Finance and Investment Committee ("FIC") - Regular Meeting Minutes

Town of Los Altos Hills – April 6, 2026

Members Present: Allan Epstein, Kjell Karlsson, Domique Grau, Michelle Raffin, and Vatsal Sonecha

Members Absent: Jeanne Seeley, Sean McGraw and Amy Young

Associate Members: Absent, Jim Lai and Frank Lloyd; **Present:** Roddy Sloss (attended by ZOOM.)

Council Present: Rajiv Bhateja - Mayor

Staff Present: Cody Einfalt, Acting City Manager, Thomas Leung, Finance Director; Jay Bradford, Community Development Director, Woe Jay Kim, Public Works Director, joined the meeting for the Building and Planning Fee discussion. Varsha Srinivasan- Management Analyst, Finance, Behrouz Amirbadvy-Management Analyst, Planning

Guests Present: Nicole Kissam-NBS and Derek Braun-Strategic Economics by video.

Public Present: None.

Presentations from the floor: None

Meeting Recording:

https://losaltoshillsca.portal.civicclerk.com/event/4094/media

Meeting Agenda and Attachments: see meeting Agenda attachments on Town's website

Mr. Epstein called the meeting to order at 4pm and noted the attending members. There were no members of the public in attendance.

Approval of prior meeting minutes:

Mr. Epstein called for approval of the February 24, 2026, meeting minutes. The attending members present and in attendance at the subject meeting unanimously approved of the minutes.

Inclusionary Housing and Impact Fee Study– Derek Braun- Principal, Strategic Economics

An informational presentation on Lower and Moderate Housing obligations under the Regional Housing Plan as part of the Town's adopted Housing Element. In-lieu Fee (fees paid in-lieu of providing the inclusionary housing requirement) or Impact Fees are possible. 10-15% inclusionary percentage is typical and reasonable. Rental housing is not currently financially feasible at this time due to development costs. Impact Fee requires proof of nexus between new development and affordable housing needs. Impact Fees are optional. Study determined the maximum possible fees under the law. Council may elect to charge a fee less than the maximum amount or no fee. Revenue collected goes into a trust and is used to leverage outside funding to produce affordable housing projects.

Continued.

The Committee requested further clarity on nexus and real-world financial illustrations. Reference is made to meeting recording noted where "an information only" slide presentation and discussion can be heard and read (12 minutes to 55 minutes of the meeting recording.)

<u>User Fee Study - Nicole Kissam- NBS</u>.

Mr. Bradford introduced Ms. Kissam and noted her earlier CAP Study and work on Engineering and Building User Fee study. (Discussion begins 55 minutes into the meeting recording noted above.)

Initially the presentation describes legal requirements, methodology and areas of focus. Next specifics including changes to fee allocations for the Town's management to consider and recommendations to Council were presented. Department hourly rates ranged from $301 to $362, on the higher end of similarly sized agencies. Overall, the NBS study found there is an additional $1.9 million that could be charged for services related to planning, building, and engineering permits. Current recovery is about 43%. Major changes in fee structure, fixed fees vs. deposits, each department billing independently for its work and a tiered valuation process instead of a 0.9% charge on all valuations. Committee requested staff provide the following additional information: Comparison example of fees for representative single-family homes and ADU's in Town and in comparable cities; breakdown of cost drivers driving increases, review hours, rates, overhead; explanation for overall almost doubling in rates required for full cost recovery; change in valuation method, major structural fee changes, and change comparisons for the 20% of fees that constitute 80% of the revenue. Public Works Director stated that Engineering had not been charging for the work they performed, with the belief that the fees charged by Building and Planning covered their work.

<u>Report on Finance Activities of interest – Thomas Leung.</u>

<u>MAZE and Associates audit services proposal for the fiscal years ended June 30, 2026, to June 30, 2030</u>

The Committee requested the Town understand the basis for the substantial increase in the cost of the Annual Report of Financial Transactions, which is about 6% of the proposed billings. Presuming an appropriate response to that question, after reviewing costs for the past five years and proposed costs for the next five years, the attending Committee members recommended that Council enter into an agreement for Maze to perform auditing services for the Town for the next five years.

<u>Status of Excessive Building Fee Refunds:</u>

Building fee refunds letters were sent to 149 permit holders of which 96 were processed, 12 are in process and 41 have not yet responded. Counsel will be consulted for disposition of uncollected refunds, if any.

 Continued

<u>matters</u>

El Monte Undergrounding- After completion of the El Monte Undergrounding project the Town has $685,000 in remaining 20A Credits. Four million credits were used to fund, in part, the El Monte Project. Public Works will provide a complete accounting at the May Council meeting.

Draft FY"27 Budget- Preliminary update will be provided to the FIC at is May meeting.

CAP Study- The requested comparison of the prior and current NBS CAP Study results was attached to the agenda just prior to the meeting. Cost changes relate to inflation since the 2019 prior study, method and organizational changes. The committee requested an analysis of significant differences to understand the drivers, e.g. Engineering Administration increased 234%. CAP Study predated Fee Study and a number of changes in allocation of engineering costs were made as part of the Fee Study.

Report on recent town activities of interest. – Acting City Manager Einfalt

The City Manager reported on the status of the wireless tower renewal. Based on advice from the consultant no action is required at this time. The Chairman thanked the subcommittee for its work. Town has recently experienced copper thefts and requests the community to report any unusual activity on power poles.

Report on recent Council activities of interest – Mayor Bhateja

The mayor reported on recent council action including an increase in councilmember compensation and its decision not to support AB25-17 dealing with fire protection zones because it did not address local control. County Sheriff services are proposed to increase from $2.75 million to $3.5 million. The mayor described the policing model in Danville and its application to contract sheriff service users.

Topics for the next FIC meeting: Monday, May 4, 2026.

Draft FY'27 Budget, Quarterly Reports, Purchasing Policy, and Fee Study

Topics for future meetings:

-Tentative May 11, 2026 meeting to review budget changes from the May 5, 2026 FIC meeting.
-May 15, 2026 10 AM Joint Council-FIC FY'27 Budget Meeting
-June 1, 2026 Review FY'27 Budget. Pension/OPEB update.

The meeting adjourned at 6:30 pm. ///