



Memorandum

TO: CITY COUNCIL **FROM:** Mayor Matt Mahan
SUBJECT: MARCH BUDGET MESSAGE **DATE:** March 16, 2026
RECONCILIATION
FOR FISCAL YEAR
2026-2027

APPROVED:

Matt Mahan

RECOMMENDATIONS

- 1) Accept the Mayor's March Budget Message.
- 2) Amend the Mayor's March Budget Message to include Councilmember Campos' memo dated 3/12/26, Councilmember Mulcahy's memo dated 3/12/26, and the Councilmembers' Campos, Candelas, Casey, Ortiz, and Doan group memo dated 3/13/26, with the modifications outlined in the Appendix.
 - a) In accordance with City Charter Section 1204, should any direction between the Mayor's March Budget Message and these memos be substantially similar, the Mayor's March Budget Message's scope and wording of direction will take precedence.
- 3) Accept Vice Mayor Foley's memo dated 3/16/26.
- 4) Strike the Ellis Act direction in the Mayor's March Budget Message.

BACKGROUND

The Annual Budget Process is one of the most important responsibilities we undertake as a City Council. This upcoming Fiscal Year, our City faces the largest shortfall in recent memory of \$56 million as revenue growth slows and our costs continue to rise. This challenging moment calls for collaboration and an honest assessment of the resources we have available to serve our residents.

I am thankful for the thoughtful partnership of Vice Mayor Foley and Councilmembers Cohen, Kamei, and Tordillos, who comprised my Brown Act group this year. Their clearly expressed priorities and ideation for the Mayor's March Budget Message (MMBM) set the tone for a year of continued focus and progress.

I also want to recognize the work of the other members of the City Council who put forward detailed memos with far-reaching proposals. I especially appreciate that the proposals fell within our Five Focus Areas, reflecting our unanimous agreement on the priorities for investment that will have the greatest impact for our community. However, it is important to acknowledge that these memos contained limited to no proposals for cost-saving or revenue-generating measures relative to the amount of new or additive work suggested. The fiscal reality that we face requires us to make difficult trade-offs and service reductions.

Section 1204 of the City of San José's charter instructs the Mayor to lead the budget process via the MMBM. The section reads:

SECTION 1204. Fiscal Administration; Submission of Budget and Budget Message.

- (a) Each Council Appointee shall submit to the Mayor and the Council annually the budget request, for the ensuing fiscal year, of each City department, office or agency under their administration.
- (b) The Mayor shall deliver a budget message which shall include:
 - A statement of the fiscal priorities which the City should adopt for the ensuing year.
 - Which Departments, Offices or Agencies the Mayor proposes to be expanded or to receive reduced budgeted allocations.
 - Specific recommendations concerning any proposed additions to or deletions from the budget.

The MMBM has historically played a critical role in fulfilling this obligation by setting a clear slate of intentional policy recommendations for the City Manager to consider while developing the proposed budget. The City Manager plays a vital role in the budget process by providing actionable information for the City Council and general public to consider, and ultimately empowers the City Council to vote on a balanced budget in June.

In every budget process, there exists a natural tension; this is currently exacerbated by our \$56 million shortfall that will necessarily lead to difficult reductions in services. This tension involves striking the right balance of City Council direction and restraint if we are to have a high-quality proposed budget, accompanied by in-depth policy recommendations from our departmental subject matter experts. Additionally, success requires that the City Manager be given space to exercise her authority and judgment as she develops a proposed budget for our nearly 7,000 employees and 19 departments she oversees on a daily basis.

If we fail to achieve this delicate balance, there will be several negative impacts to the City and our residents:

- Staff time will be wasted on proposals that we can not accomplish in the short term, stretching our limited workforce capacity on unproductive efforts that divert them from driving existing workplan items.
- The City Council will set false expectations with our community that we can add new programs without cutting existing and basic services. Newly established programs launched under this paradigm will fall short of making a significant impact because they lie outside of the City's natural comparative service delivery advantage, and other agencies are better suited to performing and scaling this work.
- The City Council will lack critical, up-to-date, and actionable information that will empower it to make the difficult tradeoffs required in June in an informed manner.
- Our final approved budget will not be the most optimized and finely-tuned document, which will in turn mean public dollars do not go as far as they potentially could, progress stalls or worse, declines, and we lose public trust.
 - It is important to note that public trust has strengthened significantly in recent years, gaining nearly 40% "trust in City Hall" in under four years. We must ensure the FY 2026-2027 March Budget Message continues to build upon this momentum, which has been driven by focus.

Section 1205 of our City Charter mandates we deliver an annual balanced budget, but responsible management of public funds goes far beyond that baseline mandate. By approving this memo, we will pass an MMBM that incorporates ideas from all City Council Offices.

Our office worked alongside our Budget Brown Act and the City Manager to carefully evaluate each of the unprecedented 62 proposals identified across the three memos. The Appendix reflects this analysis, itemizing each recommendation by the memorandum author, memorandum publishing date, recommendation number, recommendation disposition, and additional commentary or direction.

The Appendix is organized in the following categories:

- **Integrated into the Mayor's March Budget Message**
 - Exists in the MMBM
 - This direction is already reflected in the MMBM and does not require additional action.
 - Within Existing Workplan/Imminent Council Report

- This direction is already underway through an existing staff workplan, previously adopted City Council direction, or an imminent City Council report. Additional direction in the MMBM is not necessary at this time.
 - New But Aligned
 - This direction is not expressly included in the MMBM, but it is consistent with its priorities and can be incorporated without materially expanding staff scope or creating a new body of work.
 - Amended language
 - This direction has been amended and incorporated into the MMBM. The amended and final language is bolded and can be found in the Additional Commentary section of the Appendix.
- **Partially integrated into the Mayor's March Budget Message**
 - Worthwhile focus, but too prescriptive and interferes with means and methods
 - This direction may have conceptual merit but focuses too heavily on the exact method of execution, which infringes on the ability of the City Manager to exercise her authority over the means and methods in which Council Direction is fulfilled.
 - Existing relevant MBA, topic eligible for consideration
 - This direction speaks to an MBA that is planned to be released in this budget cycle, and staff should consider and address this direction as part of that MBA.
 - Amended language
 - This direction has been amended and incorporated into the MMBM. The amended and final language is bolded and can be found in the Additional Commentary section of the Appendix.
- **Not integrated into the Mayor's March Budget Message**
 - June Budget Document Proposal
 - This direction is best suited for the June Budget Message process as it is a smaller scale and/or district-specific budget action
 - Other Jurisdiction's Purview
 - This direction is not solely or primarily within the City's purview of core services and standard service offerings, and due to the current shortfall cannot be explored at this time.
 - Lack of Resources/Capacity
 - This direction requires a level of funding or staff capacity that is unavailable or will detract from other important ongoing work
 - To be Discussed Next FY
 - This direction should be discussed next Fiscal Year as the issues are best suited to be handled then.
 - Limited Authority and Scope

- This direction addresses an issue that the City has limited legislative or delegated authority, and/or the problem or issue is inadequately scoped to provide clear direction to staff

Certain recommendations will contain “Additional Commentary” fields to include any issue-specific context to aid the City Council and the general public in understanding how the Administration can approach the direction.

Appendix

Memorandum Author	Date of Release	Rec. #	Recommendation (Integration, Partial Integration, No Integration)	Justification	Additional Commentary
Campos	3/12/2026	1	Integrated into the Mayor's March Budget Message	Exists in the MMBM, Amended Language	This direction aligns with previous Council direction regarding the long-term plan for our interim housing system, the City's application for State funds for this site, and direction in the FY 26-27 March Budget Message. As with any interim site, our ability to convert 1 Branham Lane to permanent housing will be largely determined by potential partners' willingness and financial capacity to acquire and maintain the site. Direct the City Manager to explore pursuing the actions necessary to convert the 1 Branham Lane Emergency Interim Housing Community into permanent housing.
Campos	3/12/2026	2	Integrated into the Mayor's March Budget Message	Amended Language	Direct the City Manager to explore pursuing a preference for individuals with disabilities and for individuals age 55 or older during the transition period.
Campos	3/12/2026	3	Integrated into the Mayor's March Budget Message	New But Aligned, Amended Language	Direct the City Manager to release an informational memorandum on the status of the transition at 1 Branham before the end of the calendar year.
Mulcahy	3/12/2026	1 (SJ311 Modernization)	Partially integrated into the Mayor's March Budget Message	"Worthwhile focus, too prescriptive and interferes with means and methods"	We appreciate Councilmember Mulcahy's reaffirmation of direction from the FY 25-26 MMBM. This work stream is being addressed by ongoing 311 improvements efforts within the City Manager's Driving Organization Performance and Customer Experience Workplan.
Mulcahy	3/12/2026	2 (SJ311 Common Tools)	Not integrated into the Mayor's March Budget Message	To Be Discussed Next FY	As the 311 improvements outlined in the Driving Organization Performance and Customer Experience Workplan progress and the overall 311 system improves, then these categories should be considered for addition to the platform. We should be mindful of ensuring reliable service delivery prior to committing to further additions.
Mulcahy	3/12/2026	3 (Universal SJ311 Accounts)	Partially integrated into the Mayor's March Budget Message	"Worthwhile focus, too prescriptive and interferes with means and methods"	As the City Manager implements the Driving Organization Performance and Customer Experience Workplan, the City Manager is directed to determine if existing reporting pathways have gaps and if SJ311 could serve as the best platform to report issues outside normal operations for the betterment of the overall state of the city. It is a worthwhile exercise to ensure all City staff understand how to use SJ311 as staff capacity allows.

Appendix

Mulcahy	3/12/2026	4 (City Hall Campus Improvements)	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	We agree that there are many improvements that can be made to make City Hall a more welcoming and functional space for our workforce. However, given budget constraints, urgent infrastructure needs must take precedence. We encourage the City Manager to explore what is possible and activate the City Hall Plaza, if resources allow.
Mulcahy	3/12/2026	5 (Park Restroom Maintenance)	Integrated into the Mayor's March Budget Message	Exists in the MMBM	
Mulcahy	3/12/2026	6 (MRG and Bramhall Park Staffing)	Not integrated into the Mayor's March Budget Message	June BD Proposal	The MRG pilot was funded through a Budget Document (BD) last year. Given the budget deficit, this specific individual expenditure request is better suited to come as a proposal through the BD process.
Mulcahy	3/12/2026	7 (Caltrans DMA)	Integrated into the Mayor's March Budget Message	Within Existing Workplan/Imminent Council Report	We share Councilmember Mulcahy's desire to improve coordination with our external partners.
Mulcahy	3/12/2026	8 (Blight Education)	Not integrated into the Mayor's March Budget Message	June BD Proposal	Given the budget deficit, this specific individual expenditure request is better suited to come as a proposal through the Budget Document process.
Mulcahy	3/12/2026	9 (TOT Allocation)	Partially integrated into the Mayor's March Budget Message	Amended Language	The City Manager is directed to evaluate opportunities to improve the efficiency of arts and cultural grants with existing resources. Any spending decisions related to TOT-supported programs should be made following the June Election, when Council can consider potential uses of additional revenue.
Mulcahy	3/12/2026	10 (SJC Regional Coordination)	Integrated into the Mayor's March Budget Message	Exists in the MMBM	
Mulcahy	3/12/2026	11 (Major Events)	Integrated into the Mayor's March Budget Message	Exists in the MMBM	
Mulcahy	3/12/2026	12 (SJC Adjacent Parcel Evaluation)	Integrated into the Mayor's March Budget Message	Within Existing Workplan/Imminent Council Report	This work is being coordinated within the City Council Growing Our Economy Focus Area and updates will be provided during Focus Area Status Reports.

Appendix

Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	1	Integrated into the Mayor's March Budget Message	Exists in the MMBM	The City Manager is directed to develop the MBA outlined in the March Budget Message focused on a framework for the City Council Focus Areas and outline where pending policy considerations may be reprioritized within the Focus Areas.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	2	Not integrated into the Mayor's March Budget Message	To Be Discussed Next FY	The March Budget Message provides direction to preserve funds for homelessness prevention work, which is essential and should remain part of the broader conversation as the City evaluates strategies to reduce homelessness. However, we do not support earmarking future General Fund savings for a specific purpose in the budget message, since the City Council evaluates General Fund uses annually and cannot unnecessarily constrain future Council's budget decisions. The Council could alternatively explore changing the existing Measure E allocations to serve as updated policy guidance for future budget cycles, but given our existing budget commitments and our current deficit context this would be inadvisable.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	3	Integrated into the Mayor's March Budget Message	New But Aligned	This direction should be struck from the March Budget Message.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	4	Not integrated into the Mayor's March Budget Message	Limited Authority and Scope	The Mayor identified the need to augment fundraising, which is why he created this position in his office and received seed funding from local partners. The work has begun and will be coordinated with the City Manager's Office and City Council offices, as appropriate.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	5(a)	Integrated into the Mayor's March Budget Message	Within Existing Workplan/Imminent Council Report	Staff is already building out a data system to update this framework and inform intervention strategies, and this work aligns with the County partnership and June Focus Area Dashboard updates. Staff is also directed to produce an MBA on the Focus Areas recommending the approach for next fiscal year.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	5(b)	Partially integrated into the Mayor's March Budget Message	"Existing relevant MBA, topic eligible for consideration "	Staff were directed to produce an MBA on the Focus Areas recommending an approach for next fiscal year, through which they can recommend potential goals and strategies for further exploration (as described below for recommendation 5(c)).
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	5(c)	Integrated into the Mayor's March Budget Message	Within Existing Workplan/Imminent Council Report	Preventing homelessness is a key part of reducing homelessness overall, and this request aligns with that ongoing work. Staff were also directed to produce an MBA on the Focus Areas recommending the approach for next fiscal year, through which they can recommend potential new problem areas, goals, and strategies for exploration.

Appendix

Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	6	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	This proposed optimization is focused on maintaining existing service levels and ensuring continued maintenance of existing No Encampment Zones at lower costs. Staff is currently focused on redeployment and optimization of existing resources. Expanding services, including a proactive weekend BeautifySJ deployment model, could be considered in a future budget cycle.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	7	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	This request is not included in the current workplan, and staff do not have the resources or capacity to take on additional assessment work at this time. Current efforts remain focused on existing public safety and quality-of-life priorities already underway.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	8	Integrated into the Mayor's March Budget Message	New But Aligned	
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	9	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	The current budget constraints limit our ability to explore additional funding. To be considered in future years.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	10	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	This request is not included in the current workplan, and staff do not have the resources or capacity to take on this additional analysis at this time. Current efforts remain focused on existing housing and homelessness priorities already underway.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	11	Partially integrated into the Mayor's March Budget Message	"Existing relevant MBA, topic eligible for consideration "	We support the concept in a narrower form. The direction as written is too broad and operationally prescriptive, but staff could evaluate through an MBA the feasibility and cost of a more targeted strategic code enforcement approach focused on limited geographies, priority corridors, or specific categories of chronically non-compliant properties.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	12	Integrated into the Mayor's March Budget Message	Within Existing Workplan/Imminent Council Report	This request aligns with ongoing Code Enforcement modernization efforts already underway, including consultant-supported work. Staff should retain flexibility to evaluate and advance these recommendations within the broader modernization process.

Appendix

Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	13	Not integrated into the Mayor's March Budget Message	To Be Discussed Next FY	This concept is aligned with ongoing Code Enforcement modernization efforts, but resource constraints limit staff's ability to take on a separate new body of work at this time. Staff should retain flexibility to explore this recommendation within the broader modernization process already underway.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	14	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	This request requires new funding and is not included in the current workplan. Given current resource constraints, staff are not positioned to launch a new grant-funded outreach pilot at this time. Staff should retain flexibility to consider related ideas within the broader Code Enforcement modernization efforts underway.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	15	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	Staff should retain flexibility to explore cost-recovery options, including potential fee and fine adjustments, within the broader Code Enforcement modernization efforts already underway.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	16	Integrated into the Mayor's March Budget Message	Exists in the MMBM	
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	17	Integrated into the Mayor's March Budget Message	Exists in the MMBM	This direction aligns with MMBM emphasis on preserving, to the extent possible, programs that serve historically underserved and vulnerable communities, including efforts that build trust and sustain community connections.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	18	Not integrated into the Mayor's March Budget Message	Within Existing Workplan/Imminent Council Report	This is part of a broader collaborative effort underway with the County, informed by work through the Harvard Bloomberg City Leadership Initiative and ongoing conversations with the District Attorney's Office and other County stakeholders. While treatment capacity is primarily a County function, Prop 36 outcomes directly affect the City and contribute to ongoing public safety challenges and public sector costs borne by the City. Learnings from a short study visit would help us better understand how other jurisdictions are coordinating law enforcement, prosecutors, courts, and behavioral health systems to operationalize the law and position the City to be a stronger partner locally. A short study visit to a jurisdiction that is implementing these new tools with success (~500 additional people in a treatment pathway) is an exceedingly small investment if it helps us accelerate the movement of people from the streets to treatment and beyond.

Appendix

Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	19	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	This direction is overly restrictive in prescribing the funding source. Staff are pursuing state funding to support this program, but even if successful, appropriation would take time. Opioid settlement funds would allow the City to move faster, with state funding able to supplement later if it becomes available.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	20	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	Adding additional one-time funds would require drawing from reserves, worsening the City's fiscal position next year. The MMBM also directed staff to complete an MBA on strategy. In the meantime, staff will explore the additional \$500,000, and potentially more, through other jurisdictions and private funding sources.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	21	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	We appreciate the focus on underserved neighborhoods and on sustaining work that supports children and families. At the same time, the recommendations here call for multiple new reports and gap analyses, which would add work and raise expectations for expansion in a constrained fiscal year. The MMBM already directs us to prioritize children and youth through existing forums that bring together the key system partners and help identify the most strategic interventions and investments. Directing new staff work of this magnitude would require the authors to identify current policy work to deprioritize at this time.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	22	Integrated into the Mayor's March Budget Message	Exists in the MMBM	
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	23	Integrated into the Mayor's March Budget Message	Exists in the MMBM	
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	24	Integrated into the Mayor's March Budget Message	Exists in the MMBM	
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	25	Partially integrated into the Mayor's March Budget Message	Amended Language	Direct the City Manager to coordinate with VTA and present findings as part of the EIFD Study Session directed to come to City Council in the Fall of 2026. Further policy direction can occur after the study session.

Appendix

Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	26	Integrated into the Mayor's March Budget Message	Within Existing Workplan/Imminent Council Report	Our existing procurement processes already awards additional points for businesses and contractors
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	27	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	This request is not recommended at this time. The City does not have the resources to capitalize such a fund or the staffing capacity to administer a relief program of this nature, and demand would likely exceed available support substantially.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	28	Not integrated into the Mayor's March Budget Message	Other Jurisdiction Purview	Childcare is a real issue for working families. It affects whether parents can participate in the workforce, whether families can afford to stay in San José, and whether our economy works for the people who keep this city running. But this budget message has to stay grounded in what the City can responsibly take on in a difficult fiscal year. The most significant childcare interventions would require substantial ongoing funding, staff capacity, and potentially capital investment, while much of the core work in this space is already led by the County, the State, the County Office of Education, and specialized providers better positioned to operate at scale. In a deficit year, our priority should be protecting core services and preserving, where we can, programs that serve vulnerable communities, not committing the City to a broader new body of work we are not well positioned to resource or implement responsibly.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	29	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	The Administration should consider the FFN program as part of its broader analysis of how to prioritize the \$500,000 for the Children and Youth Services Master Plan, without prescribing that outcome in the budget message itself.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	30	Integrated into the Mayor's March Budget Message	Within Existing Workplan/Imminent Council Report	
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	31	Not integrated into the Mayor's March Budget Message	To Be Discussed Next FY	This work is already being advanced through existing efforts, including the cost of development study, the Building More Housing work, and related housing implementation items. Given current resource constraints, staff should retain flexibility to prioritize and sequence this work through the study session or MBA on 2026–2027 Council Focus Area goals and problem statements, rather than as a separate new directive.

Appendix

Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	32	Not integrated into the Mayor's March Budget Message	To Be Discussed Next FY	This work is already being advanced through existing efforts, including the cost of development study, the Building More Housing work, and related housing implementation items. Given current resource constraints, staff should retain flexibility to prioritize and sequence this work through the study session or MBA on 2026–2027 Council Focus Area goals and problem statements, rather than as a separate new directive.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	33	Integrated into the Mayor's March Budget Message	Exists in the MMBM	The City Manager is directed to include this is in the citywide planning MBA.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	34	Integrated into the Mayor's March Budget Message	Amended Language	
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	35	Integrated into the Mayor's March Budget Message	Amended Language	
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	36	Integrated into the Mayor's March Budget Message	Amended Language	The City Manager is directed to include this is in the citywide planning MBA.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	37	Integrated into the Mayor's March Budget Message	New But Aligned	This direction is aligned with the City's interest in exploring new tools to Build More Housing. At the same time, any exploration should be clearly framed as preliminary and subject to significant financial, legal, and operational review, particularly to avoid approaches that would place pension funds or other protected assets at risk. City participation should be evaluated carefully for financial exposure, administrative complexity, and long-term liability.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	38	Integrated into the Mayor's March Budget Message	New But Aligned	This direction is aligned with the City's interest in exploring new tools to Build More Housing. At the same time, any exploration should be clearly framed as preliminary and subject to significant financial, legal, and operational review, particularly to avoid approaches that would place pension funds or other protected assets at risk. City participation should be evaluated carefully for financial exposure, administrative complexity, and long-term liability.

Appendix

Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	39	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	This would be a significant body of work requiring substantial staff time, operational analysis, intergovernmental coordination, and potential system changes. At this stage, the City's priority should remain delivering an excellent SJ311 system for San José residents and ensuring service quality, responsiveness, and reliability for core City needs before exploring expansion. While the concept may be worth considering in the future, it is not feasible within current capacity and funding reductions.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	40(a)	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	This would be a significant body of work requiring substantial staff time, operational analysis, intergovernmental coordination, and potential changes to existing financial tracking practices and systems. The City is already advancing work to improve its dashboards and use of data, as well as partnering with jurisdictions, especially the County, to share costs and refine service delivery. With limited staff and resource capacity next fiscal year, the priority should be on optimizing and implementing those efforts effectively before adding a broader cross-departmental and interjurisdictional cost-allocation exercise. While the concept could help inform future policy and budget discussions, it is not feasible within current capacity.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	40(b)	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	This would be a significant body of work requiring substantial staff time, operational analysis, intergovernmental coordination, and potential changes to existing financial tracking practices and systems. The City is already advancing work to improve its dashboards and use of data, as well as partnering with jurisdictions, especially the County, to share costs and refine service delivery. With limited staff and resource capacity next fiscal year, the priority should be on optimizing and implementing those efforts effectively before adding a broader cross-departmental and interjurisdictional cost-allocation exercise. While the concept could help inform future policy and budget discussions, it is not feasible within current capacity.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	40(c)	Not integrated into the Mayor's March Budget Message	Lack of Resources/Capacity	While coordination with other jurisdictions with significant land in San José is important, this direction is too prescriptive as a budget priority. The City should address these needs through regular operational practice rather than committing limited staff resources to a broader MOU expansion effort.
Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	41	Integrated into the Mayor's March Budget Message	Within Existing Workplan/Imminent Council Report	

Appendix

Candelas, Campos, Ortiz, Doan, and Casey	3/13/2026	42	Not integrated into the Mayor's March Budget Message	Limited Authority and Scope	Much of the requested analysis extends beyond the City's authority, as rate-setting is governed through CPUC processes and ongoing state action. The April 21st data center council item will provide an opportunity for greater discussion. The most appropriate role for the City at this time, while the City works to establish a market, is to consider support for state and federal policy that mitigates risks to other ratepayers and protects residents and small businesses.
--	-----------	----	--	-----------------------------	---