



CITY OF
**PALO
ALTO**

Planning & Transportation Commission Staff Report

**From: Planning and Development Services Director
Lead Department: Planning and Development Services**

**Meeting Date: May 14, 2025
Report #: 2501-4025**

TITLE

Review and Recommendation to Finance Committee and the City Council on Proposed 2026-2030 Capital Improvement Plan and Comprehensive Plan Compliance.

RECOMMENDATION

Staff recommends the Planning and Transportation Commission take the following action:

1. Recommend to the Finance Committee and City Council that the proposed 2026-2030 Capital Improvement Projects (CIPs) listed in Attachment A are consistent with the Comprehensive Plan 2030 policies and programs.

EXECUTIVE SUMMARY

Every year, the Planning and Transportation Commission (PTC) reviews the proposed CIPs for consistency with the Comprehensive Plan and forwards its recommendation to the Finance Committee and City Council. This review is part of the annual budget process. The 2026-2030 proposed Capital Improvement Plan consists of a total of 201 active Capital Improvement Projects, or CIPs, including 21 new CIPs. Staff has reviewed these 21 new projects and found that 11 are consistent with the Comprehensive Plan 2030 and that the remaining 10 are placeholder projects that do not require review for consistency with the Comprehensive Plan at this time. The other 180 projects were either previously found consistent with the Comprehensive Plan or are previous placeholder project(s) and do not require additional compliance review. Staff recommends that the PTC find that the 11 proposed new CIPs are consistent with the City's Comprehensive Plan.

BACKGROUND

The authority for this PTC review is contained in Palo Alto Municipal Code (PAMC) Section 19.04.0402. Specifically, this section states:

The planning commission shall submit an annual report to the council regarding the capital improvement program, which shall review each project for its conformity to the master plan; review the program as a whole in order to suggest any improvement in economy or efficiency which might be effected through the combining of various projects; and suggest any needed improvements which do not appear in the program.

The PTC communicates its findings through a letter to the City Council via the Finance Committee. The PTC is asked to consider the draft letter (Attachment C) reflecting staff's recommendations; this letter may be revised to reflect the PTC action. The PTC's recommendation for FY 2026 will be presented during budget hearings to the City Council, which is tentatively scheduled to adopt both the Operating and Capital budgets for Fiscal Year 2026 on June 16, 2025.

ANALYSIS

New Capital Improvement Projects

The 2026-2030 Proposed Capital Improvement Plan includes a total of 201 active projects. Of these projects, 21 new CIPs are recommended to be added this year.

ASD staff have reviewed the 21 new CIPs and has found that ten of these are purely administrative projects with the sole purpose of acting as a placeholder for project-related salaries and benefits. While staff has determined that these CIPs do not require detailed review for Comprehensive Plan compliance, staff did find that each of these CIPs individually and collectively support Comprehensive Plan Goal C-2 and Policies C-2.1 and C2.2, as listed below.

- GOAL C-2: Demonstrate a commitment to excellence and high-quality service to the public among City of Palo Alto officials and employees.
- Policy C-2.1: Develop and train highly motivated, professional and engaged staff and participatory volunteers who are valued for their integrity, commitment and contributions towards the City and community. Encourage innovation and responsible risk taking.
- Policy C-2.2: Strive for continuous improvement in the delivery of City services in a manner that creates and reinforces positive relationships among City employees, residents, businesses and other stakeholders. Treat all with care, respect and dignity, emphasizing mutual responsibility.

The specific placeholder projects that further the above Comprehensive Plan goal and policies are:

New Placeholder Projects:

1. Airport Fund Administration
2. Cubberley Fund Administration
3. Electric Fund Administration
4. Fiber Optics Fund Administration

5. Gas Fund Administration
6. Stormwater Management Fund Administration
7. Vehicle Fund Administration
8. Wastewater Collection Fund Administration
9. Wastewater Treatment Fund Administration
10. Water Fund Administration

The 11 remaining new projects have been reviewed by staff for Comprehensive Plan compliance and have been determined to be consistent with one or more policy or program. Attachment A provides a summary list of these 11 CIPs for quick reference with the associated Comprehensive Plan compliance programs/policies, required reviews by boards and commissions, and anticipated environmental review.

New Project List for Comprehensive Plan Compliance Review:

1. PAAC Auditorium Audio Visual Equipment and Facility Public Announcement System
2. Gas Main Replacement – Project 28
3. Library Furniture Replacements
4. West Las Trampas Valley Access and Grassland Restoration
5. Ramona Street Streetscape Update
6. Tree Grate Alternatives
7. Charging Stations Repair and Maintenance
8. Baylands Golf Links Sand Topdressing
9. Lucie Stern Community Center Irrigation Main Lines Replacement
10. Scheduled Vehicle and Equipment Replacement - Fiscal Year 2030
11. Closed Circuit Television (CCTV) Sewer Main Inspection

Table 1 below shows the distribution of the new CIPs by individual Comprehensive Plan elements.

Table 1. Distribution of New CIPs by Comprehensive Plan Elements

Comprehensive Plan Element	Number of New CIPs
Community Services & Facilities	5
Natural Environment	5
Land Use & Community Design	1
Total	11

Source: City of Palo Alto Planning Department & ASD Office of Management and Budget 2025

Attachment B provides an expanded project description for each of the 21 new CIPs. Additional information about all 21 of the new projects, including the 10 placeholder projects listed above, and their funding can be found on the respective project pages in the FY 2026 Proposed Capital Budget document.

Existing Capital Improvement Projects

In addition to the new CIPs, the FY 2026 Proposed Capital Budget includes 180 existing and/or continuing CIPs from previous years. These projects account for the rest of the 90% of the 2026-2030 CIPs in the budget book. One of the 180 existing CIPs is also a placeholder project and does not require Comprehensive Plan consistency. The remaining 179 existing and/or continuing CIPs have been previously reviewed for consistency with the Comprehensive Plan and, therefore, do not require additional consistency review, as those previous findings are carried over to the FY 2026 Proposed Capital Budget.

Table 2 below shows the distribution of active CIPs by individual Comprehensive Plan elements.

Table 2. Distribution of Active CIPs by Comprehensive Plan Elements

Comprehensive Plan Element	Number of Active CIPs
Community Services & Facilities	69
Natural Environment	66
Transportation	15
Safety	8
Land Use & Community Design	17
Business & Economics	4
Governance	0
Total	179

Source: City of Palo Alto Planning Department & ASD Office of Management and Budget 2025

FISCAL/RESOURCE IMPACT

Funding for the new CIPs is subject to the Council’s review and adoption of the FY 2026 Budget. Council only appropriates funding for the first year of the recommended five-year Capital Improvement Plan, the remaining four years are used as a planning tool for future budget cycles.

STAKEHOLDER ENGAGEMENT

The Palo Alto Municipal Code requires publication of a notice of this public hearing in a local paper at least ten days in advance of the meeting. Notice of the PTC public hearing was published in the Daily Post on May 2, 2025. Staff did not perform specific community outreach for this PTC agenda item. Members of the public will have the opportunity to comment during the PTC hearing.

ENVIRONMENTAL REVIEW

The review of the CIPs for Comprehensive Plan consistency does not constitute a project under the California Environmental Quality Act (CEQA). Individual CIPs may or may not be subject to CEQA. The environmental determination will be made on each individual project at the time of project implementation.

ALTERNATIVE ACTIONS

PTC may choose to find one or more of the proposed CIPs inconsistent with the 2030 Comprehensive Plan and may modify its recommendation to Finance Committee and City Council accordingly.

ATTACHMENTS

Attachment A: List of New CIPs & Comprehensive Plan Goals, Policies and Programs (PDF)

Attachment B: FY 2026 New CIPs with Project Description (PDF)

Attachment C: PTC Conformance Letter, 2025

AUTHOR/TITLE:

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