

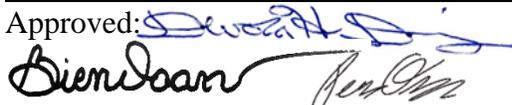


Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Councilmember Dev Davis
Councilmember Omar Torres
Councilmember Peter Ortiz
Councilmember Arjun Batra
Councilmember Bien Doan

SUBJECT: MAYOR'S JUNE BUDGET MESSAGE - **DATE:** June 9, 2023
MBAs, BDs, TOT

Approved:   Date: 6/9/2023
 

RECOMMENDATIONS:

1. Direct staff to fund the following items through Community Development Block Grant funding:
 - a. Assisting the Vietnamese Heritage Community Garden, the Alum Rock Arts District, and the African American Community Center (MBA #18)
 - b. Hoffman Via Monte Safety Lighting (BD #50)
2. If one or more of the items listed above, including any portion of 1.a and/or 1.b, cannot be funded as directed, staff is directed to consider funding through the General Fund Ending Fund Balance.
3. Regarding Budget Document #50
 - a. Direct staff to utilize any cost savings in funds allocated to address Priority Problem 1 (Carlsbad Drive), to address Priority Problem 2 (Mesa Drive).
4. Direct staff to explore additional revenue options and a budget policy strategy to re-invest 2% of the General Fund portion of TOT incrementally starting with an increase of .5% in Fiscal Year 2024-2025.

DISCUSSION:

We would like to thank the Mayor for being responsive to a number of our funding requests. However, there are some items of great importance that we urge acceptance into the Fiscal Year 2023-2024 budget plan. To this end, we are directing staff to utilize the funding sources outlined above to fully fund costs associated with these projects as outlined in BD #50 and MBA #18.

African American Community Center

The roof and windows of the African American Community Services Agency (AACSA) urgently need repairs that have been long overdue. The estimated cost of this critical repair is \$166,000. Unfortunately, the June Budget Message has only allocated half of this amount, which would only cover half of the repairs for the 55 windows and does not include repairing the roof. We see that the most effective strategy would be to fully fund the restoration of the building by leveraging CDBG funds for “Rehabilitation and Infrastructure for Affordable Housing Sites and Public Facilities.

Vietnamese Heritage Community Garden

The Viet Heritage Garden is within Kelley Regional Park in Council District 7. A master plan was approved in September 2000. Program elements of the master plan include a heritage garden, cultural museum, water garden, exhibition hall, picnic areas, children’s playground, natural science exhibit, and other improvements. The master plan report and other City documents include a private fundraising strategy for implementation which was not realized. The Vietnamese Cultural Heritage Garden Association was to donate the garden and all capital improvements to the City of San José. Prior to any improvements, it is recommended that this master plan be updated to include new community outreach to better reflect the current neighborhood demographics and programmatic needs. The estimated cost to update the master plan is \$300,000. A new construction cost estimate would be generated through this effort as the existing estimate from the original master plan is severely outdated and does not reflect current construction climates. It is estimated that \$150,000 would be needed to conduct a fundraising feasibility study for the Vietnamese Cultural Heritage Garden to develop a financial strategy to pursue implementation. The total estimated cost for this project is \$450,000.

Alum Rock Arts District

The diverse and vibrant cultural community in East San José is a testament to the creativity and passion of its community. As stated in MBA #18, there is no denying that the East Side has "a density of cultural assets and a cultural scene comprised of artists, nonprofits, and arts-based businesses." While there has been movement by partnering with the School of Arts and Culture at Mexican Heritage Plaza (MHP) to acquire property across the street on Alum Rock Avenue to expand its service; we as the city should build upon this investment through an Alum Rock/Eastside San José Cultural District. Doing so would ensure the successful advancement of San José’s first Cultural District.

Hoffman Via Monte

The Hoffman Via Monte neighborhood has long suffered from subpar lighting conditions that make parts of this neighborhood hazardous for pedestrians and commuters. For this reason, Councilmember Batra put forward Budget Document #50 to address three of the neighborhoods

most insufficiently lighted streets. However, only one of these streets was included in the Mayor's adoption of BD #50. Given the Budget Document Cost Estimate (Cost Estimate #5), which included a total of 45% of cost contingencies, we recommend utilizing all savings from the Carlsbad Drive lighting enhancements, to be applied to the needed lighting enhancements on Mesa Drive.

Transient Occupancy Tax

In San Jose, the Transient Occupancy Tax (TOT) was structured to assist the industries that had the greatest propensity to positively impact the generation of more visitation. Currently, 40% of the tax is dedicated to the General Fund, 30% to the Convention and Cultural Facilities Fund (CCFF), 15% to Convention and Visitors Bureau marketing programs, and, 15% to the Office of Cultural Affairs of which about half (or 7.5% of the total TOT tax) goes to support cultural and entertainment program grants.

Staff's recent analysis of the TOT (MBA #58) found significant impacts from the hospitality and arts sector. The memo cited that in 2015 the San Jose nonprofit art sector contributed over \$191 million to the local economy through direct and indirect spending. However, in recommending that reinvesting a greater portion of TOT into the sector is too costly – the analysis failed to account for any additional return on revenues this increased investment would realize.

The benefits of smartly investing in strategies that build and capture leisure-related visitorship across the City are well documented and provide a roadmap for impactful investments that actually lower the tax burden on San Jose residents.

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.