Town of Los Altos Hills
City Council and Finance & Investment Committee Special Joint Meeting Minutes

Thursday, May 15, 2026, 2026 at 10:00 A.M.
Council Chambers, 26379 Fremont Road, Los Altos Hills, California,

Council Present:	Mayor Rajiv Bhateja, Council Member Stanley Mok, Council Member Linda Swan, and Council Member Kavita Tankha
Absent:	Vice Mayor George Tyson
Finance & Investment Committee:	Chair Allan Epstein, Vice-Chair Kjell Karlsson, Amy Young, Dominique Grau, Jeanne Seeley, Michele Raffin, Sean McGraw
Staff:	City Manager Cody Einfalt, Community Development Director Jay Bradford, Finance Director Thomas Leung, Public Work Director WooJae Kim, City Clerk Arika Birdsong-Miller, Administrative Clerk/Technician Keren Brunner

CALL TO ORDER (10:00 A.M.)
Mayor Bhateja called the meeting to order at 10:04 A.M.

1. **ROLL CALL**
   City Clerk Birdsong-Miller performed the roll call.

2. **PLEDGE OF ALLEGIANCE** – Recited.

3. **PUBLIC COMMMENT (Public Comment is limited to items which are the subject of the Special Meeting)**
   No public comments were received.

4. **STUDY SESSION**
   A. Study Session Regarding Proposed FY 2026-27 & 2027-28 Operating Budget and FY 2026-27 to FY 2030-31 Five-Year Capital Improvement Plan (Staff: T. Leung)

   City Manager Einfalt provided opening remarks regarding the development of the proposed budget. He explained that staff began the budget process in February 2026 and conducted regular interdepartmental meetings throughout the process. He noted that the Town was continuing to refine the use of its new budget software and stated that the proposed budget reflected significant collaboration among departments.

   Mr. Einfalt reported that staff initially anticipated a structural deficit due primarily to the projected increase in law enforcement contract costs. Through departmental review, staffing adjustments, fee study recommendations, and alignment of expenditures with Council priorities and work plan objectives, staff were able to present a balanced budget with a projected surplus. He noted that the Town remains in a strong fiscal position relative to neighboring jurisdictions while continuing to identify opportunities for operational improvements.

Finance Director Leung presented the proposed Fiscal Year 2026-27 and Fiscal Year 2027-28 Operating Budget and Fiscal Year 2026-27 through 2030-31 Capital Improvement Program.

Mr. Leung reviewed the budget development schedule and explained that the proposed budget had previously been reviewed by the Finance and Investment Committee and would return to both the Committee and City Council prior to final adoption.

Budget Overview

Mr. Leung presented the results of the Town's community budget survey and summarized resident priorities. Survey participants identified law enforcement, roads and infrastructure, wildfire preparedness, emergency services, and reserve preservation as top priorities. Survey results indicated limited support for reducing law enforcement services.

Mr. Leung reported that proposed General Fund revenues totaled approximately $20.3 million and proposed expenditures totaled approximately $19.5 million, resulting in a projected operating surplus prior to transfers. He noted that the primary expenditure increase was associated with the proposed Sheriff's contract, which reflected an estimated increase of approximately $700,000.

Discussion followed regarding: Revenue trends and sustainability. • Reliance on one-time revenues. • Property tax growth projections. • Interest earnings. • User fee study recommendations. • Long-term structural budget considerations. • Reserve levels and reserve policies.

Committee members and Council Members discussed the importance of maintaining conservative revenue assumptions while preserving adequate reserves for future economic uncertainty.

Personnel and Organizational Structure
Finance Director Leung reviewed proposed staffing changes, including: • Addition of a Principal Planner position. • Addition of a Code Enforcement Officer position. • Proposed reclassification of selected administrative positions. • Adjustments intended to improve operational efficiency and service delivery.

Council Members and Finance & Investment Committee members discussed staffing needs, workload demands, succession planning, and the relationship between staffing requests and Council priorities.

Community Development Department
Community Development Director Bradford presented the Community Development Department budget and work plan priorities.

Discussion included: Permit activity and development trends. • Housing Element implementation requirements. • Planning workload. • Code enforcement services. • Long-range planning efforts. • Cost recovery and fee adjustments.

Council Members and Committee members discussed development activity levels, permit processing efficiency, staffing needs, and implementation of State housing requirements.

<u>Public Works Department</u>
Public Works Director Kim presented the Public Works Department budget and Capital Improvement Program.

Public Works Director Kim reviewed: Roadway maintenance and rehabilitation projects. • Pathway improvements. • Storm drainage infrastructure. • Sanitary sewer system projects. • Fleet and equipment need. • Capital project scheduling.

Discussion focused on: Pavement management priorities. • Project delivery timelines. • Long-term infrastructure maintenance. • Funding strategies for capital improvements. • Coordination with utility providers and neighboring agencies.

<u>Capital Improvement Program</u>
Finance Director Leung and **Public Works Director Kim** reviewed the proposed five-year Capital Improvement Program.

Discussion included: Project prioritization. • Funding sources. • Reserve impacts. • Deferred maintenance considerations. • Future infrastructure needs.

Finance & Investment Committee members provided feedback regarding project sequencing, reserve usage, and long-term capital planning.

<u>Law Enforcement Contract Costs</u>
Significant discussion occurred regarding the projected increase in law enforcement costs associated with the Sheriff's contract.

Council Members and Committee members discussed: • Long-term sustainability of public safety expenditures. • Potential impacts of future contract negotiations. • Cost allocation methodologies. • Service level expectations. • Budget impacts associated with future increases.

<u>General Discussion and Committee Feedback</u>
Finance & Investment Committee members generally expressed support for the proposed budget while encouraging continued monitoring of: Revenue sustainability. • Staffing growth. • Cost recovery opportunities. • Reserve preservation. • Long-term public safety expenditures.

Council Members expressed appreciation for staff's work in developing the proposed budget and Capital Improvement Program and provided direction regarding refinement of budget assumptions, reserve policies, and future planning efforts.

No formal action was taken as the item was presented for study session purposes and discussion.

5. <u>ADJOURN</u>
Mayor Bhateja adjourned the meeting at 12:07 PM.

Respectfully Submitted,

Arika Birdsong-Miller

Arika Birdsong-Miller, City Clerk

Artificial intelligence (AI) technology was used to assist in the preparation of these draft minutes. The City Clerk reviewed and finalized the minutes prior to publication.