

Town of Los Altos Hills – Finance and Investment Committee (FIC)
Draft Meeting Minutes – June 1, 2026

1. Call to Order & Roll Call – 4:00 PM by Vice Chairman Karlsson

Members Present: Allan Epstein (online), Dominique Grau, Kjell Karlsson, Sean McGraw, Michele Raffin, Vatsal Sonecha, and Amy Young.

Members Absent: Jeanne Seeley

Associate Members: Present – none. Absent – Jim Lai and Frank Lloyd.

Council Present: Mayor Rajiv Bhateja.

Staff Present: Cody Einfalt, Acting City Manager; Thomas Leung, Finance Director; Jay Bradford, Community Development Director; WooJae Kim, Public Works Director; Varsha Srinivasan, Management Analyst (Finance); Behrouz Amirbadvy, Management Analyst (Planning).

Guests Present: John O'Connell, Dana Stalder

2. Presentation from Floor- None.

3. Review Development Services Fee Study- Community Development Director Bradford

Staff presented the updated Development Services Fee Study, including proposed changes to Planning, Building, and Engineering fees and the underlying cost-allocation methodology. New fully burdened hourly rates for Planning, Building and Engineering were developed. Goal to achieve a 99% cost recovery, a marked increase from current levels. Fee-related revenue is expected to increase from approximately \$2.0 million to \$4.1 million, including an estimated \$700,000 in pass-through revenue. Staff reviewed the Cost Allocation Plan (CAP), explaining which administrative costs are eligible for allocation to development-related activities. Public members questioned whether hourly rates included costs already funded by property taxes and magnitude of allocations to development services. Town staff explained that only overhead directly supporting development activity is eligible for inclusion in allocations. Long-range planning and code enforcement costs are excluded from fee calculations.

Proposed Fee Schedule Changes

Planning- included new fee categories: 15 minute pre-application meeting, 1 hour formal pre-application meeting, Tentative map, and SB 9 and Williamson Act processing

Building- Major change: Transition from 0.9% valuation fee to a tiered valuation model based on 5-year valuation review with a new average valuation baseline: \$394/sq. ft.

Engineering- adding fees and separating engineering fees for reviewing planning and building permits.

Fees Eliminated- General zoning permits, Technical environmental studies, Plan retention fees, ADU plan review fees, MEP standalone permits, Energy fees, and Street/pathway review fees

Deposits- Gas and electric utility deposits are eliminated. Their removal reduces administrative burden but is expected to reduce annual interest income by approximately \$80,000. Geotechnical and Landscape performance deposits were increased.

Committee discussion and concerns

The Committee expressed general consensus that the CAP and fee study methodology are acceptable; however, members found the resulting fees too high, particularly for small projects and ADUs.

Building permit fees for smaller projects are increasing significantly since the study concluded they require more work. Plan check fees are based on a percentage of the building permit fee. Members and public expressed concern that applying the current formula could result in plan check fees that exceed the reasonable cost of reviewing the simple plans typical of smaller projects. Staff expects to issue a new RFP/RFQ for plan check services to realign costs.

Committee requests for staff to consider:

- Reduced cost-recovery rates for small projects (80–90%)
- Full cost recovery for larger projects
- Lower rates for ADUs and heat-pump water heaters
- Phased implementation of new rates
- Adequate public notification period
- Fairness review of plan check fees for small projects
- Multiple cost-recovery scenarios with revenue and General Fund surplus impacts

Moved by Raffin; Seconded by Grau. The Committee voted not to accept the fee schedule in its current form and requested that staff return with additional analysis, including lower alternative cost-recovery rates, phased-in options, and more reasonable fee levels for small projects and ADUs.

The motion passes with 6 votes in favor, 0 opposed, and 1 member absent.

Due to the length of the fee study discussion, the Committee did not have sufficient time to address the remaining agenda items. These items will be carried forward to the next meeting.

4. Review updated Draft FY'27 Budget - Finance Director Leung

5. Review Draft Purchasing Policy

6. Report on finance activities of interest – Update projects status: Finance Director Leung

- Excessive Building Fees- status update
- El Monte Underground Project Reimbursements by PG&E, Comcast and AT&T, Final accounting
- Uncollectable Account Receivables
- Work Plan- Internal purchasing policy for goods, services, and public works project
- Work Plan- ERP system (Budget/Project Accounting/Purchasing/AP/Fixed Asset)

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

8. Report on recent Council activities of interest – Mayor Bhateja

9. Next FIC meeting: July 6, 2026

10. Topics for future meetings:

11. Adjournment -6:09 PM

Meeting Recording, Agenda, and Attachments

Recording: <https://losaltoshillsca.portal.civicclerk.com/event/4571/media>

Agenda & Files: <https://losaltoshillsca.portal.civicclerk.com/event/4571/files/agenda/8903>

Respectfully submitted, Allan Epstein, Acting Secretary