful planning and oversight ensure that expenditures align with community priorities, balancing long-term investments with Daily operational needs.

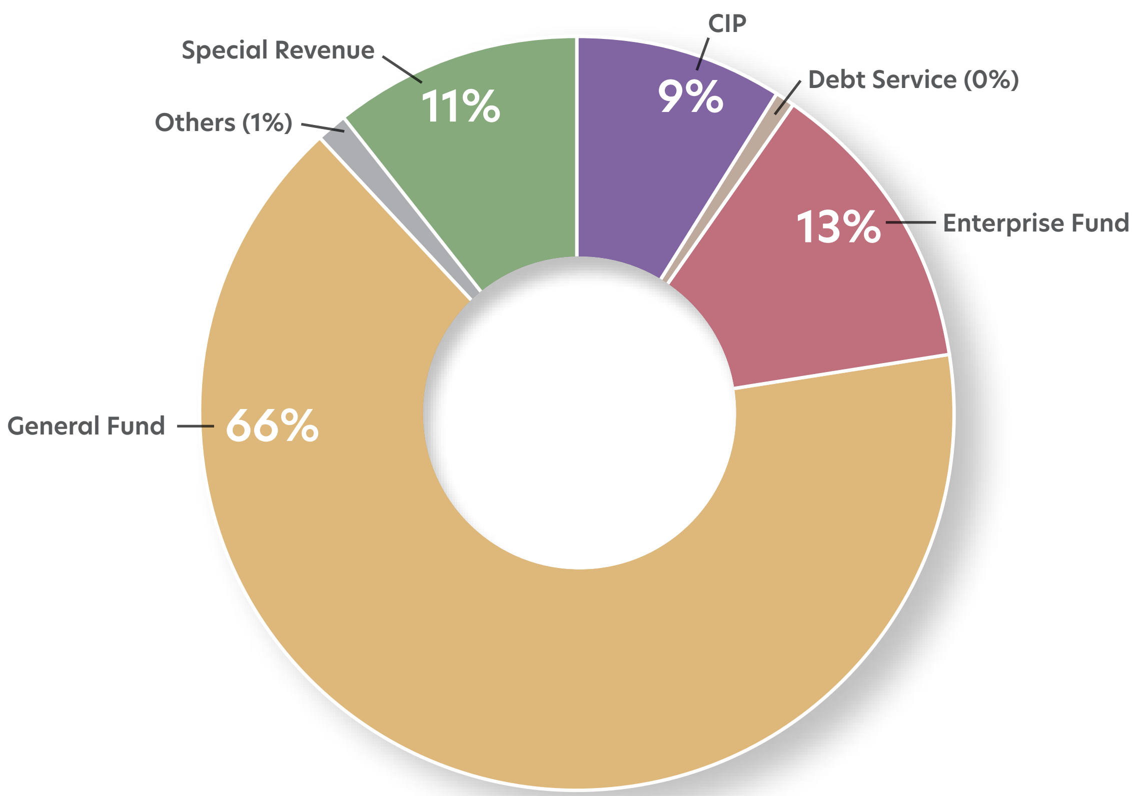
General fund: Approximately 66% of city expenses are dedicated to the general fund, which supports core services such as police, fire protection, public works, parks and recreation, and general government operations.

Enterprise funds: About 13% of expenses go toward enterprise funds, finance self-supporting services such as Sewer maintenance and Solid waste collection. These services are primarily funded through user fees rather than general tax revenues.

Capital improvements (CIP): 9% of the city's expenditures are invested in capital improvement projects. These funds support long term Infrastructure enhancements, including the construction and maintenance of roads, public buildings, and other major capital assets. The main projects the city will be focusing on FY2025-26 can be found on the Capital Improvement and Major Maintenance Program page.

Special Revenue funds: 11% of total expenditures are directed to special revenue funds. These funds are legally restricted to specific purposes and are supported by dedicated revenue sources or external funding. These may include road maintenance funded by gas taxes, downtown Parking operations, or the purchase of public art. Such funds ensure that revenue is used in alignment with its intended purpose and community priorities.

City Expenses by Fund Type



GENERAL FUND REVENUES

The FY2025-26 General Fund anticipates total revenues of $65.1 million. Property Tax remains the City's largest and most stable revenue source, projected at $38.2 million and accounting for 59% of General Fund revenue. Community Development Fees are estimated at $7.1 million, reflecting robust development activity. The Utility Users Tax and Sales Tax are projected at $4.1 million and $3.6 million respectively. These sources provide the fiscal backbone for continued delivery of services and implementation of Council priorities.

$38.2 **Property Tax** Taxes collected based on assessed property values within the city.

$7.1 **Community Development Fees** Fees from planning, building permits, and development-related services.

$4.8 **Other Taxes** Includes business license tax, transient occupancy tax, etc.

$4.1 **Utility Users Tax** Tax on utilities such as electricity, gas, water, and telecom services.

$3.6 **Sales Tax** Portion of local sales tax from retail transactions within the city.

$2.8 **Franchise Fees** Fees paid by utility companies for use of public infrastructure.

$1.7 **Interest Income** Earnings from investing City funds.

$1.6 **Recreation Fees** Revenue from community programs, classes, camps, and facility rentals.

$1.1 **Miscellaneous Revenue** Includes fines, reimbursements, donations, and other non-tax sources.

TOTAL: $65.1 MILLION

Total projected General Fund revenue for FY2025-26.
All numbers indicated above are in $ millions.

GENERAL FUND EXPENSES

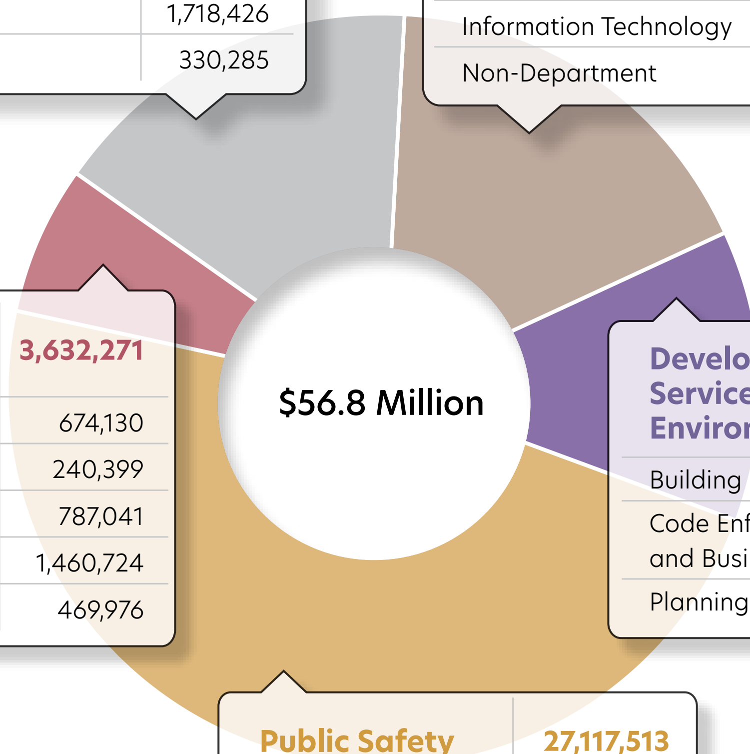
The General Fund serves as the City's primary discretionary funding source, with revenues that are not legally restricted and may be allocated at the City Council's discretion to meet a broad range of service and operational needs. For FY2025-26, total General Fund expenditures are projected at $56.8M, with Public Safety receiving the largest share at $27.1M. Additional funding supports general government operation, infrastructure and street maintenance, development services, and programs that promote community well-being and neighborhood engagement.

17.3%

Administrative, Government, and Emergency Preparedness	9,808,326
Legislative	1,018,533
City Manager	1,020,083
City Attorney	817,000
City Clerk	709,368
Economic Development	249,415
Finance	1,876,904
Human Resources	2,066,391
Information Technology	1,360,872
Non-Department	689,760

16.2%

Engineering, Transportation, Street, and Maintenance	9,211,141
Engineering	1,206,547
Maintenance	2,166,195
Park and Street Landscaping	3,789,690
Transportation	1,718,426
Urban Runoff Program	330,285



Neighborhood and Community Services	3,632,271
Classes and Camps	674,130
Community Events	240,399
Others	787,041
Recreation Administration	1,460,724
Senior Services	469,976

6.4%

12.4%

Development Services and Environment	7,063,922
Building	3,493,411
Code Enforcement and Business License	678,911
Planning	2,891,600

Public Safety	27,117,513
Fire Services	9,724,050
Police	17,393,463

47.7%

ENTERPRISE FUNDS BUDGET

The City of Los Altos maintains two Enterprise Funds: the *Sewer Fund* and the *Solid Waste* Fund. These funds are used to account for services that operate in a business-like manner and are primarily supported through user fees rather than general tax revenues. Enterprise Funds ensures that the full cost of providing each service – including daily operations, maintenance, and long-term infrastructure improvements- is covered by the revenues collected from service users. This structure promotes financial transparency and accountability by clearly linking fees paid by residents to the services they receive. Through these funds, the City is able to deliver essential services in a financially sustainable and efficient manner.

SEWER FUND

The City of Los Altos provides sewer services to collect and manage wastewater from residences, businesses, and public facilities. This service includes the operation and maintenance of the City's sewer infrastructure, which transports wastewater from individual properties to a regional treatment facility.

Once there, the wastewater is treated to meet environmental and public health standards before being safely discharged. The City's Sewer Fund supports local system maintenance, capital improvements, and the City's share of costs for regional wastewater treatment. Sewer service charges are collected to ensure the continued safe, reliable, and environmentally responsible operation of this essential utility.

Sewer Fund Revenues per Category		
Interest Income	$310,500	2.5%
Sewer Charges, TaxRoll	$11,250,725	89.7%
Sewer Charges, Not on TaxRoll	$951,840	7.6%
Sewer Connection Fees	$14,000	0.1%
Misc. Sewer Charges	$20,000	0.2%
TOTAL	$12,547,065	100.0%

Sewer Fund Expenses

The Sewer fund budget is set at $11.7 million and provides funding for a Combination of operational needs and capital improvements within the Wastewater system. This includes support for routine maintenance, regulatory Compliance, and capital improvement projects (CIP). Of the total, Approximately $1.89 million is allocated to major CIP efforts that maintain and improve sewer infrastructure. Below are the primary CIP projects funded through the fund.

- Adobe Creek Sewer Main Replacement : $491,960
- Sanitary Sewer Video Inspection: $440,000
- Annual Structural Reach Replacement: $327,005
- Annual Root Foaming : 200,000

SOLID WASTE FUND

The City oversees solid waste programs that ensure reliable collection and environmentally responsible handling of trash, recyclables, and organics. These services help meet state mandates and support a cleaner, more sustainable community.

Solid Waste Fund Revenues per Category		
Interest Income	$103,500	8.7%
Admin Fees	$1,048,900	88.1%
AB939 Tax	$38,000	3.2%
TOTAL	$1,190,400	100%

Solid waste expenses, totaling $2.4 million, cover services such as garbage and recycling collection, landfill disposal fees, and compliance with state waste diversion regulations. These costs also include public education programs, waste reduction initiatives, and administrative support for managing contracts and enforcement.

CAPITAL IMPROVEMENT AND MAJOR MAINTENANCE PROGRAM

The City's FY26 Capital Improvement and Major Maintenance Program (CIMMP) budget totals $25.3 million. Funding sources include $12.4 million from the General Fund, $11.0 million from Special Revenue Funds (which comprise In-Lieu Park funds, Gas Tax, and other sources), and $1.9 million from Enterprise Funds such as the Sewer Fund.

Each year, the City implements a broad portfolio of capital projects that support and enhance community infrastructure and services. The list below represents a selection of key projects included in the FY26 CIMMP and does not encompass the full scope of the City's capital improvement efforts.

Annual Street Resurfacing ($4.5M). The Annual Street Resurfacing Project is an ongoing infrastructure initiative aimed at maintaining safe and reliable roadways throughout the community. The project includes milling and overlaying asphalt concrete (AC) on existing street surfaces that are nearing the end of their useful life, as indicated by cracking and minor pavement failures.

Priority is given to streets identified as Safe Routes to School to support student safety and encourage walking and biking. The project is funded through a combination of sources: Gas Tax, Road Maintenance and Rehabilitation Account (RMAA), Measure B, and General Fund.

Downtown Park Space with Parking ($1.7M). The City has allocated $1.7 million in FY26, funded solely by In-Lieu Park Fees, to support the development of a new Downtown Park Space with integrated public parking. This project aims to create a vibrant, accessible gathering space that enhances recreational opportunities, supports local businesses and meets the community's growing need for open space in the downtown area.

Annual Street Slurry Seal ($1.6M). The Annual Street Slurry Seal Project is a preventative maintenance program that helps extend the life of neighborhood streets by applying a thin layer of sand and oil—known as slurry or micro-seal—over existing pavement. The treatment includes cutout and repair of minor pavement failures and is typically applied to residential streets every seven years. This sealing process protects pavement by preventing moisture from penetrating and weakening the underlying base. The $1.6 million FY26 project is funded by the General Fund, Measure B, Vehicle Registration Fee revenues, and Gas Tax.

San Antonia Road Complete Street ($1.4M). The San Antonio Road Complete Street Project aims to enhance safety and accessibility for all users by applying best-practice street design principles. The project will create designated spaces for pedestrians, cyclists, and motorists, reducing conflicts and improving safety for vulnerable road users. It will also close an existing gap in the transportation network, providing a continuous and safer connection. This project is funded by Traffic Impact Fees and the One Bay Area Grant (OBAG).

Hillview/McKenzie Dog Parks ($1.3M). This project funds the design and construction of a new permanent dog park at Hillview Park and upgrades to the existing dog park at McKenzie Park. Improvements will include drainage, grading, fencing, irrigation, lighting, landscaping, seating, and dog play equipment. The project is funded solely by In-Lieu Park Fees.

Shoup Park and Grant Park Playground ($1.2M). This project provides funding for the design and construction of new playground equipment at both Shoup Park and Grant Park. At Shoup Park, the upgrades will replace aging equipment in two play areas designed for children ages 2–5 and 5–12. Grant Park will also receive updated play structures to enhance safety and play value. The project is funded solely by In-Lieu Park Fees.

CITY OF LOS ALTOS

CITY COUNCIL

Pete Dailey, Mayor
Neysa Fligor, Vice Mayor
Sally Meadows, Council Member
Jonathan D. Weinberg, Council Member
Larry Lang, Council Member

CITY HALL: 1 North San Antonio Road, Los Altos, CA 94022

GENERAL CITY INFORMATION:
(650) 947-2700 • administration@losaltosca.gov

VISIT OUR WEBSITE:
www.losaltosca.gov

AMERICANS WITH DISABILITIES ACT STATEMENT:
In compliance with Americans with Disabilities Act (ADA) of 1990, this document may be provided in other accessible formats.

Financial Commission Staff Report

Meeting Date: December 1, 2025
Prepared By: Jon Maginot

Subject: Key Performance Indicators Subcommittee

RECOMMENDATION

Receive an update from the Key Performance Indicators Subcommittee and provide direction as needed

BACKGROUND

In early 2025, the Financial Commission formed a subcommittee of Chair Ottoes, Commission Jain and former Commissioner Claras to explore potential key performance indicators to monitor the financial health of the City.

DISCUSSION

The subcommittee reported to the Commission on its progress in February 2025. It is recommended that the Commission receive an update from the subcommittee.

ATTACHMENTS

None

Financial Commission 2025/26 Work Plan

Goal	Projects	Assignments	Frequency	Target Date(s)	Status
Recurring Goals					
#1	Investment Performance	Review Investment Performance	Quarterly	Ended Dec 2026 – Feb 2026 Ended Mar 2026 – May 2026 Ended Jun 2026 – Sept 2026 Ended Sept 2026 – Nov 2026	
#2	Operating Budget	Current year Mid- Year Review and Annual Budget Review for the next fiscal year	Annually	FY26 Mid- Year Review – February 2026 FY27 Annual Budget – May 2026	
#3	Five- Year Capital Improvement and Major Maintenance Program Budget	Review Capital Spending	Annually	April 2026	
#4	Annual Audit for Current Fiscal Year (FY26)	Review the Audit planning and priorities with auditors.	Annually	Audit Premeeting – August 2026	
#5	Annual Comprehensive Financial Report For FY25	Review draft ACFR	Annually	ACFR draft – November 2025	Scheduled
#6	PERS Unfunded Liability	Evaluate PERS Unfunded Liability; re-evaluate prepay only or investment plan	Annually	March 2026	
#7	Financial Policies	Review/update City's Financial Policy	Annually	May 2026	
#8	Investment Policy	Review/update City's Investment Policy	Annually	October 2026	
#9	Cross Commission Collaboration	Finance Commission responds to requests from other commissions	Ad hoc	As needed	

Non-recurring Goals					
#10	Key Performance Indicators	Develop list of key performance indicators to assist in monitoring City's financials	Ad Hoc		

Financial Commission Staff Report

Meeting Date: December 1, 2025
Prepared By: Jon Maginot

Subject: 2026 Commission Meeting Schedule

RECOMMENDATION
Approve the 2026 Commission Meeting Schedule

BACKGROUND
Per the Los Altos Municipal Code, the Financial Commission meets twice quarterly. These meetings are typically held on the third Monday of the month beginning at 6:00 p.m. at the Los Altos Community Center.

DISCUSSION
The following is the schedule of Commission meetings for 2026:

- February 9, 2026
- March 16, 2026
- April 20, 2026
- May 18, 2026
- August 17, 2026
- September 21, 2026
- October 19, 2026
- November 16, 2026

ATTACHMENTS
None