



# COUNCIL REPORT

**DATE:** June 23, 2026  
**CATEGORY:** Consent  
**DEPT.:** Finance and Administrative Services  
**TITLE:** **Modifications to Council Policy A-11,  
Financial and Budgetary Policy**

## **RECOMMENDATION**

Adopt a Resolution of the City Council of the City of Mountain View Modifying City Council Policy A-11, Financial and Budgetary Policy, to be read in title only, further reading waived (Attachment 1 to the Council report).

## **BACKGROUND**

The City Council Financial and Budgetary Policy A-11 (Policy A-11) was originally adopted on December 13, 1976 and was last modified on January 23, 2024. Policy A-11 establishes City policies related to budget revenues, expenditures, reserves, capital improvements, cash management and investments, accounting, debt management, and risk management.

On May 20, 2026, staff presented proposed modifications to the Council Finance Committee (CFC). The CFC supported the proposed modifications.

## **ANALYSIS**

Staff reviewed the existing Policy A-11 to update the Policy to reflect current practices and recommendations, and to incorporate direction provided by CFC as follows:

### 1. Update Section 1 – Budget Policies

This section has been revised to include the opportunity for Council to review and provide input on proposed General Operating Fund budget recommendations prior to the submission of the Recommended Budget to the City Council.

### 2. Update Section 4.f – The General Fund Open Space Reserve

This section has been revised to reflect the operational needs resulting from the recent Measure G Real Property Transfer Tax changes approved by voters in November 2024. This

update clarifies the purpose and funding of the reserve to better align with the Measure G Real Property Transfer Tax allocation framework approved by the Council.

3. Update Section 4.j – Reserve Requirement for Compensated Absences

This section has been revised to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

Under the current policy, the Reserve is funded at 80% of the City's accrued compensated absences liability. Implementation of GASB Statement No. 101 results in additional compensated absence liabilities being recognized in the City's financial statements, including a broader recognition of vested sick leave obligations.

The proposed revision modifies the reserve funding methodology to better align reserve contributions with the City's historical payout experience by basing annual funding requirements on the average actual compensated absence payouts over the preceding five fiscal years, while maintaining a minimum reserve balance. This approach is intended to maintain adequate reserve levels while avoiding the accumulation of reserves for liabilities that are unlikely to be paid out simultaneously.

4. Update Section 4.k – The Equipment Replacement Reserve

This section has been revised to establish a funding target equal to 25% of the City's estimated equipment replacement value.

5. Update Section 4.S.4 – New Reserve Approved by City Council

During the Fiscal Year 2023–24 budget public hearing, the City Council directed staff to establish a new reserve in the Shoreline Regional Park Community Fund for capital improvement programs. This update incorporates the reserve into Policy A-11.

6. Update Section 5.e – Capital Improvement Policies

This revision provides additional guidance for the budgeting and administration of recurring annual or biennial capital improvement programs (CIP), including projects that are operationally recurring in nature. The update is intended to improve budget transparency, funding consistency, and long-term capital planning.

7. Update Section 7.h – Cost Allocation Plan

This revision provides additional clarification regarding the methodology used to develop and annually adjust the City's Cost Allocation Plan, including the allocation of indirect

administrative costs among City funds. The clarification was added in response to feedback received through the GFOA Budget Award review process.

The proposed revisions are intended to maintain the City's strong fiscal management framework while ensuring Policy A-11 reflects current accounting standards, industry best practices, operational needs, and City Council priorities.

All changes are identified by underline and strikeout in the attached copy of Policy A-11 (Attachment 2).

### **FISCAL IMPACT**

Adoption of the proposed modifications does not require an immediate appropriation. Certain revisions to reserve policies may affect future reserve funding requirements and the allocation of available resources as part of the City's annual budget process. Any required reserve contributions will be evaluated and incorporated through future budget recommendations consistent with Council Policy A-11.

### **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](http://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. Decline to accept the proposed changes.
2. Propose other revisions to the policy.

**PUBLIC NOTICING**—Agenda posting.

Prepared by:

Grace Zheng  
Assistant Finance and Administrative  
Services Director

Approved by:

Derek Rampone  
Finance and Administrative  
Services Director

Arn Andrews  
Assistant City Manager

- Attachments:
1. Resolution
  2. Council Policy A-11, Financial and Budget Policy (redline)
  3. [CFC Memo, May 20, 2026](#)