



JOINT REPORT

DATE: June 23, 2026

CATEGORY: Public Hearing

DEPT.: City Manager's Office,
Finance and Administrative Services

TITLE: **Adoption of Fiscal Year 2026-27 Budgets,
Fee Modifications, and Funding for Fiscal
Year 2026-27 Capital Improvement
Projects**

RECOMMENDATION

Convene a public hearing, accept public comment, and take the following actions necessary for the City of Mountain View, the Shoreline Regional Park Community, and the Mountain View Capital Improvements Financing Authority to adopt the Fiscal Year 2026-27 budgets, fee modifications, and funding for the adopted Fiscal Year 2026-27 Capital Improvement Projects.

City of Mountain View Actions:

1. Adopt a Resolution of the City Council of the City of Mountain View: 1) Adopting the Fiscal Year 2026-27 City Budget; 2) Appropriating Funds to Cover Expenditures Approved by Said Budget; 3) Authorizing the City Manager or designee to Execute Funding Agreements Consistent with Nonprofit Funding Appropriations in the Adopted Budget; 4) Adjust the Business License Tax Amount by the Annual CPI; and 5) Authorizing the Finance and Administrative Services Director to Adjust Appropriations in Various Funds as Needed to Align with Actual Revenue Earned and Received as Specifically Set Forth Herein, Make Final Adjustments to the Community Stabilization and Fair Rent Act and Mobile Home Rent Stabilization Ordinance Budgets and Fees, Adjust Appropriations Related to the Graham Middle School Site Based on Billed Invoices, and Determine Final Budget Amounts Based on Council Direction, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution of the City Council of the City of Mountain View Amending the City of Mountain View Master Fee Schedule, to be read in title only, further reading waived (Attachment 2 to the Council report).
3. Commit \$2,256,000 of Park Land Dedication Funds to the adopted Fiscal Year 2026-27 Capital Projects (Attachment 3 to the Council report).

4. Adopt a Resolution of the City Council of the City of Mountain View amending the Fiscal Year 2025-26 Salary Plan for Hourly Employees and Adopting the Fiscal Year 2026-27 Salary Plans for Regular and Hourly Employees, to be read in title only, further reading waived (Attachment 4 to the Council report).
5. Appropriate \$1,800,000 in the Water Fund for Fiscal Year 2025-26 to cover costs associated with the Cuesta water main emergency incident. (Five votes required)
6. Authorize the City Manager (as Director of Emergency Services), or designee, to approve water and sewer bill credits of up to two months or one billing cycle for the 67 households impacted by the Cuesta water main emergency incident.

Mountain View Shoreline Regional Park Community Actions:

6. Adopt a Resolution of the Board of Directors of the Shoreline Regional Park Community:
1) Adopting the Fiscal Year 2026-27 Shoreline Regional Park Community Budget;
2) Appropriating Funds to Cover Expenditures Approved by Said Budget; and 3) Authorizing the Treasurer to Adjust Appropriations as Needed to Make Payments in Accordance with the Tax-Sharing Agreement with Santa Clara County and the Education Enhancement Reserve Joint Powers Agreement, to Align Appropriations with Actual Revenues Earned and Received as Specifically Set Forth Herein, and Determine Final Budget Amounts Based on Board Direction (Attachment 5 to the Council report).

City of Mountain View Capital Improvements Financing Authority Action:

7. Adopt a Resolution of the City of Mountain View Capital Improvements Financing Authority (“MVCIFA”) Adopting the Fiscal Year 2026-27 Budget for Debt Service Payments, Appropriating Funds to Cover Expenditures Approved by Said Budget, and Authorizing the MVCIFA Treasurer to Make Budget Adjustments and Determine Final Budget Amounts Based on MVCIFA Board Direction, to be read in title only, further reading waived (Attachment 6 to the Council report).

BACKGROUND

City Charter Sections 1103, 1104, and 1105 establish the requirements and process for adopting the annual City budget, including funding of the adopted Fiscal Year 2026-27 Capital Improvement Projects (Capital Projects). This process requires the City Council to review the Recommended Budget submitted by the City Manager, publicly notice and conduct a public hearing on the Recommended Budget, and adopt the annual budget, including any Council-approved amendments, by July 1 following the public hearing. Similar procedures are followed for the annual Shoreline Regional Park Community budget. The Mountain View Capital

Improvements Financing Authority budget is also presented for adoption as part of the annual budget process.

The budget process for Fiscal Year 2026-27 began in November 2025 and concludes with Council consideration of the annual budgets this evening. During the budget development process, staff presented several updates to Council, including the Midyear Budget Status Report in February 2026 and the Preliminary Fiscal Year 2026-27 Budget Recommendations in April 2026.

The Fiscal Year 2026-27 Recommended Budget includes proposed operating and capital budgets for the City, the Shoreline Regional Park Community, and the Mountain View Capital Improvements Financing Authority; recommended fee modifications; and appropriations necessary to fund the adopted Fiscal Year 2026-27 Capital Improvement Projects.

The public hearings on the Recommended Budget were held on June 9 and June 23, 2026. These hearings were properly noticed and satisfy the requirements of the City Charter and applicable law. The Recommended Budget document has been available for public review on the City's website since May 22, 2026, and at the City Clerk's Office and the Mountain View Public Library since May 29, 2026.

On April 24, 2026, a water main breach in the Cuesta area disrupted water service to 67 residential households. City staff responded immediately to isolate the damaged infrastructure, restore service, and communicate with impacted residents. The Boil Water Notice was lifted for 46 households on May 6, 2026, and for the remaining 21 households on May 19, 2026, restoring normal water service to all impacted households.

As part of the City's response to this emergency event and in recognition of the service disruption experienced by affected residents, staff recommends authorizing the City Manager (Director of Emergency Services), or designee, to approve limited water and sewer bill credits for the impacted households. In accordance with Section 11.5 of the City's Municipal Code, the City Manager is designated as the Director of Emergency Services.

ANALYSIS

At the June 9, 2026 public hearing, staff presented the Fiscal Year 2026-27 Recommended Budget. The Fiscal Year 2026-27 Recommended Budget was prepared in accordance with Section 1103 of the City Charter, the State Constitutional limit on the proceeds of taxes, and all applicable laws and regulations. It contains the proposed financial plan for the General Operating Fund (GOF) and all other City of Mountain View (City) funds as well as the Shoreline Regional Park Community (Shoreline Community), a special government district administered by the City. The Recommended Budget also includes proposed fee modifications and funding for the adopted Fiscal Year 2026-27 Capital Improvement Projects (Capital Projects).

Councilmembers provided feedback and recommended changes during the April 14, 2026 Council meeting and the June 9, 2026 public hearing. Staff incorporated this direction into the revisions to the Recommended Budget described below.

Revisions to the Recommended Budget

The following items were identified after publication of the Recommended Budget and are recommended for inclusion in the Fiscal Year 2026-27 Adopted Budget:

- Lease payment for property located at 485 and 495 Clyde Avenue
(General Non-Operating Fund—Limited-Period) \$100,000

A consent item has been scheduled for consideration at the June 23, 2026 City Council meeting regarding a lease agreement with Google, Inc. for property located at 485 and 495 Clyde Avenue. Staff recommends appropriating funding for the prorated lease payment, property management costs, and other associated expenses, contingent upon Council approval of the lease terms as part of the Consent Agenda.

- Increase the per-term technology and equipment allowance for
Councilmembers (General Non-Operating Fund – Limited-Period) \$12,000

Staff recommends increasing the Councilmember per-term technology and office equipment allowance for computers, printers, and related communication equipment from \$3,800 to \$5,000. The increase reflects current technology and equipment costs and supports Councilmembers in performing official City business. The recommended funding includes adjustments for the seven current Councilmembers and three incoming Councilmembers following the November 2026 election.

- Increase funding for Multicultural Engagement Program
(General Operating Fund) \$5,000

Staff recommends increasing funding in the City Manager’s Office for the Multicultural Engagement Program to support additional community engagement activities and programming.

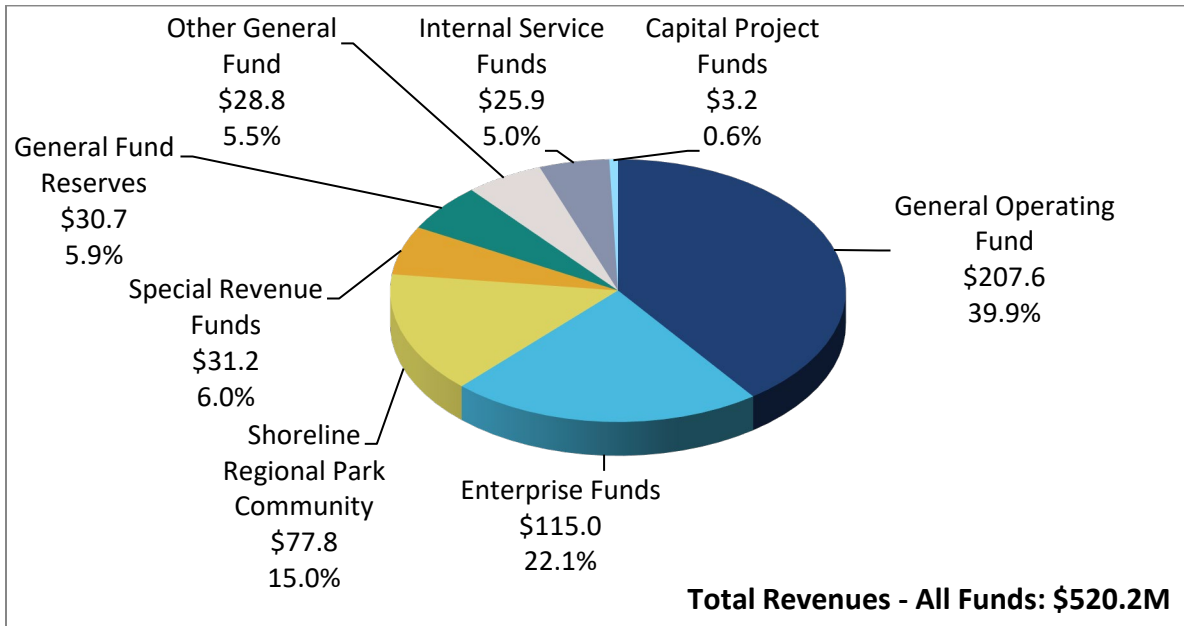
With these revisions, total budgeted revenues and expenditures for all funds for Fiscal Year 2026-27 are \$520,166,240 and \$597,741,199, respectively. Expenditures exclude the estimated vacancy factor of \$12.3 million (\$10.3 million in the GOF and \$2.0 million in the Development Services Fund). The budget includes \$93,688,983 in capital project funding, of which \$69,480,500 is City funding.

Fiscal Year 2026-27 GOF revenues and expenditures total \$207,573,650 and \$217,728,884, respectively, respectively. Expenditures exclude the estimated vacancy factor of \$10.3 million. After applying the vacancy factor, the budget is projected to result in a GOF operating balance of \$145,000. GOF revenues are 6.1% higher than the Fiscal Year 2025-26 Adopted Budget, and operating expenditures are 6.6% higher (not including \$10.3 million estimated vacancy factor).

The City budget and CIP resolution (Attachment 1) provide for any amendments approved by the City Council on June 23, 2026 to be included in the Fiscal Year 2026-27 Adopted Budget and authorize the Finance and Administrative Services Director to make corrections as necessary and report out the final Adopted Budget and any reconciling changes by informational memorandum.

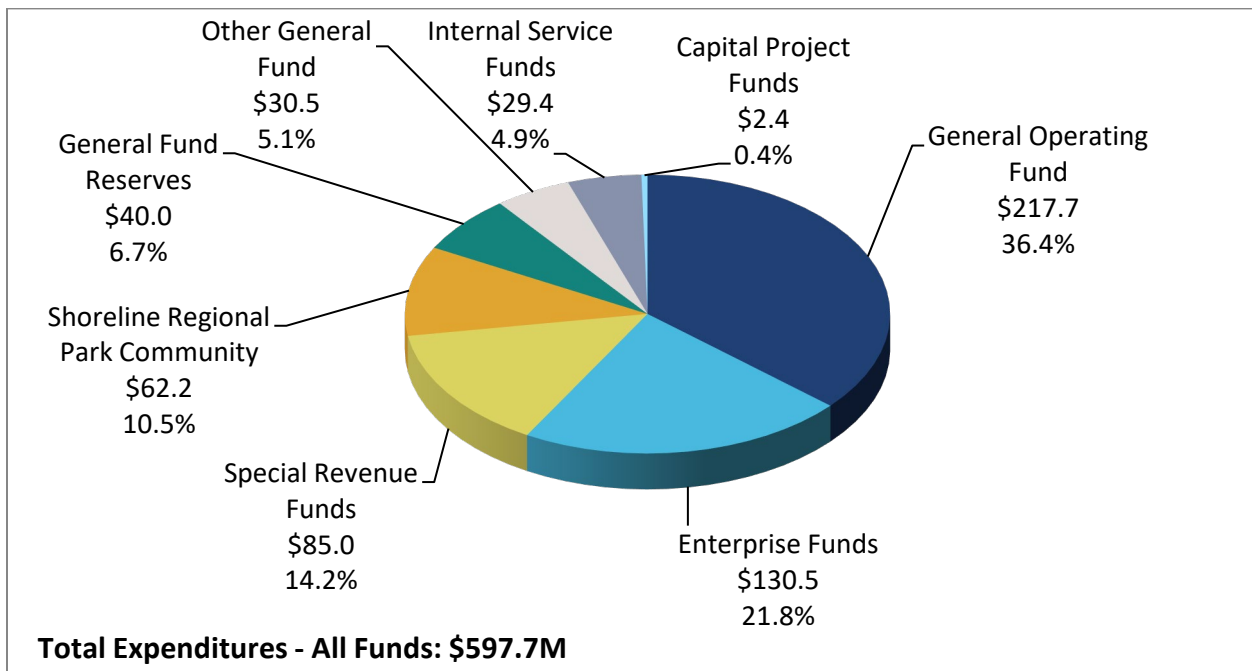
TOTAL REVENUES—ALL FUNDS, FISCAL YEAR 2026-27

(dollars in millions)



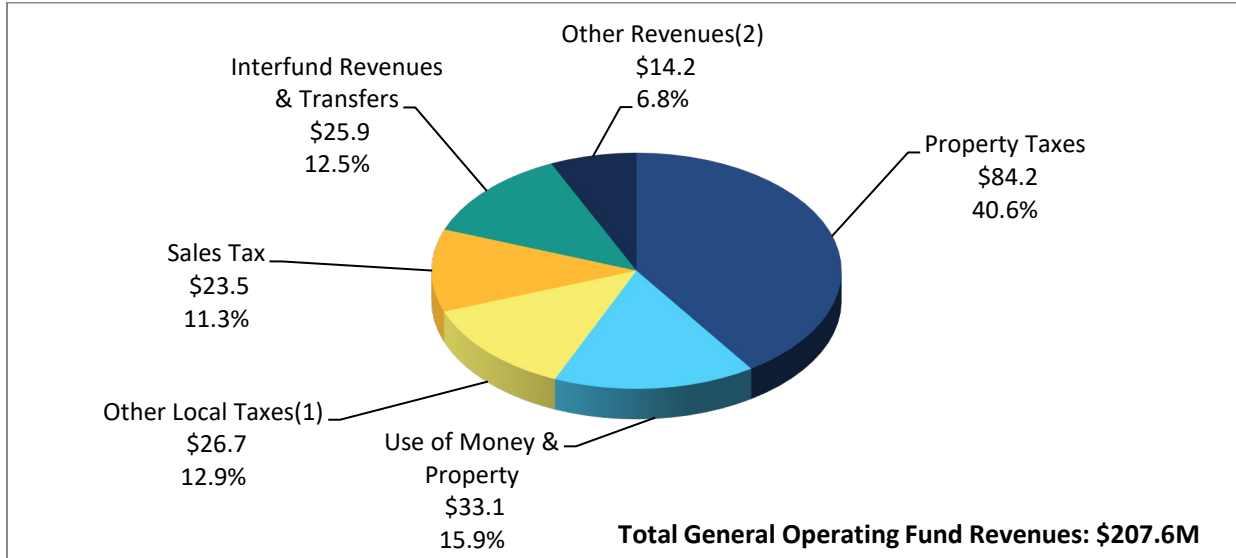
TOTAL EXPENDITURES—ALL FUNDS, FISCAL YEAR 2026-27

(dollars in millions)



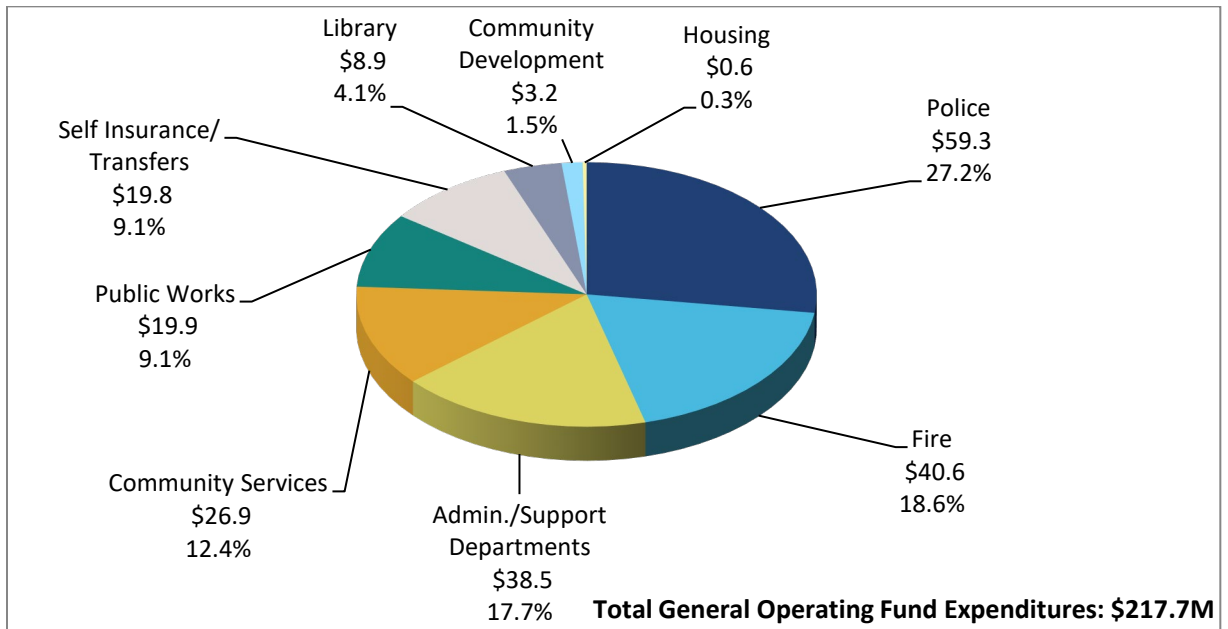
NOTE: General Operating Fund does not include the \$10.3 million estimated vacancy factor, and Other General Fund does not include the \$2.0 million estimated vacancy factor.

**GENERAL OPERATING FUND REVENUES, FISCAL YEAR 2026-27
(dollars in millions)**



- 1 Other Local Taxes consist of Transient Occupancy Tax, Business Licenses, and Utility Users Tax.
- 2 Other Revenues consist of Licenses, Permits and Franchise Fees, Fines and Forfeitures, Intergovernmental, Charges for Services, and Miscellaneous.

**GENERAL OPERATING FUND EXPENDITURES, FISCAL YEAR 2026-27
(dollars in millions)**



NOTE: General Operating Fund does not include the \$10.3 million estimated vacancy factor.

Business License Tax Adjustment: The Business License Tax structure was approved by Mountain View voters on November 6, 2018. The ordinance provides for an annual adjustment based on the December Consumer Price Index (CPI) for the San Francisco-Oakland-Hayward Area, subject to Council approval. The resolution (Attachment 1) authorizes a 3.0% adjustment to the Business License Tax based on the December 2025 CPI, effective January 1, 2027.

Number of Employees	Current Business License Tax	Proposed 2027 Business License Tax
1	\$76.80	\$79.10
2-25	\$76.80 + \$5.12/employee for each employee over 1	\$79.10 + \$5.27/employee for each employee over 1
26-50	\$199.68 + \$10.24/employee for each employee over 25	\$205.67 + \$10.55/employee for each employee over 25
51-500	\$455.68 + \$76.80/employee for each employee over 50	\$469.35 + \$79.10/employee for each employee over 50
501-1,000	\$35,015.68 + \$102.40/employee for each employee over 500	\$36,066.15 + \$105.47/employee for each employee over 500
1,000-5,000	\$86,215.68 + \$128.00/employee for each employee over 1,000	\$88,802.15 + \$131.84/employee for each employee over 1,000
5,000+	\$598,215.68 + \$153.60/employee for each employee over 5,000	\$616,162.15 + \$158.21/employee for each employee over 5,000

Salary Plan Changes: The resolution authorizing the City Manager or designee to amend the classification and salary plans for regular and hourly employees (Attachment 4) includes compensation changes for the period, including July 1, 2026, through June 30, 2027. The salary plans included as Exhibits B and C to Attachment 4 also incorporate new position classifications and/or title changes included in the Fiscal Year 2026-27 Recommended Budget.

Salary for Mayor and Councilmembers: The City's salary plan for regular employees (Attachment 4) reflects the automatic annual adjustment for the Mayor and Councilmembers required by Part 1, Article V, Section 5.03 of the City Charter, which is based on the CPI published by the United States Bureau of Labor Statistics (BLS). Pursuant to the Mountain View City Charter, an automatic annual adjustment of 3.0% will be included in the Fiscal Year 2026-27 Adopted Budget and is reflected in Exhibit B to Attachment 4.

Overhires: Per Council Policy D-10, City Manager Approval of Overhire Positions, staff is required to report the number of overhires approved by the City Manager on staff during Fiscal Year 2025-26. There were no overhires approved by the City Manager during Fiscal Year 2025-26.

Appropriation of \$1,800,000 for the Cuesta water main emergency incident: Staff recommends an appropriation of \$1.8 million in the Water Fund for Fiscal Year 2025-26 to cover costs associated with the incident, including staff costs, hotel accommodations, per diem assistance provided to affected residents, emergency water testing, and other related response and recovery costs.

Authorization of the City Manager (Director of Emergency Services), or designee, to approve water and sewer bill credits related to the Cuesta water main emergency incident:

The proposed authority would allow the City Manager (Director of Emergency Services), or designee, to approve credits of up to two months or one billing cycle for water and sewer charges for the 67 households directly impacted by the water main incident. The authority is limited to charges associated with the incident and does not establish a broader utility bill credit program or precedent for future utility service interruptions.

Staff believes the proposed credits are appropriate given the disruption experienced by affected residents and are consistent with the City's efforts to mitigate the impacts of emergency events on customers. Limiting the authority to a defined group of affected households and a maximum credit period provides administrative efficiency while maintaining appropriate fiscal controls.

Fee Modifications

Recommended fee modifications were included in the Fiscal 2026-27 Recommended Budget presented at the public hearing on June 9, 2026. Attachment 2 contains a detailed schedule of all recommended fee modifications, including utility rates. The utility rate adjustments reflected in Attachment 2 were previously approved by the City Council as part of the Proposition 218 utility rate study and public hearing process conducted in June 2024 and represent scheduled Fiscal Year 2026-27 rate adjustments.

Mountain View Shoreline Regional Park Community

The proposed Fiscal Year 2026-27 Shoreline Regional Park Community budget totals \$62,598,678, including appropriations of \$5,415,000 for Fiscal Year 2026-27 Capital Projects.

City of Mountain View Capital Improvements Financing Authority

The Mountain View Capital Improvements Financing Authority (MVCIFA) was established in 1992 to facilitate the refinancing of previously issued debt. The MVCIFA was subsequently used to finance the Mountain View Child-Care Center, which was fully repaid in Fiscal Year 2015-16 and is currently being utilized for the Wastewater Loan. Beginning in Fiscal 2026-27, the MVCIFA

will also be used to administer debt service payments associated with the 2026 Lease Revenue Bonds.

As required by state law and the resolutions governing the MVCIFA, an annual meeting of the MVCIFA is held in conjunction with the budget adoption process.

The proposed Fiscal Year 2026-27 MVCIFA budget totals \$8,953,062 and includes debt service payments related to the 2018 Wastewater Bank Loan and the 2026 Lease Revenue Bonds.

FISCAL IMPACT

City of Mountain View (City): Adoption of the total Fiscal Year 2026-27 Recommended Budget for City funds governed by the City Council in the amount of \$462,123,959, together with appropriations for the Fiscal Year 2026-27 Capital Projects in the amount of \$88,273,983, of which \$64,065,500 is City funding, authorizes total expenditures of \$550,397,942 for Fiscal Year 2026-27. The budget includes GOF revenues of \$207,573,650 and expenditures of \$217,728,884, excluding the projected vacancy factor of \$10,300,000. These amounts include the Recommended Budget as presented on June 9, 2026, as well as the additional budget revisions recommended by staff. The final adopted budget will be updated to reflect any amendments approved by the City Council at the June 23, 2026 public hearing (Attachment 1).

Staff is also requesting a budget appropriation of \$1.8 million in the Water Fund for the Cuesta Water Emergency incident in Fiscal Year 2025-26. The Water Fund has sufficient available fund balance to support this appropriation, and the requested action will not impact future utility rates.

The estimated fiscal impact of providing up to two months or one billing cycle of water and sewer bill credits to the 67 affected households is approximately \$20,000. The actual cost will depend on the number of eligible households receiving credits and their individual utility usage.

The credits will not be funded through utility rates charged to other customers. Instead, the credits will initially be funded from the Water Fund and Wastewater Fund emergency reserves, which are intended to address emergency and unforeseen circumstances. Staff anticipates seeking reimbursement from external sources, including insurance recoveries, settlements, responsible parties, or other available funding sources, as appropriate. To the extent such funding is received, the Water Fund and Wastewater Fund will be reimbursed. Any unreimbursed costs remaining after all available external funding sources have been exhausted will be replenished from non-enterprise funding sources, subject to any required Council approvals. As a result, the proposed credits are not expected to have a long-term financial impact on utility operations or utility ratepayers.

Park Land Dedication Funds: The adopted Fiscal Year 2026-27 CIP includes the commitment of Park Land Dedication fees totaling \$2,256,000 to new projects. Attachment 3 contains additional information regarding the commitment of these Park Land Dedication fees to Capital Projects.

Mountain View Shoreline Community: Adoption of the Fiscal Year 2026-27 Recommended Budget for the Shoreline Community in the amount of \$57,183,678, together with appropriations for Fiscal Year 2026-27 Capital Projects in the amount of \$5,415,000 authorizes total expenditures of \$62,598,678 for Fiscal Year 2026-27. This amount will be modified to include any changes adopted at the June 23, 2026 Shoreline Community public hearing.

MVCIFA: Adoption of the Fiscal Year 2026-27 Recommended Budget for the MVCIFA authorizes total expenditures in the amount of \$8,953,062 for debt service related to the 2018 Wastewater Bank Loan. This will be modified to include any changes adopted at the June 23, 2026 public hearing.

Total appropriations for all City funds, Capital Projects, the Shoreline Regional Park Community, and the MVCIFA are \$597,741,199 for Fiscal Year 2026-27.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a “license, permit, or other entitlement for use” if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

EXEMPT FROM THE LEVINE ACT

General policy and legislative actions

ALTERNATIVES

1. Modify the Fiscal Year 2026-27 recommended budgets, fee modifications, and funding for Fiscal Year 2026-27 Capital Projects.
2. Provide other direction to staff.

The City Council, the Shoreline Community Board of Directors, and the Mountain View Capital Improvements Financing Authority Board of Directors may modify the recommended budgets and related appropriations prior to adoption. Pursuant to Council Policy A-11, an annual operating budget must be adopted before July 1 of each year.

PUBLIC NOTICING

Agenda posting, and a notice of the public hearing was published in the *Daily Post* and advertised on the *Mountain View Voice* website.

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- Attachments:
1. Resolution—Fiscal Year 2026-27 City Budget and Capital Project Funding
 2. Resolution – Amending Master Fee Schedule
 3. Park Land Dedication Fee Commitments
 4. Resolution—Amending the Fiscal Year 2025-26 Salary Plan and Adopting the Fiscal Year 2026-27 Salary Plans
 5. Resolution—Fiscal Year 2026-27 SRPC Budget and Capital Project Funding
 6. Resolution—Fiscal Year 2026-27 Budget for MVCIFA Debt Service Payments
 7. [June 9, 2026 Public Hearing for Fiscal Year 2026-27 Recommended Budget](#)