

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Campos
Councilmember Ortiz
Councilmember Candelas
Councilmember Casey

SUBJECT: SEE BELOW

DATE: June 05, 2026

Approved

Date: 6/05/2026



SUBJECT: Mayor's June Budget Message for Fiscal Year 2026-2027

RECOMMENDATION

Approve the Mayor's June Budget Message for Fiscal Year 2026-2027 with these additions:

1. Allocate the full \$1 million designated for immigrant defense and legal services at the beginning of Fiscal Year 2026-2027, including the \$500,000 included in the City Manager's Proposed Budget and the additional \$500,000 placed in reserve through the Mayor's June Budget Message.
2. In alignment with the spirit of BD #40, include a potential update to the *Planning in San José: A Community Guide* as part of the Citywide Planning Work Plan Reprioritization as described in MBA #24 that will come before the City Council in the first quarter of 2026-2027, so that this effort can be considered regarding potential reprioritization of current and planned work items. In the interim, meet with San José State University to assess the level of external funding that might be available to support this project.
3. Incorporate MBA#7: Business Tax Modernization
 - a. Restore \$90,000 to support economic development and business impact research as part of a potential future ballot measure initiative.
 - b. Decline the rebudget of the Blight Busters City-Wide Expenses allocation of \$90,000 as included in MBA #26.
4. San Jose Works - Youth Jobs Initiative
 - a. Restore \$54,531 to support 30 youth with employment opportunities.
 - b. Decrease the rebudget of the Animal Care and Services Foundation Reserve by \$54,531 as included in MBA #26.
5. Prioritize the use of any excess General Fund balance recognized as part of the 2025-2026 Annual Report to restore public access to the California Room in accordance with MBA #19, after accounting for any necessary 2026-2027 appropriation adjustment

actions to rebudget funds, correct errors, or reflect updated cost information, and after offsetting the projected General Fund shortfall for 2027-2028 in accordance with City Council Policy 1-18.

BACKGROUND

Thank you, Mayor Mahan, for a collaborative, inclusive, and focused June Budget Message. We would also like to thank the City Manager's Office for their work on the proposed budget during this challenging fiscal year. Overall, we are supportive of the June Budget Message and appreciate the thoughtful effort to balance immediate service needs with the City's long-term fiscal sustainability.

The recommendations included in this memorandum are intended to clarify and strengthen several areas that align with the goals and priorities already reflected in the June Budget Message. These additions focus on preserving flexibility for critical community services, supporting youth employment and economic development initiatives, advancing public engagement in land use planning, and identifying future opportunities to restore access to valued cultural and educational resources. We believe these recommendations complement the Mayor's approach while ensuring that important community priorities remain part of the City's ongoing budget discussions.

Immigration Reserve

The City's non-profit partners have played a critical role over the past year in supporting our immigrant community amid increased immigration enforcement. The million-dollar investment made to support the immigrant community has expanded opportunities for legal representation, know-your-rights education, case management, and other essential support services. While the additional \$500,000 allocation in the mayor's message is welcome, restricting access to those funds until enforcement activity increases may limit service providers' ability to adequately prepare for the very circumstances the reserve is intended to address. Providing access to the full \$1 million upfront would enable us to build the organizational capacity needed to respond effectively to a major increase in enforcement.

Budget Document #40

Planning in San José: A Community Guide provides accessible information to the public about land use planning and development in San José. At over 20 years old, the Community Guide is no longer accurate, references the previous General Plan, and contains other outdated information. The original Community Guide was produced by the San José State University (SJSU) Department of Urban and Regional Planning, and the last revision was completed in October 2005. As with the original Guide, the SJSU Masters of Urban Planning Program (now within the School of Planning, Policy & Environmental Studies (SPPES)), is available and eager to provide substantial support in refreshing the document, with updated references to the

Envision San José 2040 General Plan, the amended Municipal Code, and other important information benefiting community members interested in participating in local land use decision-making processes.

This project would offer a valuable collaboration opportunity between the City and SPPES, providing a solid educational benefit to graduate students who would conduct the research and prepare the updated Guide. We recommend continuing to explore this partnership with SJSU and provide a pipeline for SJSU planning students to educational and employment opportunities with PBCE.

MBA #7: Business Tax Modernization

MBA #7 provides a status update regarding previously provided City Council direction to continue a “phased and transparent approach to business tax modernization options.” The City’s current general business tax structure generates approximately \$31 million annually and has not been updated in a decade. The 2026-2027 City Manager’s Proposed Budget includes \$100,000 for non-personal funding to evaluate the existing tax structure, including technical analysis, stakeholder engagement, and other activities, and provide recommendations given the ongoing structural budget shortfalls. The Blight Busters program was originally funded in the 2019-2020 and 2020-2021 operating budgets with a total of \$300,000 that has been slowly spent down in the ensuing years. Based on information provided by the Administration, no funds were expended in 2025-2026 and there are no immediate plans for this program in 2026-2027. Since the 2026-2027 Proposed Operating Budget includes one-time funding of \$175,000 for temporary staffing to supplement the Enhanced Vacant/Dangerous Downtown Building Inspection and MBA #15 increases the fee for this program to add ongoing staffing of \$180,000, the old funding for the Blight Busters program can be repurposed without impacting the capacity of the Code Enforcement Division.

San Jose Works – Youth Job Initiative

While establishing a dedicated Animal Care and Services Foundation remains an important long-term goal, we recommend repurposing a portion of this funding to address a more immediate community need while preserving the opportunity to establish the foundation in the future. This funding will support employment opportunities for approximately 30 historically disadvantaged youth (ages 14-18) in 2026-2027—but more importantly, provide critical workforce development, mentorship, and income during the summer months, when young people are often at greater risk of negative outcomes.

With the transition of Animal Care and Services to the Parks, Recreation and Neighborhood Services Department, the Administration has informed us that their priority in 2026-2027 is to continue to build community partnerships, strengthen the foundation of the Division, and expand spay and neuter services. The Administration has said that a future foundation will be most effective when it is built on strong community confidence, clear accountability, and sustainable operational practices. We know that City staff remain committed to advancing this work in the

near future under conditions that will position the foundation for long-term success. We look forward to future budget discussions on this topic while a portion of this funding is redirected to meet today's most pressing community needs. The remaining funds in this reserve should be sufficient to begin to initiate this work next year.

California Room Funding Restoration

The California Room at the Dr. Martin Luther King, Jr. Library is a unique and invaluable community resource that preserves the history and identity of San José and the broader Santa Clara Valley. Through its collection of historical documents, photographs, maps, archives, newspapers, and local records, it serves students, educators, historians, genealogists, and residents seeking to better understand our community's past. As San José approaches its 250th anniversary, access to these materials becomes even more important in helping preserve and share our collective story.

At the same time, we recognize the significant budget challenges facing the City and the difficult decisions that must be made to maintain core services. While funding is not currently available to restore the California Room, we believe it should remain a priority for future consideration. Our recommendation signals the importance of identifying creative funding solutions and utilizing any available excess General Fund resources to restore public access when fiscally prudent. Preserving access to our community's history is an investment in civic identity, education, and cultural heritage that should not be overlooked as future funding opportunities arise.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.