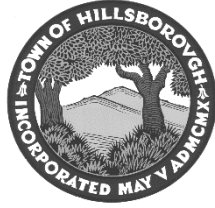


# TOWN OF HILLSBOROUGH

San Mateo County

Charles Adams, Chair  
Jeffrey Baxter  
Roger Davis  
Joel Friedman  
Michele Gutierrez  
Tom Maloney  
Michael Quackenbush  
Paul Regan, Emeritus Advisor



Town Hall  
1600 Floribunda Avenue  
Hillsborough, CA 94010  
[www.hillsborough.net](http://www.hillsborough.net)  
Phone 650-375-7400

## **A G E N D A**

### **TUESDAY, APRIL 28, 2026**

### **8:00 A.M. FINANCIAL ADVISORY COMMITTEE MEETING**

### **COUNCIL CHAMBERS**

*Meetings of the Financial Advisory Committee are held in-person in Council Chambers. As a courtesy and technology permitting, the meeting will also be held virtually via Zoom Video Conference. However, the Town cannot guarantee that the public's access to the Zoom virtual platform will be uninterrupted, and technical difficulties may occur from time to time. In those instances, so long as the public may still attend the meeting in person, the meeting will continue.*

*In the event a Committee member is participating remotely under the alternative teleconferencing provisions in the Brown Act (Government Code Section 54953.8), the Town will stop the meeting if there is any technology disruption consistent with the Brown Act's requirements.*

**To attend the meeting in person:** 1600 Floribunda Avenue, Hillsborough, CA 94010

**To provide public comment in person:** Members of the public wishing to speak are requested to complete a Request to Speak Form and deliver it to the Assistant Finance Director.

**To participate in the meeting via Zoom Video Conference:**

- Log into the meeting at <https://us06web.zoom.us/j/83669761174?pwd=uOj9cvMC3Pf4z4eYgbQzvDMuwRP8ES.1>
- To dial in by phone:  
+1 669 444 9171 US

Meeting ID: 836 6976 1174

Passcode: 801787

**To provide public comment via Zoom Video Conference:**

*Live verbal public comments may be made by requesting to speak using the "raise hand" feature in Zoom or, if calling in by phone, by pressing \*9 on the telephone keypad prior to the close of the public comment period for the item. In response, the Town will unmute the speaker and allow them to speak up to three minutes.*

#### **I. CALL TO ORDER**

#### **II. ROLL CALL**

#### **III. MINUTES:** December 2, 2025

#### **IV. PUBLIC COMMENT**

*This portion of the meeting is reserved for persons wishing to address the Financial Advisory Committee on any matter not on the agenda. Members of the public participating in person are requested to complete a yellow speaker card and submit it to staff before addressing the Financial Advisory Committee. Members of the public participating via the Zoom platform may use the "raise hand" feature or, if calling in by phone, press \*9 on the telephone keypad. In response, the Chair will call the speaker to the podium or unmute the speaker and allow them to speak on any topic for up to three minutes. If there appears to be a large number of speakers, speaking time may be reduced to no less than 2 minutes, at the discretion of the Chair. Members of the public are limited to one comment at this time. State law prohibits the Financial Advisory Committee from discussing or acting on*

*non-agenda items, and generally limits the ability of the Financial Advisory Committee to respond to any public comments made regarding non-agenda items.*

**V. ANNOUNCEMENT OF CONFLICT OF INTEREST** *This portion of the agenda is for committee members to disclose any conflict of interest related to the item on the agenda. Any committee member who has confirmed a conflict of interest or has reason to believe they have a conflict of interest should disclose the conflict for the record and abide by the disqualification requirements contained in FPPC regulations.*

## **VI. NEW BUSINESS**

1. Review and Recommend for Approval the FY 2026-27 Proposed Operating and Capital Budget
2. Review and Recommend for Approval the FY 2026-27 Schedule of Proposed Fees and Charges and FY 2026-27 Proposed Water and Sewer Connection Fees
3. Review and Provide Feedback to Staff on Amendments to the General Fund Reserve Policy

## **VII. INFORMATIONAL**

4. Upcoming Financial Advisory Committee Meetings

### **SPECIAL ACCOMMODATIONS:**

*If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in the Financial Advisory Committee meeting, or if you need an agenda in an alternate form, please contact the City Clerk's Office at 375-7412 at least 24 hours before the scheduled Financial Advisory Committee meeting.*

### **ADDRESSING THE FINANCIAL ADVISORY COMMITTEE:**

*Members of the public may provide written comments to the Financial Advisory Committee regarding any item on the agenda by 5 p.m. on the day before the meeting to [rsantiago@hillsborough.net](mailto:rsantiago@hillsborough.net) or by mail/in person at 1600 Floribunda Avenue, Hillsborough, CA 94010. Any writings or documents provided to a majority of the Financial Advisory Committee regarding any item on this agenda prior to the deadline, except as exempt from public disclosure under applicable law, will be available for public inspection on the Town website, and in the City Clerk's Office at 1600 Floribunda Avenue, Hillsborough, CA 94010, during regular business hours. All oral comments made at public meetings, including a speaker's name, are recorded, and included as part of the public record in the meeting minutes. Meeting minutes are publicly accessible via the Town website and via various internet search engines. Written comments, including a commenter's name, are a public record and subject to disclosure on the Town website and/or upon request pursuant to the California Public Records Act (with personal contact information including personal email addresses and personal phone numbers redacted).*

### **AUDIO / VISUAL ADVISORY:**

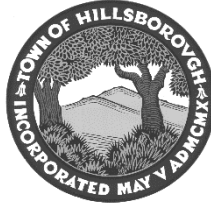
*Those persons who wish to use PowerPoint or other mediums when presenting to the Financial Advisory Committee will be required to submit media items to staff by 12:00 p.m. on the day before the meeting. Media items can be emailed to [rsantiago@hillsborough.net](mailto:rsantiago@hillsborough.net).*

### **AUDIO OR VIDEO RECORDINGS:**

*Please be advised that under the Brown Act, any person has the right to record the Financial Advisory Committee meeting, including the audience in attendance, using an audio or video recording device subject to certain exceptions. Please be aware that by attending a Financial Advisory Committee meeting, you may be audio or video recorded.*

# TOWN OF HILLSBOROUGH

San Mateo County



Charles Adams, Chair  
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## **UNAPPROVED MINUTES TUESDAY, DECEMBER 2, 2025 8:00 a.m. FINANCIAL ADVISORY COMMITTEE**

*This Financial Advisory Committee meeting was conducted pursuant to the provisions of Assembly Bill 361 and Government Code Section 54953(e) (and without compliance with section 54953(b)(3)) related to conducting public meetings during the COVID-19 pandemic. The Financial Advisory Committee, staff and members of the public participated in the meeting virtually via Zoom Video Conference or in person at Town Hall.*

### **I. CALL TO ORDER**

Chair Adams called the meeting to order at 8:03 a.m.

### **II. ROLL CALL**

Present: Baxter, Davis, Friedman, Gutierrez, Maloney, Quackenbush, Adams

Christine Krolik, Councilmember and Finance Commissioner: Present

### **III. MINUTES: July 29, 2025**

On motion of Committee Member Friedman, seconded by Committee Member Maloney and unanimous on roll call vote, the minutes of the July 29, 2025, Financial Advisory Committee meeting were approved.

### **IV. PUBLIC COMMENT I:**

There were no public comments.

### **V. ANNOUNCEMENT OF CONFLICT OF INTEREST:**

There were no announcements of conflict of interest.

### **VI. NEW BUSINESS**

1. REVIEW AND RECOMMEND THE ANNUAL COMPREHENSIVE FINANCIAL REPORT TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT ON INTERNAL

## CONTROL OVER FINANCIAL REPORTING FOR THE FISCAL YEAR ENDED JUNE 30, 2025.

Finance Director Jan Cooke introduced Ahmad Gharaibeh, Audit Partner at Eide Bailly. Sabrina Martinez from Eide Bailly was also present. Committee Member Baxter reported on his meeting with Mr. Gharaibeh prior to the FAC meeting. Ms. Cooke provided year-end financial results, and Mr. Gharaibeh presented the audit report.

On motion of Committee Member Davis, seconded by Committee Member Friedman and unanimous on roll call vote, the Financial Advisory Committee recommended to the City Council acceptance of the audit and Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025.

## VII. INFORMATIONAL

### 2. UPDATE ON TOWN'S LONG-TERM FINANCIAL FUNDING PLAN

Finance Director Jan Cooke provided an update on the City Council goal in regards to the Town's Long-Term Financial Funding Plan.

### 3. UPCOMING FINANCIAL ADVISORY MEETINGS

Finance Director Jan Cooke provided upcoming meetings projected in 2026.

## VIII. ADJOURNMENT

Chair Adams adjourned the meeting at 8:56 a.m.



# TOWN OF HILLSBOROUGH

Financial Advisory Committee  
San Mateo County  
1600 Floribunda Avenue  
Hillsborough, CA 94010

# 1

**NEW BUSINESS**  
**APRIL 28, 2026**

## STAFF MEMORANDUM

### ITEM SUBJECT: REVIEW AND RECOMMEND FOR APPROVAL THE FY 2026-27 PROPOSED OPERATING AND CAPITAL BUDGET

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**SUMMARY:** The Town’s proposed operating and Capital Budget for Fiscal Year (FY) 2026-27 is \$82.3 million for all funds, representing an 8% decrease from the FY 2025-26 projection. The increase is primarily due to prior year capital spending, offset by increases in operating expenditure.

The Proposed Budget complies with the Town’s policies and guidelines. Additionally, the General Fund, Water and Sewer Enterprise Funds, and the Asset Replacement Fund reserves comply with the Town's reserve policies and debt covenants.

#### Overview

A key factor in setting the FY 2026-27 budget is the stability of the property tax assessment roll. Property tax, the Town’s largest General Fund revenue source, is projected to grow 5% based on the FY 2026-27 tax assessment roll and other sources. In-lieu Vehicle License Fees (VLF) revenue presents a risk to FY 2026-27 revenues and is budgeted using the latest estimates. General Fund revenue also increases significantly because of the comprehensive Building and Planning Fee study that was reviewed by the City Council with a target date of July 1 for implementation. The fees are set to recover costs of the Building and Planning Department services, not to make a profit.

The City Council's goal-setting session identified and prioritized the goals for the coming year, and resources to accomplish these goals are included in the FY 2026-27 budget. Many of the goals are long-term projects that will continue in future years.

The Water and Sewer Fund fees and charges and cost/capital projections reflect the recent rate studies that are under way for review and adoption by the City Council in the coming months, to be implemented effective July 1, 2026.

The Town conducted a Long-Range Financial Funding Plan review as set out in the FY 2025-26 City Council goals. The study indicated a need for additional revenue and other operational enhancements. As mentioned above, a comprehensive fee study was conducted for building and planning services, and for the FY 2026-27 goals, the Town is reviewing the feasibility of a tax measure.

The FY 2025-26 mid-year projection indicates a draw on reserves, driven by *one-time impacts* primarily to repair capital infrastructure caused winter storm damage and other causes, as well as dissolution cost of the Cities Group JPA for workers compensation liability coverage, and the next phase of long-term projects for Tobin Clark development and Town Hall complex.

#### General Fund

The General Fund is the primary fund, accounting for the direct services that the Town provides to its citizens. The General Fund budget includes funding for key services, such as public safety and recreation through the

Hillsborough City School District (HRec), building and planning services, general government, and contributions to the Burlingame and San Mateo libraries for Hillsborough residents to use.

The FY 2026-27 General Fund expenditures, net of transfers, are \$40.2 million, an increase of \$2.5 million (7%) over the FY 2025-26 projection. The increase is primarily due to salary and CalPERS cost increases, the annual contribution to the Central County Fire Department JPA, and project funding. FY 2026-27 General Fund revenues are projected to be \$42.8 million, a \$3.6 million (9%) increase, primarily from property taxes and an increase in permitting and services charges for a fuller cost recovery.

The FY 2026-27 General Fund proposed budget reflects a net draw of \$0.4 million on General Fund reserves.

#### General Fund Reserve

The FY 2026-27 Proposed Budget reflects a \$26.5 million General Fund reserve, with approximately 75% maintained for contingencies by policy and the remainder held in restricted reserves for pension-related costs (held in an I.R.S Section 115 pension trust).

#### Water and Sewer Enterprise Funds

User rates and reserves primarily fund the Water and Sewer Enterprise Funds.

##### *Water Fund*

The FY 2026-27 Water Fund revenue is projected at \$19.7 million, a \$0.9 million (4.7%) increase over FY 2025-26 projection. This increase is primarily attributable to a projected rate increase effective July 1, 2026.

The Water Fund expenses are \$19.9 million, representing a \$1.0 million (5.3%) increase from the FY 2025-26 projection, primarily driven by increased purchased water and operating costs to account for cost-of-living adjustments in salaries and benefits. The budget reflects water usage at a similar level as FY 2025-26 and a San Francisco Public Utilities Commission (SFPUC) wholesale water rate increase of 7.4% for FY 2026-27 (\$6.23 v. \$5.80 per ccf.). The proposed Water Fund budget shows a draw on reserves of \$0.2 million. The draw is consistent with the rate study, and reserves are replenished over the five-year rate period.

##### *Sewer Fund*

The FY 2026-27 Sewer Fund revenue, excluding transfers and grants, is projected at \$18.1 million, a \$1.5 million (7.6%) decrease over the FY 2025-26 projection, due to a FY 2025-26 projected reimbursement from FEMA for the Macadamia Access project, somewhat offset by a proposed 3% rate increase effective July 1, 2026. A \$1.3 million transfer in from the General Fund funds storm drain capital improvements.

The FY 2026-27 Sewer Fund expense is \$20.1 million, a \$3.5 million (14.8%) decrease over the FY 2025-26 projection, primarily due to higher capital spending in FY 2025-26 on the Macadamia Access project. The proposed Sewer Fund budget reflects a net deficit revenue of \$0.7 million and draws on reserves and is consistent with the rate study.

#### FY 2026-27 Capital Plan

The FY 2026-27 Proposed Budget allocates \$11.6 million for capital improvement projects (CIP) and asset replacements, enhancing infrastructure and maintaining the Town's assets.

- **Storm Drains** - Storm drain replacements will improve system dependability in wet weather conditions.

- **Water Main Replacement** - Aging water pipes will be replaced to enhance longevity, improve water quality, and increase water pressure to meet fire flow requirements and ensure earthquake resistance.
- **Highline Water Project** – This system will provide a reliable, cost-effective water line tied to the Harry Tracy plant a at a higher elevation. It will protect health and safety during a natural disaster and provide operations cost savings by eliminating the need to pump water uphill with the current system. The FY 2026-27 goal for this project is to secure grant funding and complete the design phase of the project.
- **Sewer Priority Basins** - Sewer system improvements will reduce overflows and improve the longevity of the pipes. Priority Basin replacement is also essential for the sewer system to mitigate sewer system
- **Facilities** - The budget funds upgrades to the fire stations.
- **Vehicles/Equipment**—Vehicles and equipment are replaced when they have exceeded their useful

**FISCAL IMPACT:** The Proposed FY 2026-27 budget provides for a total spending of \$82.3 million in all funds and is supported by general fund revenues, primarily property taxes, special safety tax, and other fees, user rates for water and sewer, and reserves.

**ENVIRONMENTAL ISSUES:** The consideration of this item is exempt from environmental review pursuant to the California Environmental Quality Act (CEQA) Guideline 15378(b) as a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact, or as an administrative activity that will not result in direct or indirect physical changes in the environment. Any items or projects funded through the budget are not a commitment to any project, but instead, any such projects will undergo their own analysis and potential approval in the future.

**ATTACHMENTS:** Draft FY 2026-27 Proposed Budget

**PREPARED BY:** Jan Cooke, Finance Director

**RECOMMENDED ACTION:** Recommend for approval by the City Council of the FY 2026-27 Proposed Operating and Capital Budget.



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# TOWN OF HILLSBOROUGH

Financial Advisory Committee  
San Mateo County  
1600 Floribunda Avenue  
Hillsborough, CA 94010

**2**  
**NEW BUSINESS**  
**APRIL 28, 2026**

## STAFF MEMORANDUM

**ITEM SUBJECT: REVIEW AND RECOMMEND FOR APPROVAL THE FY 2026-27 PROPOSED SCHEDULE OF FEES AND CHARGES AND REVIEW AND RECOMMEND FOR APPROVAL THE WATER AND SEWER CONNECTION FEES EFFECTIVE JULY 1, 2026**

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**SUMMARY:** The Town of Hillsborough provides the community with a wide variety of municipal services, including, but not limited to, police and fire protection, water delivery, wastewater collection, street maintenance, storm drainage, planning and development services, and building inspection services. General-purpose revenues, such as property taxes, fund community services like police protection. User fees cover the cost of providing services that have special benefits to an individual or group, such as a planning application, building permit, or encroachment permit associated with personal projects/property.

The proposed fees are intended to provide full cost recovery for the services rendered. However, the City Council may waive fees to subsidize and/or provide incentives to promote certain activities, provided those subsidies or incentives are funded with unrestricted revenue. Examples include the waiving or lowering of fees for accessory dwelling units, solar panels, and hazardous tree removal.

The Town updates the fees every year to account for labor rate changes, which is presented in the proposed FY 2026-27 Master Fee Schedule. For the Building and Planning Department (BP), a new fee study was conducted for their specific fees to align the recovery to the cost of providing the services rendered. This fee study has contributed to the revenue increase for the proposed FY 2026-27 budget, improving the overall health of the General Fund.

### New Fees

There are no new proposed fees for Police, Engineering and Public Works special services for FY 2026-27.

### Deleted Fees

There are no fees proposed to be deleted for Police, Engineering and Public Works special services FY 2026-27.

### Changes to Existing Fees

Fees and charges for Police, Engineering, and Public Works special services are updated every fiscal year for staffing labor rates. This will help ensure that the Town is achieving cost recovery. Also, on certain years the Town will revise the scope of work for certain fees when a change for that service occurs. These could be changes of staff position(s) conducting the work, consulting changes, and other costs associated to cover the fee.

### Building and Planning- Cost of Services Study

As stated, BP conducted a new fee study, which adds to changes in existing fees for the Town in FY 2026-27 proposed budget. The study found that current BP fees recover approximately 56% of actual service costs, resulting in a significant General Fund subsidy of private property development oversight. Furthermore, an updated Fee Schedule is presented to better align fees with the actual cost of service delivery. Through this process, BP determined new fees to be added, some to be deleted, and overall changes to all of the other existing fees.

### Sewer and Water Rates

Sewer and water rates are presented on the Schedule of fees at the maximum allowable rates as adopted for the five-year sewer and water rate series. Each year, these rates are separately reviewed and adopted by resolution for implementation on July 1 for sewer rates and water rates. At the time of the FAC meeting, the rates on the Master Fee schedule reflect the current adopted rate series, however, these will likely be updated for the final review and adoption of the Master Fee schedule in June to account for the current water and sewer rate cost of service studies that are under way.

Water and sewer connection fees are annually adjusted based on the Engineering News Record Construction Cost 20-City Average Index (ENR-CCI), which was a (0.5%) increase. Proposed connection fees on July 1, 2026, are \$17,816.00 for water and \$17,337.00 for sewer.

### Fire Fees- Central County Fire Department

The Town's Master Fee Schedule includes fees administered by the Central County Fire Department (CCFD) to Town customers so they can see all costs for their project. CCFD fees include care facility inspections, re-inspections, construction, sprinkler systems, permitting, and standby fire services. All fees are paid by the customer directly to CCFD and are not imposed by the Town. The FY 2026-27 CCFD fee schedule was approved by the CCFD Board on April 8, 2026.

### San Mateo County Animal Control Fees & Charges

The Town's Master Fee Schedule includes fees administered by San Mateo County for Animal Control. The county has updated those Fees for FY 2026-27.

**FISCAL IMPACT:** Fees fully recover the Town's cost to perform the services and are reported as revenues in the various funds.

**ENVIRONMENTAL ISSUES:** No environmental issues with this reporting item.

**ATTACHMENTS:** Attachment 1: Proposed Schedule of Fees and Charges

**PREPARED BY:** Rich Santiago, Assistant Finance Director

### **RECOMMENDED ACTION:**

1. Financial Advisory Committee recommend for approval the FY 2026-27 Proposed Schedule of Fees and Charges.
2. Financial Advisory Committee recommend for approval the Water and Sewer Connection Fees, effective July 1, 2026.

# ATTACHMENT 1 - SCHEDULE OF FEES AND CHARGES



# SCHEDULE OF FEES AND CHARGES

<b>SPECIAL TAX, SERVICE CHARGES &amp; OTHER CITYWIDE FEES</b>			
<u>Fee Description</u>	<u>Task/Project Description</u>	<u>Adopted FY 25-26</u>	<u>Proposed FY 26-27</u>
Business License Tax	Category 1 - Permit Business (i.e., businesses that must obtain permits for specific work projects) Tax assessed and collected with building permit fees by the Building Division (T-1)	.75% of permit value with \$30 minimum	.75% of permit value with \$30 minimum
	Category 2 - Non-Permit Business (those businesses not in Category 1 or Category 3) (T-2)	.75% of Gross Receipts with \$150 minimum	.75% of Gross Receipts with \$150 minimum
	Category 3 – Title Insurance Companies (based on policy amount)	\$.30 per \$1,000	\$.30 per \$1,000
	Administrative fee	\$100	\$100
	Additional fee for each sales associate in brokerage firms	\$25	\$25
	Additional fee for home occupation business to reimburse for the Fire Inspection	to be assessed by the Central County Fire Department	to be assessed by the Central County Fire Department
	Penalty for failing to obtain the business license (5.04.230B)	\$200 + 20% + 1 ½% per month	\$200 + 20% + 1 ½% per month
	Penalty for failing to renew the business license (5.04.230A)	\$200 + 50% + 1 ½% per month	\$200 + 50% + 1 ½% per month
	Business Vehicle Sticker	\$20 each	\$20 each
Public Safety Special Tax	Voter approved on June 1998		
	Improved Property	\$570	\$570
	Unimproved Property	\$218	\$218

# SCHEDULE OF FEES AND CHARGES

<b>SPECIAL TAX, SERVICE CHARGES &amp; OTHER CITYWIDE FEES</b>			
<b>Fee Description</b>	<b>Task/Project Description</b>	<b>Adopted FY 25-26</b>	<b>Proposed FY 26-27</b>
Sewer Rates <sup>1</sup>	<a href="https://www.hillsborough.net/188/Water-Sewer-Rates">https://www.hillsborough.net/188/Water-Sewer-Rates</a>		
Sewer Capital Construction Development Fee	Residential connection	\$17,251	\$17,337
	Residential with 2 <sup>nd</sup> unit, including guest unit	Actual Cost	Actual Cost
	Commercial connection rate based on flow, with a minimum amount to be determined by PW	Actual Cost	Actual Cost
Water Rates <sup>2</sup>	<a href="https://www.hillsborough.net/188/Water-Sewer-Rates">https://www.hillsborough.net/188/Water-Sewer-Rates</a>		
Water Penalty	For each unit above allotment (see Note)	\$10	\$10
Water Deposit	Assessed all new accounts	\$500	\$500
	Additional penalty (after delinquency notice)	.5% per month	.5% per month
Water Capital Construction Development Fee	1 inch	\$17,727	\$17,358
	1 ½ inch	Actual Cost	Actual Cost
	2 inch	Actual Cost	Actual Cost
	3 inch (rate based on delivery capacity)	Actual Cost	Actual Cost
	6 inch (rate based on delivery capacity)	Actual Cost	Actual Cost
Solid Waste Rates <sup>3</sup>	<a href="https://www.hillsborough.net/195/Solid-Waste-Rates">https://www.hillsborough.net/195/Solid-Waste-Rates</a>		
Storm Drainage Assessment	Ordinance 541 6/27/94 (Collected by County)	\$7.34	\$7.34

<sup>1</sup> Sewer rates can be found on the Town website: <https://www.hillsborough.net/188/Water-Sewer-Rates>

<sup>2</sup> Water rates can be found on the Town website: <https://www.hillsborough.net/188/Water-Sewer-Rates>

<sup>3</sup> Solid Waste rates can be found on the Town website: <https://www.hillsborough.net/195/Solid-Waste-Rates>

# SCHEDULE OF FEES AND CHARGES

<b>SPECIAL TAX, SERVICE CHARGES &amp; OTHER CITYWIDE FEES</b>			
<u>Fee Description</u>	<u>Task/Project Description</u>	<u>Adopted FY 25-26</u>	<u>Proposed FY 26-27</u>
Miscellaneous Events	Accounts referred to collection agencies	+ 47% of amount owed	+ 47% of amount owed
	Annual Report or Budget Document	\$50	\$50
	Invoicing fee	\$25	\$25
	Photocopies	\$1 + \$.20 each	\$1 + \$.20 each
Fundraising Events	Application fee (includes Fire Dept fee of \$200)	\$500	\$500
	Public notification fee (Fundraising Applications)	\$80	\$80
	Sign fee	\$175	\$175
	Police or Fire Additional Resources	Actual Cost	Actual Cost
	All Other Personnel	Actual	Actual
Staff Time	Refer to FY 2026-27 Budget Appendix C	Actual Cost	Actual Cost
City Attorney		Actual cost + 20% Administration fee	Actual cost + 20% Administration fee
Town Consulting Arborist		Actual Cost	Actual Cost
Other Contractual Services		Actual cost + 20% Administration fee	Actual cost + 20% Administration fee
Non-Sufficient Funds		Actual Charge by the Bank	Actual Charge by the Bank

# SCHEDULE OF FEES AND CHARGES

<b>PLANNING DIVISION</b>			
<b>Project/Review Type</b>	<b>Fee/Task Description</b>	<b>Adopted FY 25-26</b>	<b>Proposed FY 26-27</b>
<b>GENERAL PLANNING FEES</b>			
Conceptual Development Feasibility Review		Actual cost with \$5,000 minimum deposit	Actual cost with \$5,000 minimum deposit
Deed Restriction (Simple) / Covenant Recordation & Filing		\$902	\$868
Restrictive Covenant (Complex)		-	Actual cost with \$2,500 minimum deposit
General Plan Amendment		Actual cost	Actual cost with \$5,000 minimum deposit
Annexation:	Required Pre-Submittal Consultation	\$1,396	\$3,426
	Annexation Project Review	Actual cost with \$10,000 minimum deposit	Actual cost with \$10,000 minimum deposit
Private School Use Permit to Operate		Actual cost with \$7,500 minimum deposit	Actual cost with \$7,500 minimum deposit
Private School Use Permit Annual Certification:	Under 25 Students	\$431	\$770
	Over 25 Students	\$900	\$1,206
Ministerial/Zoning Review		-	\$752
Fire Plan Check/Review		Refer to CCFD Fee Schedule	Refer to CCFD Fee Schedule
<b>ACCESSORY DWELLING UNIT (ADU) REVIEW FEES</b>			
Ministerial ADU Review:	Class 1 - Zoning Clearance – State Allowed By-Right	\$685	\$663
	Class 2 – Objective Design & Zoning Clearance – Locally Regulated	\$685	\$1,141
Discretionary ADU Exception Review	Type B Project Design Review	\$905	\$1,723
<b>TYPE A &amp; B DESIGN REVIEW PROJECT FEES</b>			
Preapplication Meeting	Required prior to application submittal. A formal discussion of proposed project scope and preparation of project specific submittal checklist.	-	\$1,003
Public Notification:	Type B (when required)	\$224	\$285
	Type A	\$374	Included in Project fee
Administrative/Staff-Level - Type B Project:	Architectural Style/Exterior Material Changes	\$1,214	\$1,003

Deposit accounts: Full payment is required before permits issued. Failure to pay additional monies owed under deposit account constitutes an infraction, regardless of permit issuance.

# SCHEDULE OF FEES AND CHARGES

<b>PLANNING DIVISION</b>			
<u>Project/Review Type</u>	<u>Fee/Task Description</u>	<u>Adopted FY 25-26</u>	<u>Proposed FY 26-27</u>
	Addition/Accessory Structure: < 500 sq ft (not including Second Story Additions visible from the Right of Way – Type A)	\$1,214	\$2,029
	Substantial Alterations (not triggering a "Tear Down" – Type A)	\$1,214	\$2,733
	Landscaping: > 10,000 sq ft or > 50 cy of Earth Movement (not associated with a New House or "Tear Down" – Type A)	\$1,060	\$1,982
	Street Adjacent Fence, Gate, or Columns	\$641	\$1,109
	Tree Removal: Nonhazardous/Voluntary (Hazardous Tree Removal, refer to Building Division Fee Schedule)	\$386	\$1,076
Architecture & Design Review Board (ADRB) - Type A Project:	Preliminary ADRB Review (when required)	\$2,476	\$2,395
	Type B Project referred for ADRB Review	-	\$3,172
	Second Story Addition visible from Right of Way < 500 sq ft / Accessory Structures > 500 sq ft	\$2,787	\$3,643
	Addition to Dwelling > 500 sq ft	\$2,381	\$3,862
	Substantial Alterations and "Tear Down"	\$3,820	\$5,739
	New Dwelling: Full Demo of Existing or New on Vacant Lot	\$4,403	\$4,986
	Landscaping required for New Dwelling / "Tear Down" (submitted with project)	\$1,625	\$1,998
	Tennis Court and/or Landscaping required for New Dwelling / "Tear Down" (deferred submittal)	\$1,869	\$4,134
	Continuance of ADRB Review	\$1,294	\$1,351
	Appeal of a Staff-Level Decision	\$2,556	\$4,652
Approved Plan Revision:	Requiring Staff Review, assessed at an hourly rate	\$217	\$219
	Requiring ADRB Review	\$2,219	\$1,610

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# SCHEDULE OF FEES AND CHARGES

<b>PLANNING DIVISION</b>			
<b>Project/Review Type</b>	<b>Fee/Task Description</b>	<b>Adopted FY 25-26</b>	<b>Proposed FY 26-27</b>
Approval Extension:	Requiring Staff Review	\$677	\$668
	Requiring ADRB Review	\$1,148	\$1,304
<b>CEQA AND RELATED RESOURCE EVALUATION FEES</b>			
Historic Resource Evaluation:	Staff Administration	-	\$1,524
	Consultant Analysis	Actual Cost	Actual Cost
Biological / Archaeological / Tribal Resource Evaluation	Consultant Analysis & Staff Administration	Actual Cost	Actual Cost + 20% Administration fee
Categorical Exemption / Negative Declaration / Mitigated Neg Dec / Environmental Impact Report	Consultant Analysis & Staff Administration	Actual Cost	Actual Cost + 20% Administration fee
<b>CITY COUNCIL REVIEW FEES</b>			
Dwelling > 8,000 sq ft FAR	Staff preparation of item, in addition to Project fee	\$4,668	\$3,300
Appeal of ADRB Decision	Staff preparation of item	\$5,488	\$5,793
Variance	Staff preparation of item, in addition to project fee	\$6,598	\$6,389
<b>MINISTERIAL SB 9 PROJECT REVIEW FEES</b>			
Optional Pre-Submittal Consultation		-	\$2,828
SB 9 Lot Split Review		Actual cost with \$20,000 minimum deposit	Actual cost with \$20,000 minimum deposit
SB 9 Two-Unit Review (Building, Grading, and Encroachment permit fees applied separately)		Actual cost with \$20,000 minimum deposit	Actual cost with \$20,000 minimum deposit
<b>COMMERCIAL FILM USE PERMIT FEES</b>			
Application		-	\$1,368
Daily Permit:	Private Property	\$500	\$500
	Public Property	\$1,000	\$1,000
<b>WIRELESS COMMUNICATION FACILITIES REVIEW FEES</b>			
Pre-Application Meeting	Two are recommended for Major. First at earliest stage of site location research; second after site selection and design.	-	\$1,152
Wireless Project Review:	Major	Actual cost with \$20,000 minimum deposit	Actual cost with \$20,000 minimum deposit

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# SCHEDULE OF FEES AND CHARGES

<b>PLANNING DIVISION</b>			
<u>Project/Review Type</u>	<u>Fee/Task Description</u>	<u>Adopted FY 25-26</u>	<u>Proposed FY 26-27</u>
	Minor	Actual cost with \$10,000 minimum deposit	Actual cost with \$10,000 minimum deposit
Appeal of Wireless Facility Decision		Actual cost with \$5,000 minimum deposit	Actual cost with \$5,000 minimum deposit

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# SCHEDULE OF FEES AND CHARGES

## BUILDING DIVISION

The Town of Hillsborough has adopted the 2025 California Building Standards Code, which encompasses all twelve parts under Title 24 of the California Code of Regulations, including Building, Residential, Electrical, Mechanical, Plumbing, Energy, Fire, Wildland-Urban Interface, Historical, Existing, and CALGreen Codes. In addition, The Town of Hillsborough Municipal Code further regulates the health, life, and safety standards for construction and site development under its authority.

Under State Law, local jurisdictions have the duty and authority to regulate all construction within its boundaries, to require permits for such construction, and to collect fees for such permits as to reasonably defray costs associated with the administration and enforcement of the applicable codes and standards.

A description of fees for permits is found below, followed by an itemized fee schedule. Additional mandated fees and taxes are assessed in accordance with current legislation and ordinances.

In instances where the strict application of a fee from this Schedule would constitute a substantial inequity to an applicant or the Town, the Building Official shall be authorized to adjust such fees on a case-by-case basis. If services not included in the fee schedule are required, the Building Official may assess and collect special fees necessary to defray the cost of the service and its administration as allowed by statute.

<b>DEFINITIONS OF FEES</b>	
<b>Building Permit by Valuation Fees</b>	Building Permit by Valuation are all inclusive permitting fees and follow two methods to determine valuation based on project scope. Where a project is not tied to structural square footage, staff review the applicant's submitted valuation compared to fair market value. For structures with measurable floor area, the Town uses a valuation calculation model taking a project's square footage multiplied by an assigned price of construction value. The Town's fee per valuation bracket is based on staff time required to review and oversight projects scalable to size and complexity. Title 24 further authorizes the Building Official to set final building permit valuations.
<b>Single Trade &amp; Scope Specific Flat Rate Permit Fees</b>	When a project generally requires only one construction trade or is generally accepted to entail very standardized levels of review and oversight, a flat rate permit fee is assessed based on typical number of staff hours spent on that particular project scope.
<b>Plan Check Fee</b>	The fee is assessed when plans are required for the issuance of the building permit and includes review of resubmitted plans in response to plan check comments.
<b>Revision Plan Check Fee</b>	This fee is based on the actual time spent reviewing revisions to approved plans.
<b>Building Reinspection Fee</b>	When the work for a called inspection is not ready, inaccessible to the inspector, or not on the approved plans, a fee will be assessed and must be paid prior to the next inspection.
<b>Construction Site Compliance Inspection</b>	When the Town receives multiple complaints about the management of a construction site and needs to investigate, an hourly fee will be assessed for the time spent by the Town's Code Compliance Coordinator to evaluate the complaint.

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# SCHEDULE OF FEES AND CHARGES

<b>DEFINITIONS OF FEES</b>	
<b>Construction Completion Deposit</b>	A Building Completion Deposit may be assessed on permits to assure reasonable time limits for completion and prevent the creation of public nuisances. The deposit is assessed in accordance with Hillsborough Municipal Code § 15.30.
<b>Business License Tax</b>	A Business License Tax will be applied to each permit based on the Category 1 classification and calculation. For further information, please refer to the Special Tax Fees and Hillsborough Municipal Code § 5.04.
<b>Technology Fee</b>	The Technology Fee is charged on all permits and helps defray costs associated with the Town's permitting software procurement and maintenance required for administration of Title 24.
<b>Construction Vehicle Impact Fee</b>	The Town collects the fee to offset the costs associated with street repaving and maintenance projects.
<b>General Plan Maintenance Fee</b>	The Town collects the fee to cover reasonable costs associated with maintaining the Town's General Plan and land use policies, as mandated by the State. It is levied on permits that result in a change to the community's density and footprint, including New and Replacement Dwellings, ADUs, JADUs, Additions, Major Remodels, Creation of New Bedrooms, and other Major Site Development permits.
<b>BSASRF Fee</b>	The Building Standards Administration Special Revolving Fund (BSASRF) Fee is a state fee collected on all permits and remitted to the State for the adoption, publication, and educational efforts associated with green building standards.
<b>SMIP Fee</b>	The Strong Motion Instrumentation Program (SMIP) fee is a state fee collected on permits for structures intended to support, shelter, or enclosure persons, animals, chattels, or property of any kind. It is remitted to the State to develop recommended changes to seismic provisions of building codes, to assist local governments in their general plan process, and to aid emergency response personnel in the event of a disaster.
<b>Expired Permit Reinstatement Fee</b>	A renewal fee will be assessed for an expired permit based on the value of the remaining work of the original permit.
<b>Stop Work Fee</b>	A Stop Work Notice is issued for any violation of the California Building Standards Code or Hillsborough Municipal Code, including work without or beyond the scope of the permit. All work on the site must cease until an investigation and inspection are carried out. Fees will be assessed and must be paid before permits are reactivated or issued.

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# SCHEDULE OF FEES AND CHARGES

<b>BUILDING DIVISION</b>			
<u>Type of Fee</u>	<u>Charged</u>	<u>Adopted FY 25-26</u>	<u>Proposed FY 26-27</u>
<b>MANDATED FEES &amp; TAXES</b>			
Business License Tax Category 1	Per Permit	Refer to Special Tax Fees	Refer to Special Tax Fees
Technology Fee	Per Permit	5% (.05) of the permit fee (7/1/03)	1% (.01) of the permit fee (7/1/26)
SMIP	Per Permit	.01% (0.0001) of permit valuation	.01% (0.0001) of permit valuation
BSASRF	Per Permit	\$1 per \$25,000 of permit valuation	\$1 per \$25,000 of permit valuation
General Plan Maintenance	Per Permit	.51% (0.0051) of permit valuation (8/8/22)	.61% (0.0061) of permit valuation (7/1/26)
Construction Vehicle Impact	Per Permit	.83% (0.0083) of the job value (7/1/06)	.83% (0.0083) of the job value (7/1/06)
<b>BUILDING &amp; COMBINATION OF TRADE SCOPE VALUATION BASED PERMIT FEES</b>			
Plan Check:			
Valuation below \$1,000,000	Per Permit	65% of Building Permit Fee	25% of Building Permit Fee
Valuation above \$1,000,000	Per Permit	65% of Building Permit Fee	75% of Building Permit Fee
Revision Plan Check	Hourly	Actual Cost	\$235
Fire Plan Check/Review		Refer to CCFD Fee Schedule	Refer to CCFD Fee Schedule
Ministerial Zoning Review	Per Permit	-	\$752
Building Permit by Valuation (\$):			
\$1-\$4,000 Valuation	Per Permit	\$233	\$478
\$4,001-\$25,000 Valuation First 4,001 Each additional 1,000	Per Permit	\$233 \$14.30	\$478 \$23.70
\$25,001-\$50,000 Valuation First 25,001 Each additional 1,000	Per Permit	\$543.51 \$10.21	\$976.18 \$52.06
\$50,001-\$100,000 Valuation First 50,001 Each additional 1,000	Per Permit	\$795.90 \$7.35	\$2,277.77 \$30.60
\$100,001-\$500,000 Valuation First 100,001 Each additional 1,000	Per Permit	\$1,161.95 \$5.90	\$3,807.96 \$11.27
\$500,001-\$1,000,000 Valuation First 500,001 Each additional 1,000	Per Permit	\$3,521.05 \$5.00	\$8,314.03 \$9.00
\$1,000,001-\$5,000,000 Valuation First 1,000,001 Each additional 1,000	Per Permit	\$6,019.80 \$3.75	\$11,026.10 \$1.81

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# SCHEDULE OF FEES AND CHARGES

<b>BUILDING DIVISION</b>			
<u>Type of Fee</u>	<u>Charged</u>	<u>Adopted FY 25-26</u>	<u>Proposed FY 26-27</u>
\$5,000,001 and up Valuation First 5,000,001 Each additional 1,000	Per Permit	\$21,019.80 \$3.75	\$18,253.88 \$0.90
Construction Completion Deposit Pursuant to HMC § 15.30.070	Per permit w/ value >50K	2% (0.02) of Valuation	2% (0.02) of Valuation
<b>SINGLE TRADE &amp; SCOPE SPECIFIC FLAT RATE PERMIT FEES</b>			
ADU Building Permit – New Structure/Construction	Per Permit	Valuation Based	\$5,352
ADU/JADU Building Permit – Conversion of Existing Space	Per Permit	Valuation Based	\$3,739
Kitchen / Bathroom Permit Like for Like - No Wall Changes	Per Permit	Valuation Based	\$1,326
Each Additional	Each	\$382	\$261
Reroof Permit: No Architectural Review	Per Permit	\$244.40, \$440.51, \$542.61	\$823
Requires Architectural Review		-	\$1,545
Tree Removal Permits:			
Visibly Dead	Per Permit	Valuation Based	\$287
Hazardous with Arborist Report	Per Permit	Valuation Based	\$682
Review by Town Consulting Arborist (as needed)	At cost		Hourly rate
Nonhazardous Approved by Planning	Per Permit	Valuation Based	\$218
Demolition Permit: Dwelling/Structure Removal	Per Permit	Valuation Based	\$1,208
Exploratory			\$982
Swimming Pool / Spa			\$727
Solar Energy Storage Permit – w/ or w/o BESS	Per Permit	\$233	\$905
Electrical Vehicle Charger Permit	Per Permit	\$233	\$588
Battery Energy Storage System (BESS) Permit	Per Permit	\$233	\$789
Electrical Service Permit	Per Permit	\$539	\$942
Temporary Power Permit	Per Permit	\$355	\$433
Generator Permit	Per Permit	\$714	\$800

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# SCHEDULE OF FEES AND CHARGES

<b>BUILDING DIVISION</b>			
<u>Type of Fee</u>	<u>Charged</u>	<u>Adopted FY 25-26</u>	<u>Proposed FY 26-27</u>
Water Heater Permit	Per Permit	\$352	\$421
HVAC System Permits:			
Furnace Replacement - Like for Like Location	Per Permit	\$454	\$421
HVAC Replacement - Like for Like Location	Per Permit	\$454	\$566
HVAC System Upgrade / Reconfiguration	Per Permit	\$651	\$834
New or New Location of Exterior Units	Each	-	\$159
Additional M/E/P Appliance/Unit (in addition to above flat rate permit fee)	Each	\$76 + BASE PERMIT FEE	\$64 + BASE PERMIT FEE
Gas Line Permit	Per Permit	\$250	\$577
Sewer Alterations and Swr/Wtr Transfer of Title Testing Permits:			
Voluntary Sewer Lateral Alterations Permit (includes Cleanout or Backwater device)	Per Permit	\$396	\$468
Transfer of Title Sewer & Water Line Testing Permit	Per Permit	\$716	\$545
With Sewer Lateral Alterations (includes Cleanout or Backwater device)	Each	\$146 + BASE PERMIT FEE	\$306 + BASE PERMIT FEE
With Water Line Pressure Reducing Valve or Backflow Preventer	Each	\$37 + BASE PERMIT FEE	\$35 + BASE PERMIT FEE
Transfer of Title – Water Line Testing Only Permit	Per Permit	\$250	\$382
Plumbing Repair Permit	Per Permit	\$250	\$468
<b>ADMINISTRATIVE FEES &amp; PENALTIES</b>			
Building Reinspection	Each	\$206	\$248
After Hour Inspection (3-hour minimum)	Each	Rate: \$210 3 hr min x 1.5 hourly rate Add'l hours at 1.5 x rate Sunday = 3 hr min hourly rate x 2	Rate: \$235.58 3 hr min x 1.5 hourly rate Add'l hours at 1.5 x rate Sunday = 3 hr min hourly rate x 2
Construction Site Compliance Inspection (complaint based)	Per Hour	-	\$214

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# SCHEDULE OF FEES AND CHARGES

<b>BUILDING DIVISION</b>			
<u>Type of Fee</u>	<u>Charged</u>	<u>Adopted FY 25-26</u>	<u>Proposed FY 26-27</u>
Expired Permit Reinstatement	Per Permit	Staff time + Activation fees based on a valuation of the remaining work	\$544 + Activation fees based on a valuation of the remaining work
Construction Completion Penalties		Pursuant to HMC § 15.30.060	Pursuant to HMC § 15.30.060
Stop Work Issued		Pursuant to HMC § 15.04.070	Pursuant to HMC § 15.04.070
Stop Work Penalties		Pursuant to HMC § 15.04.070	Pursuant to HMC § 15.04.070
Code Enforcement Penalties		Pursuant to HMC § 8.16	Pursuant to HMC § 8.16
Recycle Monitoring Cost		Pursuant to HMC § 15.18.040	Pursuant to HMC § 15.18.040
Recycle Fines		Pursuant to HMC § 15.18.050	Pursuant to HMC § 15.18.050

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# SCHEDULE OF FEES AND CHARGES

<b>ENGINEERING DIVISION</b>			
<u>Fee Description</u>	<u>Task/Project Description</u>	<u>Adopted FY 25-26</u>	<u>Proposed FY 26-27</u>
Address Change	Quarterly approval where the house currently exists	\$1,476	\$1,532
	Accelerated process, in addition to the above	\$521	\$534
	Appeal fee	\$916	\$943
Construction Vehicle Impact	Refer to the Building Division Fee Schedule		
Roadway	Slurry Seal in-lieu fee	\$4/square yard	\$4/square yard
Encroachment Permits	With Engineering Review Administration Fee	\$1,533 -	\$1,483 \$274
	With Engineering Utility Review Administration Fee	\$2,124 -	2093 \$335
	Over the Counter Administration Fee	\$952 -	\$896 \$544
	Additional service added to the base encroachment permit:		
	1. Utility Trench	\$279	\$286
	2. Curb & Gutter	\$279	\$286
	3. Parking Strip	\$279	\$286
	4. Driveway Apron	\$279	\$286
	5. Curb Drains	\$279	\$286
	6. Bell Holes	\$279	\$286
	7. Sewer Tie-in	\$279	\$286
	8. Storm Drains	\$279	\$286
	9. ROW fixtures	\$279	\$286
	10. Planting in ROW	\$279	\$286
	Inspection	Staff time cost	Staff time cost
	Reinspection/Extra inspection	\$254	\$263
	Revocable Encroachment Permit (REP)	\$4,086	\$4,224
Erosion Control Inspection (in addition to grading fees for erosion control during wet season)	Level 1	\$1,951	\$1,951
	Level 2	Additional \$3,415	Additional \$3,415
	Level 3	\$5,291+ actual cost in excess of 10 hours	\$5,303 + actual cost in excess of 10 hours
	Re-issue	\$1,951	\$1,951
Exceptions	Grading	\$944	\$959
	Right-of-Way	\$944	\$959
C.3 Review Fee	SFR create and replace >10,000 SF of Impervious Area	\$1,723	\$1,779

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# SCHEDULE OF FEES AND CHARGES

<b>ENGINEERING DIVISION</b>			
<u>Fee Description</u>	<u>Task/Project Description</u>	<u>Adopted FY 25-26</u>	<u>Proposed FY 26-27</u>
Grading Permit	Application fee	\$168	\$166
	Grading Permit Base Fee	\$1,633	\$1,642
	< 500 cubic yards to be moved	\$2,295	\$2,308
	500 – 1,499 cubic yards to be moved	\$4,316	\$4,339
	> 1,500 cubic yards to be moved and transport to and from site >= 1,500 cubic yards	\$9,830	\$9,926
	> 1,500 cubic yards to be moved and transport to and from site is < 1,500 cubic yards	\$7,738	\$7,783
Land Divisions	Abandonment	Actual Cost with \$5,000 minimum deposit	Actual Cost with \$5,000 minimum deposit
	Tentative Map	Actual Cost with \$20,000 minimum deposit	Actual Cost with \$20,000 minimum deposit
	Parcel/Final Map	Actual Cost with \$23,972 minimum deposit + \$365/lot	Actual Cost with \$28,983 minimum deposit + \$365/lot
	Lot Line Adjustment	Actual Cost with \$5,000 minimum deposit	Actual Cost with \$5,000 minimum deposit
Park Permit		\$916	\$980
Stop Work Permit	Reactivation fee (per occurrence)	\$2,956	\$3,046

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# SCHEDULE OF FEES AND CHARGES

<b>PUBLIC WORKS DIVISION – SPECIAL SERVICES</b>			
<b>Fee Description</b>	<b>Task/Project Description</b>	<b>Adopted FY 25-26</b>	<b>Proposed FY 26-27</b>
Sewer Video Review	Review and process private sewer lateral videos	\$736	\$747
General Service Request	Sewer – Regular work hours	Actual Cost	Actual Cost
	Streets – Regular work hours	Actual Cost	Actual Cost
	Water – Regular work hours	Actual Cost	Actual Cost
	Sewer – After work hours	Actual cost (3hrs/\$739 minimum)	Actual cost (3hrs/\$769 minimum)
	Streets – After work hours	Actual cost (3hrs/\$883 minimum)	Actual cost (3hrs/\$925 minimum)
	Water – After work hours	Actual cost (3hrs/\$748 minimum)	Actual cost (3hrs/\$781 minimum)
Fire Flow Test	Flow Hydrant	\$660	\$697
	Non-flow	\$412	\$440
Water Meter Upgrade and Service Tap	Short Service – upgrade to 1 inch	\$9,578	\$9,860
	Short Service – 1 inch to 1.5 inch	\$10,686	\$10,968
	Short Service – 1 inch or 1.5 inch to 2 inch	\$10,895	\$11,177
	Long Service (more than 5 feet into roadway) Upgrade to 1 inch	\$21,743	\$22,595
	Long Service (more than 5 feet into roadway) 1 inch to 1.5 inch	\$22,851	\$23,703
	Long Service (more than 5 feet into roadway) 1 inch or 1.5 inch to 2 inches	\$23,060	\$23,912
	Stand Alone Meter Replacement Charge	\$2,596	\$2,596
	Resetting pavers/flagstone with meter upgrade	Contractor's Actual Cost with \$1,000 minimum deposit	Contractor's Actual Cost with \$1,000 minimum deposit
Water	Reconnection Charge (regular work hours)	\$218	\$227
	Reconnection Charge (after hours)	\$748	\$781
*regular hours	Reconnection Charge (Qualify for Low Income)	\$50	\$50
*after hours	Reconnection Charge (Qualify for Low Income)	\$150	\$150
	Manual Water Meter Read	\$199	\$208

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## SCHEDULE OF FEES AND CHARGES

<b><u>POLICE DEPARTMENT</u></b>			
<b><u>Fee Description</u></b>	<b><u>Task/Project Description</u></b>	<b><u>Adopted FY 25-26</u></b>	<b><u>Proposed FY 26-27</u></b>
Abatement cost	Per lot or nuisance declared	Actual + 100% admin fee with \$250 minimum	Actual + 100% admin fee with \$250 minimum
Alarm	Permit	\$60	\$60
	False Alarm (1 <sup>st</sup> and 2 <sup>nd</sup> )	Free of Charge	Free of Charge
	Monitoring Fee	\$24/month	-
Character Letter		\$32	\$36
Copies	Police Report	\$30	\$36
Fingerprints	(per card)	\$35	\$35
Repossession fee (GC 41612)		\$15	\$15
Vehicle Release		\$51	\$54
All Other Services	Police Officer	\$238	\$245
	Police Corporal	\$260	\$289
	Police Sergeant	\$303	\$317
	Communications Officer	\$205	\$217
	Support Service Manager	\$203	\$239

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# SCHEDULE OF FEES AND CHARGES

<b>CENTRAL COUNTY FIRE DEPARTMENT</b>			
<u>Service</u>	<u>Reference</u>	<u>Adopted FY 2025-26</u>	<u>Adopted FY 2026-27</u>
<b>Apartments, Hotels, and Motels</b>			
Apartments, Hotels, and Motels – 10 or less units		\$178	\$181
Apartments, Hotels, and Motels – 11 to 25 units		\$201	\$207
Apartments, Hotels, and Motels – 26 to 100 units		\$225	\$234
Apartments, Hotels, and Motels – 101 to 300 units		\$376	\$407
Apartments, Hotels, and Motels – 301 or more units		\$469	\$514
Highrise	H&S §13214(b)	\$656	\$741
<b>Care Facilities Inspections</b>			
Pre-inspection of licensed community care (per hour)	H&S Code §13235	\$168	\$184
Residential Care Facility for Elderly serving 6 or fewer persons – fire inspection enforcement	H&S Code §1569.84	Fee set by State	Fee set by State
Residential Care Facility		\$324	\$333
Large Family Day Care		\$127	\$136
Skilled Nursing Facilities		\$614	\$637
Hospital/Institution		\$2,934	\$3,069
<b>Re-Inspections</b>			
Second re-inspection (fee per inspection)		\$139	\$148
Third and subsequent re-inspection (fee per inspection)		\$170	\$181
<b>Construction Fees</b>			
General Fire & Life Safety Services <ul style="list-style-type: none"> <li>• Consultation &amp; Research</li> <li>• Pre-application meetings &amp; Design Review</li> <li>• Property Survey</li> <li>• General Construction Inspections</li> <li>• Processing, Scheduling, and Record Keeping</li> </ul>		12% of Building Permit fees for Commercial, Non-Residential and Multi-Family Residential	12% of Building Permit fees for Commercial, Non-Residential and Multi-Family Residential
Building or Planning Plan Check Fees (per hour)		\$263	\$265
Expedite Building or Planning Check Fees (2 hours minimum)		\$439	\$465
Consultation and Planning (per hour)		\$325	\$358
Alternate Means of Protection Review (per hour)		\$448	\$466
Additional Construction Inspection (all permits) (per hour)		\$204	\$220
<b>Fire Alarm/Fire Protection Systems</b>			
Permit for Sprinkler Monitoring System   <b>New Panel or Communicator</b>		\$217	\$220
Permit for Manual System		\$217	\$220
Permit for Automatic System   core & shell build out TI		\$362	\$368
Permit for Combination System   core & shell build out TI		\$507	\$520
Permit for Combination   Automatic System   core & shell build out TI > 6 stories or Highrise		\$1,262	\$1,370
Fixed Fire Extinguishing System Permit		\$238	\$254

# SCHEDULE OF FEES AND CHARGES

<b>CENTRAL COUNTY FIRE DEPARTMENT</b>			
<u>Service</u>	<u>Reference</u>	<u>Adopted FY 2025-26</u>	<u>Adopted FY 2026-27</u>
Standpipe System Permit		\$362	\$368
Storage Tank (above or below ground) Permit		\$217	\$220
Multi-Residential or Commercial Fire Alarm system remodel or extension		\$217	\$234
Multi-residential or commercial <b>minor</b> fire alarm remodel or repair (device relocation/adjustment)		\$205	\$216
Emergency Responder Radio Coverage System Permit	§510, CFC Title 24 Part 9	\$433	\$446
<b>Fire Sprinkler Systems</b>			
One-or two-Family Dwelling Fire Sprinkler System (NFPA 13D) - flat fee including 2 inspections (additional inspections will be charged at the hourly rate of the staff who perform each inspection)		\$507	\$515
Fire Pump Permit		\$244	\$258
New Multi-Residential or Commercial Fire sprinkler System (NFPA 13 or 13R) Permit – flat fee including 2 inspections (additional inspections will be charged at the hourly rate of the staff who perform each inspection)		\$797	\$824
Multi-Residential or Commercial Fire Sprinkler system remodel or extension		\$253	\$266
Fire Sprinkler minor remodel or repair (sprinkler head relocation/adjustment)		\$205	\$216
Underground Fire Service Line Permit		\$362	\$363
Fire Flow Information Admin Fee <b>(Please refer to the fee schedule for each city for the respective fire flow fees for each city)</b>		\$43	\$46
<b>Miscellaneous Fees and Permits</b>			
Community CPR / AED Class		\$40 Resident \$50 Non-Resident	\$40 Resident \$50 Non-Resident
Labor Rate for Mechanic Shop		\$125	\$125
Photographs from investigations		Cost of Reproduction	Cost of Reproduction
Photocopies		.25 cents/page	.25 cents/page
Fire Incident Reports (not including photographs)		\$15	\$15
Non-Sufficient Funds   Returned Check Fee		As charged by Bank	As charged by Bank
Work without a construction permit (fees to be determined at Fire Marshal's discretion)		Up to 10 times the permit fees	Up to 10 times the permit fees
Emergency Response Costs for Driving under the influence. (Billing upon conviction)	Govt. Code §53150-58	Costs according to Personnel Schedule below plus Apparatus cost of \$173.47/ hr. as set by State	Costs according to Personnel Schedule below plus Apparatus cost of \$173.47/ hr. as set by State

# SCHEDULE OF FEES AND CHARGES

<b>CENTRAL COUNTY FIRE DEPARTMENT</b>			
<u>Service</u>	<u>Reference</u>	<u>Adopted FY 2025-26</u>	<u>Adopted FY 2026-27</u>
False Alarms		\$690 for 3 to 5 and \$1,380 for 6 or more	\$780 for 3 to 5 and \$1,560 for 6 or more
Vegetation Management Inspection (WUI)   AB38 Point of Sale Inspection		\$337	\$347
Change of Use inspection   Business License Inspection (usually triggered by new business license)		\$162	\$191
Hazardous Materials Clean-up/Response		Costs according to Personnel Schedule below plus Apparatus cost of \$173.47/hr. as set by State	Costs according to Personnel Schedule below plus Apparatus cost of \$173.47/hr. as set by State
Community CPR / AED Class		\$40 Resident \$50 Non-Resident	\$40 Resident \$50 Non-Resident
<b>Standby Service</b>			
Firefighter (per hour – minimum of 3 hours)		\$153	\$169
Fire Captain (per hour – minimum of 3 hours)		\$177	\$195
Battalion Chief (per hour – minimum of 3 hours)		\$210	\$225
Engine Company (per hour – minimum of 3 hours plus apparatus costs – per day as set by the State)		\$540 per hour + \$173.47/hr. for apparatus	\$589 per hour + \$173.47/hr. for apparatus
<b>Personnel Costs (per hour)</b>			
Administration		\$81	\$104
Firefighter		\$153	\$169
Fire Captain		\$177	\$195
Fire Prevention Specialist		\$93	\$107
Fire Inspector		\$145	\$152
Deputy Fire Marshal		\$227	\$249
Battalion Chief		\$210	\$225
Fire Marshal		\$258	\$313
Deputy Fire Chief		\$325	\$363
Fire Chief		\$353	\$394
<b>General Permits</b>			
Aerosol Products		\$182	\$188
Amusement Buildings		\$291	\$302
Aviation Facilities		\$520	\$530
Battery System		\$520	\$530
Carnivals, Fairs, and Festivals		\$494	\$535
Christmas Tree Lot		\$291	\$302
Combustible Fiber Storage		\$291	\$302
Combustible Material Storage		\$291	\$302
Commercial Rubbish-Handling Operation		\$291	\$302
Compressed Gases		\$291	\$302
Cryogenics		\$291	\$302
Dry Cleaning Plants		\$291	\$302
Dust-Producing Operations		\$291	\$302

# SCHEDULE OF FEES AND CHARGES

<b>CENTRAL COUNTY FIRE DEPARTMENT</b>			
<u>Service</u>	<u>Reference</u>	<u>Adopted FY 2025-26</u>	<u>Adopted FY 2026-27</u>
Exhibits & Trade Shows – Display Booth		\$291	\$302
Exhibits & Trade Shows – With Open Flame *		\$291	\$302
Exhibits & Trade Shows – Display Fuel Powered Equipment		\$291	\$302
Explosives or Blasting Agents		\$508	\$530
Fire Hydrants and Water Control Valves		\$285	\$293
Fireworks		\$508	\$530
Flammable or Combustible Liquids		\$508	\$530
Hazardous Materials		\$508	\$530
High-Piled Combustible Storage – 20,000 square feet or less		\$519	\$542
High-Piled Combustible Storage – more than 20,000 square feet		\$592	\$618
Hot-Work Operations		\$291	\$302
Liquefied Petroleum Gasses		\$508	\$530
Liquid-or gas-fueled Vehicles or Equipment in Assembly Buildings		\$508	\$530
Live Audiences		\$508	\$530
Lumber Yards storing in excess of 100,000 board feet		\$291	\$302
Magnesium Working		\$291	\$302
Motor Vehicle Fuel-Dispensing Stations		\$291	\$302
Open Burning *		\$291	\$302
Organic Coating		\$291	\$302
Ovens, Industrial Baking and Drying		\$291	\$302
Parade Floats		\$291	\$302
Places of Assembly		\$472	\$492
Production Facilities		\$472	\$492
Pyrotechnical and Special Effects Material		\$288	\$495
Radioactive Materials		\$291	\$302
Refrigeration Equipment		\$399	\$416
Repair Garage		\$291	\$302
Spraying and Dipping		\$291	\$302
Tents, Canopies, and Temporary Membrane Structures		\$287	\$297
Tire Storage		\$291	\$302
Wood Products		\$291	\$302
Aerosol Products		\$182	\$188
Amusement Buildings		\$291	\$302
Aviation Facilities		\$520	\$530
Battery System		\$520	\$530
Carnivals, Fairs, and Festivals		\$494	\$535
Christmas Tree Lot		\$291	\$302

\* Fees not required for religious ceremonies when approved by the Fire Department

# SCHEDULE OF FEES AND CHARGES

<b>Animal Control and Licensing Fees and Charges</b>	
<b>(a) License Fees</b>	
<b>Dogs</b>	
<b>Unaltered dog</b>	
1-year license	\$ 55.00
3-year license	\$ 160.00
<b>Unaltered dog Senior Pet Owner (over 60 yrs.)</b>	
1-year license	\$ 23.00
3-year license	\$ 64.00
<b>Altered dog</b>	
1-year license	\$ 25.00
3-year license	\$ 70.00
<b>Altered dog Senior Pet Owner (over 60 yrs.)</b>	
1-year license	\$ 10.00
3-year license	\$ 25.00
Misc. dog fees	
<b>Late fee</b>	\$ 20.00
Duplicate tag	\$ 10.00
<b>Cats</b>	
<b>Unaltered cat</b>	
1-year license	\$ 20.00
3-year license	\$ 55.00
<b>Unaltered cat Senior Pet Owner (over 60 yrs.)</b>	
1-year license	\$ 12.00
3-year license	\$ 31.00
<b>Altered cat</b>	
1-year license	\$ 8.00
3-year license	\$ 19.00
<b>Altered cat/ Senior Pet Owner (over 60 yrs.)</b>	
1-year license	\$ 5.00
3-year license	\$ 12.00
<b>Misc. cat fees</b>	
Late fee	\$ 7.00
Duplicate tag	\$ 5.00
<b>(b) Redemption Charges</b>	
<b>Type A &amp; B (large or medium size animals — horses, cows, hogs, sheep, etc.)</b>	
Impound cost	\$ 100.00
Board cost per day	\$ 30.00
Trailing cost (per use)	\$ 100.00
<b>Type C (dogs, and cats)</b>	
<b>Impound Costs — First Impound</b>	
Altered — licensed, wearing tag	\$ 40.00
Unaltered — licensed, wearing tag	\$ 65.00
Altered — unlicensed, no tag	\$ 55.00
Unaltered — unlicensed, no tag	\$ 85.00
<b>Impound Costs — Second Impound</b>	
Altered — licensed, wearing tag	\$ 90.00
Unaltered — licensed, wearing tag	\$ 125.00
Altered — unlicensed, no tag	\$ 105.00
Unaltered — unlicensed, no tag	\$ 140.00

## SCHEDULE OF FEES AND CHARGES

<b>Animal Control and Licensing Fees and Charges</b>	
<b>Impound Costs — Third Impound</b>	
Altered — licensed, wearing tag	\$ 135.00
Unaltered — licensed, wearing tag	\$ 155.00
Altered — unlicensed, no tag	\$ 155.00
Unaltered — unlicensed, no tag	\$ 180.00
<b>Impound Costs — Fourth Impound</b>	
Altered — licensed, wearing tag	\$ 180.00
Unaltered — licensed, wearing tag	\$ 215.00
Altered — unlicensed, no tag	\$ 200.00
Unaltered — unlicensed, no tag	\$ 240.00
<b>Impound Costs — Fifth Impound and up</b>	
Altered — licensed, wearing tag	\$ 225.00
Unaltered — licensed, wearing tag	\$ 260.00
Altered — unlicensed, no tag	\$ 245.00
Unaltered — unlicensed, no tag	\$ 285.00
<b>Board charges (per day)</b>	
Altered — dogs	\$ 25.00
Unaltered — dogs	\$ 35.00
Altered — cats	\$ 16.00
Unaltered — cats	\$ 22.00
<b>Type D (small size animals, e.g., birds, hamsters, or other)</b>	
Impound cost	\$ 20.00
Board cost	\$ 10.00
<b>(c) Surrender, Euthanasia and DOA (Dead on Arrival) Disposal Fees</b>	
<b>Dog — Licensed or unlicensed</b>	
Surrender	\$ 60.00
Euthanasia	\$ 50.00
DOA Disposal	\$ 30.00
<b>Cat — Licensed or unlicensed</b>	
Surrender	\$ 60.00
Euthanasia	\$ 50.00
DOA Disposal	\$ 30.00
<b>Rabbit/Small Animal</b>	
Surrender	\$ 40.00
Euthanasia	\$ 30.00
DOA Disposal	\$ 15.00
<b>Litter of Three or more</b>	
Surrender	\$ 50.00
Euthanasia	\$ 40.00
DOA Disposal	\$ 20.00
<b>Bird/Fowl</b>	
Surrender	\$ 20.00
Euthanasia	\$ 15.00
DOA Disposal	\$ 20.00
<b>All Other Companion Animals (Reptiles, Amphibians, etc.)</b>	
Surrender	\$ 25.00
Euthanasia	\$ 25.00
DOA Disposal	\$ 20.00

## SCHEDULE OF FEES AND CHARGES

<b>Animal Control and Licensing Fees and Charges</b>	
<b>Farm Animals</b>	
Surrender	\$ 60.00
Euthanasia: Under 100 pounds	\$ 60.00
Over 100 pounds	\$ 125.00
DOA Disposal: Under 100 Pounds	\$ 30.00
Over 100 pounds	\$ 100.00
<b>(d) Other Animal Control Fees</b>	
Quarantine Fee	\$ 60.00
Dangerous Animal Permit (DAP) Fee	\$ 300.00
DAP Inspection Fee	\$ 100.00
DAP Signage	\$ 15.00
Field Retrieval/Return Fee	\$ 40.00
Breeding Permit Fee	\$ 150.00
Fancier Permit and/or Exotic Pet Fee	\$ 100.00
Return Check Fee	\$ 25.00
Service Dog Application Processing Fee	\$ 50.00

The Town's latest ordinance 6.12.070 adopts the San Mateo County Fee Schedule for animal control services. The above fees reflect the County's fee schedule. Any updates to the County Fee Schedule that are not reflected on this schedule supersede the fees on this schedule.

\*\*These fees are charged by the County of San Mateo and are remitted to the Town based on contractual formula.



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# TOWN OF HILLSBOROUGH

Financial Advisory Committee  
San Mateo County  
1600 Floribunda Avenue  
Hillsborough, CA 94010

**3**  
**NEW BUSINESS**  
**APRIL 28, 2026**

## STAFF MEMORANDUM

### ITEM SUBJECT: REVIEW AND PROVIDE FEEDBACK TO STAFF ON AMENDMENTS TO THE GENERAL FUND RESERVE POLICY

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**SUMMARY:** This agenda item is a discussion only. Staff seeks Financial Advisory Committee feedback on the concepts that would formulate proposed revisions to the General Fund policy.

A general fund reserve, or “rainy day fund” ensures a government’s ability to maintain vital services to the community during times of economic uncertainty and to help with negative impacts of extraordinary risk such as natural disasters. The proposed elements in the revised policy could include:

- 1) A Budget Stabilization Reserve is used to maintain against loss of service delivery and financial risk associated with unexpected revenue shortfall during a single fiscal year or during a prolonged recessionary period. The purpose of the Stability Reserve is to provide fiscal stability in response to unexpected downturns or revenue shortfall and does not serve as funding source for new programs or projects.
- 2) A Contingency Reserve is used to maintain for the purpose of sustaining General Fund operation in the case of a public emergency such as a natural disaster. This reserve would not be accessed to meet operational shortfalls or to fund new programs or projects.
- 3) A Capital Reserve is used to maintain for the purpose of emergency capital needs in case of a significant impact or failure of an infrastructure or facility. This reserve would not serve as a funding source for new programs or projects.

The Target Reserve Level in the proposed revisions was evaluated using a risk-based approach and is in line with Government Finance Officers’ Association best practices and is comparable with the approach in other cities. Each city is unique in its profile, and the Town’s was evaluated based on its revenue and risk profile. In addition, the total Reserve Level under the proposed revisions are about equivalent to the current reserve target level at its top end. The revisions provide more clarity regarding the intended purpose and use of each type of reserve. Any General Fund balance above the Target Reserve Level can be classified as Unassigned (i.e. unrestricted and available for any purpose).

The policy will address the uses and replenishment of reserves to policy level, should monies go below target level. By having three separate reserves, it allows for greater control over the type of risk involved, whereas the current reserve is used flexibly for any possible contingency, budget need, or impact. An example will help show how the current policy versus the new policy informs actions:

- Example One - Budgeted capital repairs were needed for safety reasons. Under the current policy, because the total reserves are still above the minimum level required by the policy, the depletion for the capital repairs does not have a “payback” mechanism. Under the new policy, if the capital reserve was set at certain level and was fully depleted for this capital item, the proposed policy would require a plan (within a specified timeframe) for this reserve layer to be replenished.

- Example Two – A mid-year budget request item comes up and there were no unrestricted reserves available. Under the proposed policy cuts need to be made to fund the new budget item. Under the current policy, reserves would be used with no “payback” plan.

The rationale for the recommendation is based on providing a reasonable level of reserves to manage the various risks the Town could experience.

Next steps are to incorporate feedback from the FAC, discuss the concepts with City Council for their input, and if applicable, write a draft revision of the policy for review and approval.

**FISCAL IMPACT:** There is no direct fiscal impact related to amending the policy. However, the policy is intended to provide guidelines for ensuring adequate reserve policy to assist the Town in mitigating current and future financial results resulting from economic or budgetary impacts.

**ENVIRONMENTAL ISSUES:** No environmental issues with this reporting item.

**ATTACHMENTS:**

1. DKG Consulting PowerPoint Presentation

**PREPARED BY:** Jan Cooke, Finance Director

**RECOMMENDED ACTION:**

1. Financial Advisory Committee provide feedback to staff on Amendments to the General Fund Reserve Policy.

# General Fund Reserves Analysis

April 2026

# Background and General Context

# Agenda



Background and general context



Reserve policy considerations



Risk assessment



Reserve policy recommendations

# Background

- Reserves are a key component of the Town's financial stability, allowing it to mitigate risk and maintain services during emergencies or economic downturn
- Current reserve policy could benefit from some additional definition
- Opportunity to align with best practices while reflecting needs and priorities of the Town

# Budget and Fiscal Policies No. 409

## Fund Balance Designations and Reserves

- A. The Town will strive to maintain fund or working capital balances of at least 30% of operating expenditures in the General Fund. This is considered the minimum level necessary to maintain the Town's credit worthiness and to adequately provide for:
1. Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy.
  2. Contingencies for unseen operating or capital needs.
  3. Cash flow requirements.

ACFR indicates goal of 50% for the General Fund.

# 2024-25 Year-End Fund Balance

General Fund	Year-End Balance
<b>Total Fund Balance (in millions)</b>	<b>\$33.7</b>
Pension Trust	(5.7)
Assigned/Nonspendable Fund Balance	(2.7)
<b>Fund Balance for Reserve Calculation</b>	<b>\$25.3</b>
30% of Operating Expenditures (Minimum)	11.9
Remaining Fund Balance	13.4
50% of Operating Expenditures (Goal)	19.9
Remaining Fund Balance	5.4

# GFOA Best Practice

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Establish formal reserve policy(-ies) for maintaining unrestricted fund balance in General Fund

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Recommends ***at least*** two months (15% - 20%) of recurring revenues or expenditures

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Define utilization and replenishment conditions

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Maintain strategy for funds in excess of policy requirements

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# Peer City Comparison

Agency	Reserve Levels
Woodside	<ul style="list-style-type: none"> <li>• Minimum 30% of operating revenues</li> </ul>
Atherton	<ul style="list-style-type: none"> <li>• Unassigned fund balance shall be no less than 15% of actual annual operating expenditures</li> <li>• 15% of actual operating expenditures committed for emergency contingencies</li> </ul>
Los Altos Hills	<ul style="list-style-type: none"> <li>• 25% of operating expenditures for economic downturns or unexpected expenditures</li> <li>• \$1.25M for disaster contingencies</li> <li>• Facilities replacement equivalent to accumulated depreciation</li> <li>• Pension, vehicle, and technology reserves</li> </ul>
Piedmont	<ul style="list-style-type: none"> <li>• No explicit policy identified</li> </ul>
Portola Valley	<ul style="list-style-type: none"> <li>• Minimum 20% of budgeted operating expenditures</li> <li>• No policy requirement but Portola Valley keeps assigned fund balances for pension/OPEB, equipment replacement, capital/emergencies, and legal contingencies</li> </ul>

# Reserve Policy Considerations

# Practical Considerations



Reserve policies should be a function of risk



Reserves for specific purposes can create clarity and drive policy conditions



Types of reserves and funded amounts should be tailored to unique needs of individual agencies



Opportunity cost of reserve levels a consideration, as is impact to credit rating

# Credit Rating Considerations

- Strong credit rating is an indicator of good financial management and contributes to lower costs for public financing
- Rating agencies take into account many factors for credit rating
  - Local economic conditions
  - Diversity and volatility of revenue sources
  - Existing debt and other long-term liabilities
  - Level of fund balances
  - Liquidity

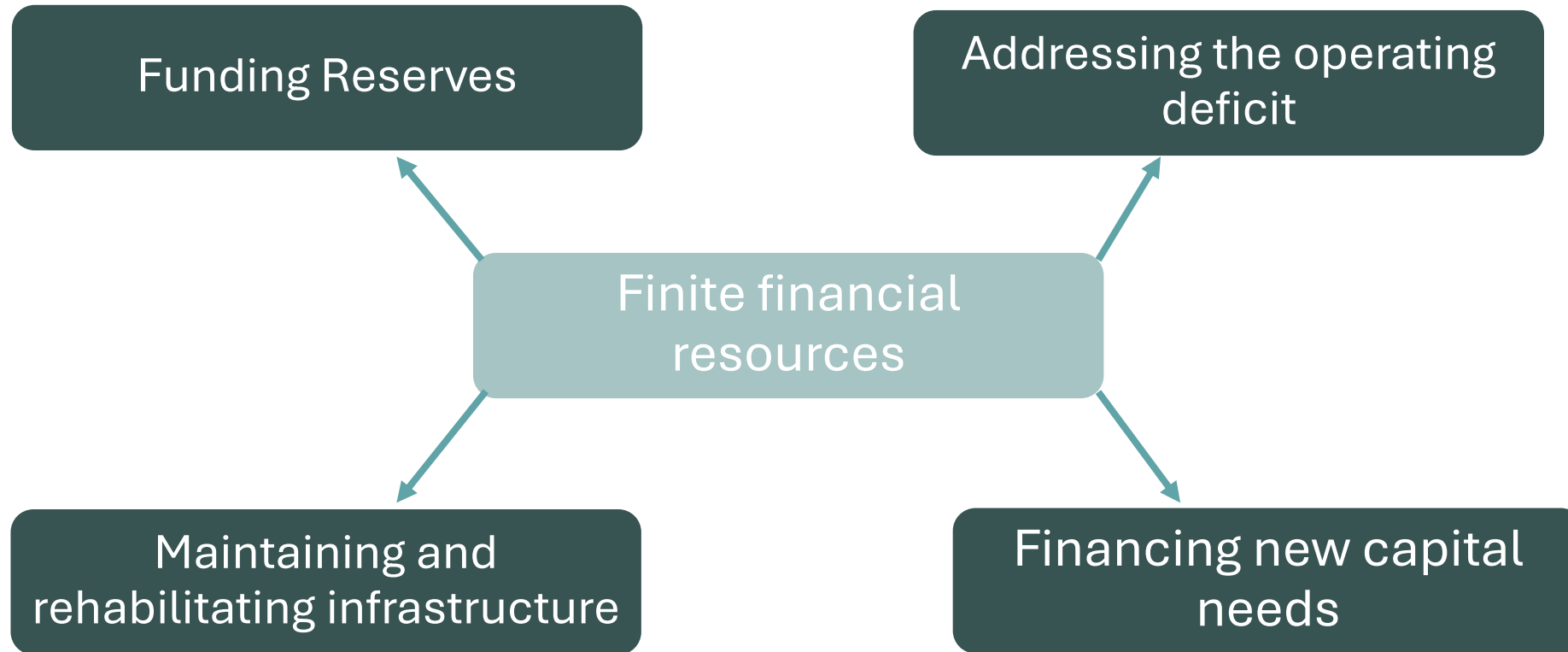
# Credit Rating Considerations – Moody’s

## US cities and counties scorecard

	Weight	Aaa	Aa	A	Baa	Ba	B
Factor: Economy (30%)							
Resident Income (MHI Adjusted for RPP/US MHI) <sup>[1]</sup>	10%	≥ 120%	100% - 120%	80% - 100%	65% - 80%	50% - 65%	35% - 50%
Full Value per Capita (Full Valuation of the Tax Base / Population) <sup>[2]</sup>	10%	≥ \$180,000	\$100,000 - \$180,000	\$60,000 - \$100,000	\$40,000 - \$60,000	\$25,000 - \$40,000	\$15,000 - \$25,000
Economic Growth (Difference Between Five-Year Compound Annual Growth in Real GDP and Five-Year CAGR in Real US GDP) <sup>[3]</sup>	10%	≥ 0%	(1)% - 0%	(2.5)% - (1)%	(4.5)% - (2.5)%	(7)% - (4.5)%	(10)% - (7)%
Factor: Financial Performance (30%)							
Available Fund Balance Ratio (Available Fund Balance + Net Current Assets/Revenue) <sup>[4]</sup>	20%	≥ 35%	25% - 35%	15% - 25%	5% - 15%	0% - 5%	(5)% - 0%
Liquidity Ratio (Unrestricted Cash/Revenue) <sup>[5]</sup>	10%	≥ 40%	30% - 40%	20% - 30%	12.5% - 20%	5% - 12.5%	0% - 5%

Moody’s Ratings – Rating Methodology U.S. Cities and Counties – July 24, 2024

# Competing Interests



# Risk Assessment

# Risk Assessment

## Operating risks

- Meeting cash flow needs
- Revenue loss
- Operating expenditure spikes

## Non-operating risks

- Natural disasters
- Infrastructure emergency
- Public health crisis

# Risk Assessment – Cash Flow

- Low overall cash flow risk due to strong cash management and liquidity access
  - Pooled cash investment strategy
    - General Fund unrestricted cash and investments: \$34.5 million
    - Town-wide unrestricted cash and investments: \$87.6 million
  - Ability to interfund borrow during catastrophic event

# Risk Assessment – Revenue Loss

Revenue Source	FY 2025-26 Budget	Percent of General Fund	Risk of Significant Loss
Property Taxes	\$24.1	62%	Low
VLF in Lieu	1.8	5%	High
Excess ERAF	3.1	8%	Medium
Public Safety Tax	2.2	6%	Low
Business License	1.0	2%	Low
Construction Permits	1.5	4%	Medium
Franchise Fees	0.9	2%	Low
Service Charges	1.2	3%	Medium
Measure A	0.3	1%	Low
All Others	2.6	7%	Medium
<b>Total</b>	<b>\$38.7</b>	<b>100%</b>	

# What If Scenario

Major recession resulting in local economic impact and State actions

5% reduction in property taxes – (\$1.2 million)

100% loss of VLF in lieu – (\$1.8 million)

50% loss of Excess ERAF – (\$1.6 million)

50% loss of construction permits – (\$0.8 million)

50% loss of service charges – (\$0.6 million)

25% loss of all other revenues – (\$0.6 million)



\$38.7 million in budgeted revenue becomes \$32.1 million

\$6.6 million revenue loss

# Historical Context

General Fund Revenue Impact – Great Recession						
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue	\$18.1	\$18.7	\$19.5	\$20.0	\$19.4	\$19.3
% Change	8%	3%	4%	3%	-3%	0%

General Fund Revenue Impact – COVID-19 Pandemic						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue	\$26.9	\$26.8	\$28.8	\$31.4	\$34.1	\$35.0
% Change	26%	-1%	7%	9%	9%	3%

# Risk Assessment – Operating Expenditures

- Risk exists for expenditure spikes
  - Personnel (pension and medical)
  - CCFD contributions
  - Inflation
  - Liability claims
- Generally expected and able to be planned into budget
  - Much less uncertain than revenue loss risk

General Fund Expenditures	2025-26 Budget
Personnel	\$23.6
Central County Fire	11.0
Materials/Supplies	14.0
Charges to Other Funds	(11.0)
Internal Services	0.5
Capital Transfers	1.7
<b>Total</b>	<b>\$39.8</b>

# Risk Assessment – Non-Operating



Natural disaster impacting infrastructure or other infrastructure emergency

Elevated risk due to geography and aging infrastructure

Risk mitigated through insurance policies



Risk of public health crisis creating significant financial impact to Town is relatively low based on COVID-19 experience

# Reserve Policy Recommendations

# 1. Contingency Reserve

- **Definition:** Contingency Reserve will be utilized only for extraordinary one-time events, including but not limited to, natural disasters, public health crises, major infrastructure failures, or other unforeseen emergencies or disasters as determined by Council.
- **Reserve Target:** 25% of General Fund budgeted operating expenditures.
- **Reserve Priority:** Highest priority for unassigned fund balance.

## 2. Budget Stabilization Reserve

- **Definition:** Budget Stabilization Reserve will be utilized to maintain services during economic downturns or other adverse financial circumstances, such as the loss of a major revenue source.
- **Reserve Target:** 15% of General Fund budgeted operating expenditures. When this reserve is below the target level, the budget will articulate an operational plan to return the reserve to the target level within three years.
- **Reserve Priority:** Second priority for unassigned fund balance.

# 3. Infrastructure Reserve

- **Definition:** Infrastructure Reserve will be utilized to fund infrastructure needs that arise during the fiscal year that were not budgeted or planned for in the near term.
- **Reserve Target:** \$3 million
- **Reserve Priority:** Third priority for unassigned fund balance.

## 4. Undesignated Fund Balance

- **Definition:** These are the funds available after all three defined reserves are funded. These funds are available for appropriation at the discretion of Council. These should be considered one-time funds and thus prioritized for one-time expenditures; however, they are not limited to this purpose.
- **Reserve Target:** Not applicable
- **Reserve Priority:** Fourth priority for unassigned fund balance.

# Current Versus Proposed Comparison – Based on 2026-27 Baseline Budget

Current	
Operating Reserve (at 30% goal)	\$12.3
<b>Remaining Fund Balance</b>	<b>\$7.8</b>
<hr/>	
Total Fund Balance	\$20.1
Operating Reserve (at 50% goal)	\$20.5
<b>Remaining Fund Balance</b>	<b>(\$0.4)</b>
<hr/>	
Total Fund Balance	\$20.1

Proposed	
Contingency Reserve (25%)	\$10.3
Budget Stabilization Reserve (15%)	\$6.1
Infrastructure Reserve	\$3.0
<b>Undesignated Fund Balance</b>	<b>\$0.7</b>
<hr/>	
Total Fund Balance	\$20.1

# Questions and Discussion