



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Vice Mayor Pam Foley

**SUBJECT:** SEE BELOW

**DATE:** March 17, 2025

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Approved

Date 03/17/2025

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**SUBJECT: Approval of the Fiscal Year 2025-2026 Mayor's March Budget Message**

**RECOMMENDATION**

1. Approve the Mayor's March Budget Message for FY 2025-2026
2. Approve Recommendations 1 and 4 in the memorandum from Councilmembers Cohen and Candelas dated March 13.
3. Approve Recommendations 2d, 3, and 5 in the memorandum from Councilmembers Campos, Salas, Mulcahy, Doan, and Casey dated March 14.
4. Clarify that the recommended 2026 Charter Amendment language for Pay for Performance and the Responsibility to Shelter policy framework outlined in the Mayor's March Budget message will be separately agendized for the same Council meeting as budget adoption in June 2025 to allow for full review of staff's recommendations and dedicated Council deliberation.

**BACKGROUND**

I'd like to thank Mayor Mahan for his Budget Message that prioritizes and addresses the pressing needs of the City. I'd also like to thank all my colleagues who have submitted thoughtful memoranda under the Budget Message. It's clear that we are all aligned in seeking to deliver a balanced budget that preserves existing essential services that our residents rely on while also delivering meaningful results in addressing unsheltered homelessness.

**Memorandum from Councilmembers Cohen and Candelas**

A joint meeting between the County and the City as outlined in Recommendation 1 is long overdue, particularly as we begin to develop a new Community Plan to End Homelessness with our partners. We should also continue exploring alternative funding options to support affordable housing development as described in Recommendation 4.

The “Responsibility to Shelter” and “Pay for Performance” proposals have significant budget implications and should be considered through the budget process. I appreciate Councilmembers Cohen and Candelas’ desire to evaluate these proposals more deeply. Council will have the opportunity to vet and study the policies in the Budget Study Sessions between March and June. It should be noted that these proposals will be separately agendaized and voted on in June.

The desire for greater coordination between the City and the County on the issue of homelessness is important. But, the creation of a new committee may result in unnecessary complexity and delay when our residents expect us to move urgently to address the pressing issue of unsheltered homelessness. That being said, all topics that are recommended to be addressed by the Special Committee can be addressed through a joint meeting of the City Council and County Board of Supervisors. The joint meeting can be a starting point and it may be later determined that a special committee or some other level of coordination might be helpful.

*Memorandum from Councilmembers Campos, Salas, Mulcahy, Doan, and Casey*

I acknowledge the Councilmembers’ efforts to dedicate additional funding for homelessness prevention and create certainty regarding Measure E allocations for the next two years. However, we should be cautious about committing funding allocations for Council in future years. Fiscal projections can change drastically year over year and so it is critical that Council can allocate Measure E funds as is most appropriate for FY 2026-2027. It’s also important that we do not cap General Fund contributions for programs and services that are already approved by the City Council.

I appreciate the five requests for Manager Budget Addenda (MBAs) included in the memorandum. All these MBA requests seek answers to important budgetary questions. It is important, though, that we are mindful of the workload on City Staff to produce these MBAs and be careful to not request that staff conduct redundant work.

Recommendations 2a and 2b can be addressed in the upcoming Budget Study Sessions. While I appreciate the intent of Recommendation 2c, the Mayor’s March Budget message already directs the City Manager to explore cost savings opportunities for our current EIH strategy.

Additionally, [MBA #17](#) from last year largely addresses the questions in Recommendation 2e. Staff should consider pursuing pre-engineered modular shelters in future years after we build out our pipeline of EIH.