

FY 2026 PROPOSED OPERATING AND CAPITAL BUDGETS

Wrap Up May 7 Meeting

Finance Committee Item #7

May 7, 2025

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"PARKING LOT" (as of May 7th 5:30PM)

FY 2026 BUDGET PROCESS

Date	Finance Committee Adjustments to Budget*	FY 2026 GF (cost)/source	Potential FY 2027 GF (cost)/source	Dept
			\$ -	
	<i>Subtotal Sources (Revenue)</i>	\$ -	\$ -	
	<i>Subtotal Use (Expense)</i>	\$ -	\$ -	
	<i>Potential Funds Remaining (deficit) / surplus</i>	\$ -	\$ -	

Date	FY 2026 Council Contingency	
6-May	Beginning Balance	\$ 125,000
	Remaining:	\$ 125,000

Budget Stabilization Reserve FY 2026 estimate = \$54.0M or 17.3%.
Council range is 15% to 20% of expense budget, currently estimated at \$312.5M.

Date	Parking Lot Items	FY 2026 GF (cost)/source	Potential FY2027 GF (cost)/source	Dept
7-May	Restore Uncertainty Reserve minimum of \$6M for FY27 (\$4M) & FY28 (minimum of \$2M)	-	6,000,000	All GF Depts
7-May	Paramedic Transport Fee Revenue	700,000	700,000	FIR
	<i>Subtotal Sources (Revenue)</i>	\$ 700,000	\$ 6,700,000	
6-May	5% Reduction in Transfer to CIP	1,550,000	-	Capital
6-May	10% Reduction in Transfer to CIP	1,550,000	-	Capital
6-May	15% Reduction in Transfer to CIP	1,550,000	-	Capital
7-May	Reduce Use of UR by \$6M (Amount TBD based on Capital Items & Revenue Offsets)	1,350,000	2,000,000	All GF Depts
7-May	Fire Single Role Model - without 3 mo. Overtime	(600,000)	(1,200,000)	FIR
7-May	CSD Grants Community Events Program	(50,000)	(50,000)	CSD
7-May	Non-Profit Workplan (brings total from \$235k to \$346k)	(111,000)	(111,000)	NON
7-May	YCI Funding	(50,000)	(50,000)	CSD
	<i>Subtotal Uses (Expense)</i>	\$ 5,189,000	\$ 589,000	
	<i>Potential Funds Remaining (deficit) / surplus</i>	\$ 5,889,000	\$ 7,289,000	

Est. FY 2026 Proposed BSR	54.0
Expense	307.3
BSR %	17.6%

“PARKING LOT” (as of May 7th 5:30PM, Cont’d)

Date	Parking Lot Items	FY26 Amount (cost)/source	Potential FY27 Amount	Dept
7-May	Restore Uncertainty Reserve minimum of \$6M for FY27 (\$4M) & FY28 (minimum of \$2M)	-	6,000,000	All GF Depts
7-May	Paramedic Transport Fee Revenue	700,000	700,000	FIR
	<i>Subtotal Sources (Revenue)</i>	<i>\$ 700,000</i>	<i>\$ 6,700,000</i>	
6-May	One-time 5% Reduction in Transfer to CIP	1,550,000	-	Capital
6-May	One-time 10% Reduction in Transfer to CIP	1,550,000	-	Capital
6-May	One-time 15% Reduction in Transfer to CIP	1,550,000	-	Capital
7-May	Reduce Use of UR by \$6M or more (Amount TBD based on Capital Items & Revenue Offsets)	1,350,000	2,000,000	All GF Depts
7-May	Fire Single Role Model - without 3 mo. Overtime	(600,000)	(1,200,000)	FIR
7-May	Non-Profit Workplan (brings total from \$235k to \$346k)	(111,000)	(111,000)	NON
7-May	CSD Grants Community Events Program	(50,000)	(50,000)	CSD
7-May	Youth Connectedness Initiative (YCI) Funding	(50,000)	(50,000)	CSD
	<i>Subtotal Uses (Expenses)</i>	<i>\$ 5,189,000</i>	<i>\$ 589,000</i>	
	<i>Potential Funds Remaining (deficit) / surplus</i>	<i>\$ 5,889,000</i>	<i>\$ 7,289,000</i>	

BUDGET HEARING REQUESTS (as of May 7th)

Finance Committee Request for Additional Information (Requires Majority Vote)

- ✓ 1) Consulting contracts – potential reduction impacts - Discussed by service area
- ✓ 2) Fire & Ambulance - augment/alternatives - continued to Day 2 @ 3:30pm
- ✓ 3) Finance Committee to Frame Nonprofit Funding for Council, CSD community events grants, et al – Discuss in Day 2 @ 3:30pm
- ✓ 4) CIP reductions 5%, 10%, 15% or \$1.5M, \$3M, \$4.5M and funding source reallocations – Today: High Level Discussion Day 2 @ 3:30 and Detail at FC May 20
- ✓ 5) General Fund – reduce use of Uncertainty Reserve by \$6M – High level @ 3:30pm
- ✓ 6) Debt Ratio and borrowing opportunities – Discussed in Day 2 @ 3:30pm
- 7) Summary of mental health investments/appropriations - FC May 20 wrap up
- 8) Historical positions filled and vacancy – FC May 20 wrap up

✓ = response included in this follow-up

CAPITAL IMPROVEMENT REDUCTIONS 5%/10%/15%

- FY 2026-2030 Capital Improvement Plan
 - evaluate proposed projects timing with a priority to delay/defer projects to manage funding availability and project prioritization
 - Example: restrooms at Foothills Nature Preserve
- Some flexibility to move planned projects and investments between the years, however, there will be impacts because of deferrals (e.g. cost escalation, deferred maintenance, growing backlog of aging infrastructure)
- Staff expect some ability to reallocate funding sources such as funding shifts done in recent years and alternatives like Measure B.
 - This will require de-prioritization of other projects planned for these alternative sources.

CAPITAL IMPROVEMENT REDUCTIONS

Priorities to achieve project prioritization (deferral) have these characteristics:

- Aesthetic (as opposed to functional) enhancements
- Deferral won't cause deteriorating conditions
- Projects or portions of projects without significant rework or disruption of dependencies
- Cost escalation is unclear or not expected

Nonprofit Partnership Workplan Phase II Scope

- Address the nonprofit audit recommendations and best practices overlayed by the nonprofit guiding principles
- Review the funding “buckets” including how nonprofit partnerships are initiated:
 - Request for Proposal (HSRAP, Alta Housing, PIN, Ecology Action)
 - Sole source exemption (Canopy, MidPen Media)
 - Requested by Council to support priorities (PATMA)
 - Originally a City funded program turned contract (PSN, Avenidas)
- Recommend policy adjustments and new processes and procedures that reflects audit recommendations, and the guiding principles on how we enter into and manage nonprofit relationships.

Staff Recommendation Related to Nonprofit Workplan

Finance Committee recommend that:

- Council, within the Nonprofit Workplan Phase I, allocate an additional \$100,000
- Any decisions regarding additional nonprofit allocations be reserved until after the May 9th nonprofit application deadline per the Nonprofit Partnership Workplan Phase I process
- Council add an additional \$50,000 ongoing funding for community events in the Community Services Department operating budget