COUNCIL AGENDA: 01/13/26
FILE: 26-035
ITEM: 3.3

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Jim Shannon

SUBJECT: **Green v. City of San José et. al. – Settlement**

DATE: January 8, 2026

Approved

Date: 1/8/26

COUNCIL DISTRICT: Citywide

REASON FOR SUPPLEMENTAL MEMORANDUM

This memorandum recommends budget actions to reallocate existing funding to provide sufficient budgetary capacity for the City to settle the lawsuit brought by Plaintiff K'aun Green in the amount of $8,000,000.

RECOMMENDATION

(a) Approve a settlement in the case of Green v. City of San José, et al, in the amount of $8,000,000, and authorize the City Attorney to execute a Settlement Agreement.

(b) Adopt the following 2025-2026 Appropriation Ordinance amendments in the General Fund:
   (1) Increase the General Liability Claims City-Wide Expenses appropriation to the City Attorney's Office by $8,000,000; and
   (2) Decrease the Budget Stabilization Reserve by $8,000,000.

ANALYSIS

The City Attorney is recommending approval of a settlement in the case of Green v. City of San José, et. al., U.S. Dist. Ct., N.D. Cal., case no 5:22-cv-02174-NC, in the amount of $8 million and to authorize the City Attorney to execute a Settlement Agreement.

The payment of claims arising from litigation are typically paid from the General Liability City-Wide Expenses appropriation, which receives an annual allocation of $6.0 million, and any remaining balance is carried forward into the following fiscal year as part of the annual budget process. The 2025-2026 Modified Budget for this appropriation is $8.6

million, which includes the ongoing allocation of $6.0 million and the rebudget of $2.6 million from prior fiscal year savings. However, the estimated remaining balance at the end of December is approximately $5.9 million. Budget adjustments are necessary to ensure that sufficient funding is available to both pay the recommended settlement amount of $8.0 million and for other settlements or litigation costs that may be incurred throughout the remainder of the fiscal year.

COST SUMMARY/IMPLICATIONS

The recommended action reallocates $8.0 million from the Budget Stabilization Reserve, reducing this reserve from $20.5 million to $12.5 million, to the General Liability Claims City-Wide Expenses appropriation. Should any savings remain in the General Liability Claims City-Wide Expenses appropriation at the end of the fiscal year, the City Manager's Office will coordinate with the City Attorney's Office to determine if the remaining funding should be returned to the Budget Stabilization Reserve or rebudgeted into 2026-2027 to address future claims. It is important to note that the Workers Compensation/General Liability Catastrophic Reserve Claims Reserve of $15.0 million remains available should the City face a future significant and unexpected claim.

BUDGET REFERENCE

The following table identifies the fund and appropriation adjustments necessary to fund the recommended settlement.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Rec. Budget Action	Amt for Settlement	2025-2026 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No)
001	0018	General Liability Claims	$8,563,000	$8,000,000	$8,000,000	909	10/21/2025 31252
001	8399	Budget Stabilization Reserve	$20,500,000	($8,000,000)	N/A	935	10/21/2025 31252

COORDINATION

This memorandum was coordinated with the City Attorney's Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the January 13, 2026 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

JIM SHANNON
Budget Director

For questions, please contact Jim Shannon, Budget Director, City Manager's Office, at jim.shannon@sanjoseca.gov.