



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Councilmember Mulcahy

SUBJECT: SEE BELOW

DATE: March 12, 2026

Approved:

Date: March 12, 2026

SUBJECT: Approval of the Fiscal Year 2026-2027 Mayor's March Budget Message.

RECOMMENDATIONS:

- (a) Approve the FY 2026-2027 Mayor's March Budget Message.
- (b) Adopt the proposed language below as part of the FY 2026–2027 Mayor's March Budget Message.

SUMMARY:

Our office appreciates the Mayor's Fiscal Year 2026–2027 March Budget Message and the framework it provides for navigating the City's fiscal outlook. As San José faces a projected General Fund shortfall and broader economic challenges, I recognize the importance of making thoughtful trade-offs that prioritize core services while maintaining long-term stability.

I support the Mayor's emphasis on identifying operational efficiencies, reviewing existing programs, and making targeted reductions where necessary to ensure the City can continue delivering essential services. While these decisions are difficult, they represent a responsible approach to aligning the City's spending with fiscal realities. I also want to emphasize the importance of strategic one-time investments that modernize systems, strengthen operational capacity, and generate long-term savings.

As the City moves forward, our office believes San José must continue shifting from a reactive model of governance to a more proactive one. By identifying issues earlier, improving coordination across departments, and empowering staff to address problems before they escalate, the City can better steward its resources while improving outcomes for residents. With that perspective, we hope to further emphasize and expand the One Team framework, moving San José from a reactive city to a proactive city.

ADDENDUM:

Expansion of ‘One Team’

Moving from a reactive city to a proactive city

San José has long operated in a reactive mode, often addressing issues only after residents contact Council offices or submit via SJ311. While understandable given resource constraints, this complaint-driven system limits strategic planning and complicates long-term budgeting. Our office encourages a shift toward a more proactive approach by empowering City staff to identify issues earlier and address them before they escalate.

To support this shift, I propose launching the “One Team Watch” initiative. This builds on the Administration’s One Team by equipping City staff already present in parks, facilities, and neighborhoods with simple tools to report concerns so the City can create an early-warning system for maintenance and safety issues. This real-time feedback loop can prevent small issues from becoming larger problems while strengthening operations without significant new resources.

We also recognize that becoming more proactive requires a willingness to try new approaches, test strategies, and learn from results. Not every idea will succeed on the first attempt, and that’s okay. What matters is creating space for thoughtful experimentation, pilots, cost-effective trials, and iterative improvements that move us away from a cycle of reacting. We commend the Administration’s current efforts in this direction – such as the upcoming Day of Service – and hope this message reinforces the value of deepening that work to keep up the momentum in departmental work plans.

By grounding our budget decisions in proactive planning and agile implementation, including efforts like One Team Watch, San José can deliver better outcomes for residents while building a more resilient and financially sustainable future. Strengthening this proactive mindset across departments will help the City address challenges earlier, use resources more efficiently, and continue operating as a unified One Team. This approach also lays the foundation for the following recommendations to improve how the City identifies, tracks, and responds to issues raised by residents.

Additional Categories on SJ311

Council offices regularly encourage residents to use SJ311, and we appreciate the Mayor’s direction to provide one-time funding to improve transparency, service tracking, and responsiveness. However, many constituent concerns still reflect gaps in the current system.

To address these gaps, the City Manager is directed to continue implementing improvements outlined in the Mayor’s 2025 Budget Message, including transitioning SJ311 ownership to the IT Department, modernizing the interface, expanding accessibility features, adding push notifications and SMS updates, enhancing geotagging, and requiring photo confirmation from staff to neighbors for completed services.

The City Manager should also work with departments to integrate commonly used constituent-facing tools into SJ311, including park concerns, traffic safety requests, encampment reports, malfunctioning signals, damaged signage, and code enforcement concerns.

Responsibility to Action – Every Employee should have an SJ311 account

In alignment with the One Team Watch initiative, every City employee should feel empowered to report issues they observe in the community. Whether employees notice illegal dumping, safety hazards, or maintenance concerns during their commute, workday, or daily lives, reporting through SJ311 should become a normal part of City operations.

To support this effort, the City Manager, in collaboration with the IT Department, is directed to create SJ311 accounts for all City employees during onboarding and for existing staff. The City Manager should also explore ways to encourage internal use of SJ311, including incentive programs similar to Human Resources' "Walktober" initiative and integrating reporting expectations into departmental workflows.

Pride in Our City Spaces

City Hall:

City employees work every day to improve San José's quality of life, and it is equally important that we take pride in the spaces we steward. While the City has invested in activating parks and community spaces, similar attention should be given to the environments used by City staff.

Currently, City Hall lacks a dedicated outdoor space where employees can comfortably take breaks or gather informally. Reimagining underutilized areas within the City Hall campus could create a welcoming space with modest improvements, such as shaded seating or greenery.

The City Manager is directed to explore opportunities to activate underutilized spaces within the City Hall campus and incorporate these principles into departmental work plans.

Park Bathrooms:

Taking pride in our city spaces also means ensuring that the most basic public amenities reflect consistent standards and care. Park restrooms are among the most visible and frequently used facilities in our park system, and their condition often shapes residents' overall experience when visiting a park.

Maintaining clean, safe, and functional restrooms aligns directly with the Mayor's Back to Basics framework by prioritizing core services residents interact with every day. Therefore, the City Manager is directed to evaluate opportunities to improve park restroom conditions through more consistent maintenance standards, robust oversight and management of third-party vendors, and targeted improvements for our well-loved public spaces.

Together, these proposals reinforce the importance of strengthening a proactive culture across City operations. By empowering employees to identify issues early, improving tools like SJ311, and investing in the care of our shared spaces, San José can better anticipate challenges rather than simply respond to them. These efforts reflect a practical commitment to the Mayor's Back to Basics priorities while reinforcing the spirit of the One Team initiative. With thoughtful implementation and continued collaboration across departments, these actions will help ensure City services remain responsive, efficient, and rooted in pride for the communities we serve.

San José Municipal Rose Garden Pilot Expansion

In the 2025–2026 budget cycle, our office requested a pilot program at the Municipal Rose Garden (MRG) after years of limited City presence and ongoing concerns, including restroom maintenance failures, unpermitted vendors, graffiti, and vandalism.

Funding for a Park Ranger Assistant and Recreation Leader to staff the park during peak weekend hours has already produced positive results. The program has reduced unpermitted vendors, improved compliance with permitting requirements, and strengthened oversight of park facilities. It should be noted that MRG remains a top 5 result in every major search engine when asked what to do in San José.

Given the success of this pilot, similar challenges at Willow Street Frank Bramhall Park present an opportunity to expand the program. Therefore, the City Manager is directed to include \$100,000 in funding for staffing support at MRG and Bramhall Park during peak seasons.

Agreement with Santa Clara Valley Water

District 6 includes several major creeks and trails, including the Guadalupe River, Los Gatos Creek Trail, and Three Creeks Trail. We commend the Administration for its coordination in implementing initiatives such as No Encampment Zones and relocating individuals from unsafe conditions along waterways. We also appreciate the Mayor's direction to evaluate cost savings associated with the City's agreement with Caltrans, which reimburses the City for encampment management at 13 locations.

However, many creek corridors involve overlapping jurisdictions between the City, Valley Water, Caltrans, Santa Clara County, VTA, and private property owners, often slowing responses to issues such as illegal dumping and encampments. Building on the success of the Caltrans Delegated Maintenance Agreement, the City Manager is directed to explore stronger coordination with Valley Water to streamline abatement efforts along waterways, especially where they interact with City-owned property.

Unpermitted Vendors

The City and County have made progress addressing unpermitted vending near major event venues through coordinated enforcement and education. These efforts have helped vendors understand permitting requirements while improving safety and the visitor experience. However, unpermitted

vending continues in business districts and high-traffic corridors, often creating safety concerns and unfair competition for nearby restaurants that comply with permitting and health regulations.

Therefore, we direct the City Manager to expand education efforts and enforcement, whenever possible, in impacted neighborhoods and neighborhood business districts. The goal is to maintain the successful model of coordinated, proactive outreach that protects public safety, supports permitted businesses, and strengthens economic vibrancy.

Stitching Districts

San José's greater Downtown is home to a diverse network of commercial, cultural, and entertainment destinations that together form the epicenter of the city's experience economy. The Stitching Districts initiative continues to show results by connecting key activity centers - from Diridon Station to SAP Center to San Pedro Square - through arts, culture, and public space activation. Local artists and cultural organizations play a critical role in animating these spaces, creating a more cohesive and vibrant experience for residents and visitors.

To further support this work, the Administration should work to streamline the distribution of arts funding generated from 1.5% of the Transient Occupancy Tax (TOT) so that resources reach artists and cultural organizations in a timely and less costly manner. This includes a review of the existing grantmaking processes and coordinating with the Finance Department and the City Attorney's Office to assess vendor risk and administrative thresholds that may be unintentionally creating costs for arts organizations, burdening Office of Cultural Affairs staff with unnecessary process, and ultimately slowing down the delivery of grants to local organizations and diluting the funds in general due to staffing cost recovery.

San José's arts ecosystem plays a vital role not only in beautifying our public spaces, but also in expanding access to the arts and elevating the City's cultural presence regionally and nationally through creative activations and programming. Ensuring that funding processes are efficient and responsive will help support both neighborhood-level arts engagement and larger cultural events that bring visibility to San José.

Therefore, the City Manager is directed to return with recommendations to improve the efficiency of arts grant administration, including a review of risk and administrative thresholds for grants, identifying opportunities to reduce administrative barriers, and exploring options for directing TOT-supported funding to local artists and cultural organizations in support of the Stitching Districts initiative and broader Downtown arts activation.

Airport Strategy, Connectivity, and Land Use

San José should continue to strengthen coordination around regional air service and the strategic use of airport-adjacent land at Norman Y. Mineta San José International Airport (SJC). We support the

Mayor's direction to partner with regional employers to assess route demand and attract additional domestic and international service.

We also support providing one-time funding for a Major Events Lead within the Office of Economic Development to coordinate planning as San José prepares to host major events in 2026 and approaches its 250th anniversary in 2027.

The City should also evaluate underutilized airport-adjacent parcels, particularly along Coleman Avenue and the Guadalupe River corridor, for uses that support environmental resilience, public access, and revenue generation.

Therefore, the City Manager is directed to work with the Office of Economic Development, SJC, and relevant regional partners to: (1) develop a strategy to strengthen regional coordination around air service and engage major employers in identifying priority routes; (2) return with a proposal for one-time funding and scope of work for a Major Events Lead to support planning for major events in 2026 and the City's 250th anniversary in 2027; and (3) evaluate airport-adjacent parcels, particularly along Coleman Avenue and the Guadalupe River corridor, and report back with recommendations for uses that advance environmental resilience, public access, and sustainable revenue opportunities.

Conclusion

These priorities reflect a vision for San José to operate as a truly 'One Team' organization, one that anticipates challenges, leverages expertise across departments, and treats public spaces and neighborhoods as shared responsibilities. By emphasizing proactive planning, early intervention, and coordinated stewardship, the City can deliver better outcomes for residents while using resources more efficiently. We look forward to continuing to work with the Mayor and City Administration to build a more responsive and resilient San José.