



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Khaled Tawfik

**SUBJECT:** Establishment of the GovAI  
Coalition as a Nonprofit  
Corporation

**DATE:** March 16, 2026

Approved

Date:

3/17/26

**COUNCIL DISTRICT:** Citywide

## **RECOMMENDATION**

Adopt a resolution authorizing the City Manager or her designee to establish the GovAI Coalition as a nonprofit corporation and to utilize the \$150,000 grant from the Packard Foundation to support all necessary expenses associated with the formation, transition, and attainment of nonprofit status.

## **SUMMARY AND OUTCOME**

Approval of this action will enable the GovAI Coalition (Coalition) to transition from an affiliated group of agencies led by the City of San José (City) into a nonprofit corporation, positioning the Coalition to secure philanthropic funding and operate under a formalized governance structure. This action reinforces the City's leadership in advancing the responsible use of Artificial Intelligence (AI) while also minimizing the City's long-term operational and fiscal commitments.

## **BACKGROUND**

In November 2022, OpenAI released ChatGPT to the public, accelerating the adoption of generative AI technologies across sectors. In response to the rapid pace of change and the need for responsible public-sector governance, the City acted promptly by releasing its Generative AI Guidelines draft in July 2023 and soliciting public and expert feedback.

To further support collaboration among public agencies, the City convened the first virtual Coalition meeting in November 2023. By March 2024, the Coalition had

published its first set of policy resources, developed collaboratively and supported by more than 200 members from government agencies and nonprofit organizations across the United States. Recognizing the growing interest and value of the Coalition, in 2024, Mayor Mahan included funding for the Coalition in his March Budget Message and the City Council approved \$100,000 in the Fiscal Year 2024-2025 Adopted Budget for the Information Technology Department to expand Coalition activities.<sup>1</sup> On October 25, 2024, the Information Technology Department presented the status of the Coalition to City Council in a Study Session to highlight its mission and provide an update regarding the upcoming Coalition's first Summit, hosted by the City.<sup>2</sup>

The Coalition has since grown rapidly into an international network of more than 3,000 members representing over 900 public agencies. Efforts in the Coalition are organized into six committees addressing the end-to-end needs of governments using AI and related technologies.

1. Data Governance – ensuring the integrity, quality, and accountability of data that powers AI systems.
2. Workforce Readiness and Adoption – helping agencies develop AI governance and equip their workforce with the skills and frameworks to deploy AI responsibly.
3. Use Cases – sharing real-world examples around how AI can improve government services and community outcomes.
4. Industry Relations – engaging AI companies to provide and promote greater transparency, accountability, and build better products for government.
5. Procurement – leveraging collective purchasing power to secure AI solutions with stronger protections and better value for government agencies and the communities they serve.
6. Community Engagement – engaging and empowering the community to shape how AI and technology are used in public service delivery.

In December 2024, the City hosted the inaugural Coalition Summit at the McEnery Convention Center, drawing more than 500 attendees and supported through partnerships with the City Manager's Office of Economic Development and Cultural Affairs and private-sector sponsors. Building on this momentum, the Coalition held its second summit in November 2025, drawing more than 700 attendees from across the United States and abroad, elevating its international recognition.

To date, the Coalition has operated as an affiliated group of independent agencies led by the City, with guidance from an intergovernmental board and volunteer committees. In fall 2025, the Packard Foundation awarded the City a \$150,000 grant to support staffing for the Coalition and to explore the feasibility of establishing the Coalition as a

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<sup>1</sup> Fiscal Year 2024 – 2025 Adopted Operating Budget, page 376.

<https://www.sanjoseca.gov/home/showpublisheddocument/115774/638717709976570000>

<sup>2</sup> Study Session - City AI Initiatives and GovAI Coalition Summit:

<https://sanjose.legistar.com/MeetingDetail.aspx?ID=1213828&GUID=7AF358E0-EB60-414E-A663-ECF86A9216EB>

nonprofit legal entity. The Packard Foundation is among several philanthropic organizations that have expressed interest in providing additional funding to the Coalition once it is established as a nonprofit corporation.

## **ANALYSIS**

The Coalition's mission aligns with the City's goal to ensure AI in the public sector is responsible, effective, and ultimately serves the public good. It has attracted strong interest from public agencies, nonprofit organizations, and philanthropic institutions. However, many philanthropic organizations are unwilling to provide funding directly to government entities. Establishing the GovAI Coalition as a 501(c)(3) nonprofit corporation is therefore necessary to ensure its long-term sustainability.

Alternative governance structures were considered and determined to be impractical. A Joint Powers Authority would be infeasible given the Coalition's global membership across multiple states, countries, and sectors. Similarly, a memorandum-of-understanding model is not workable due to the Coalition's continuously evolving membership, which includes both individuals and organizations participating in varying capacities.

Staff collaborated with the City Attorney's Office and researched several nonprofits arising from a local government, including the San José Parks Foundation, the San José Public Library Foundation, the Open Mobility Foundation (established by the Los Angeles Department of Transportation), the eCityGov Alliance (established by the Bellevue Department of Technology), and the Cyber Center of Excellence (established by the San Diego Department of Technology).

Establishing the Coalition as a nonprofit corporation will provide greater flexibility to advance the effective and responsible use of AI in the public sector through meaningful collaboration with its members, while supporting the City's objectives to leverage emerging technologies to deliver high-quality civic services. The nonprofit status will also expand access to philanthropic funding, as private donors typically prefer to support nonprofit organizations rather than government entities directly. In addition, it will enable the Coalition to dedicate focused attention to marketing, communications, and recognition efforts necessary to sustain strong and productive partnerships.

Under the proposed nonprofit structure, the Coalition will be governed by an independent Board of Directors composed of experienced public-sector leaders. The City's Information Technology Director/Chief Information Officer is expected to maintain his role as the Chair of the Board throughout the transition and after establishing the new legal entity. The Board will be responsible for setting strategic direction, hiring an Executive Director, approving external agreements, and maintaining bylaws. Day-to-day operations will be led by an Executive Director hired by the Coalition's Board.

City staff does not expect the Coalition to require City funding after establishing the Coalition as a nonprofit. Instead, the Coalition is expected to sustain its operations through philanthropic grants, revenue-generating activities such as events and training, cooperative procurements, and sponsorships. The Packard Foundation awarded the City a \$150,000 grant specifically to support the Coalition as the City explores options to transition to a nonprofit corporation. Of the total grant amount, \$100,000 is allocated to offset City staff time supporting the Coalition and to facilitate the transition to nonprofit governance. The remaining \$50,000 will be used to cover related expenses, including corporate filing fees and potential external legal services.

Creating the nonprofit will require the following tasks, and is expected to take 100 staff hours total from the Information Technology Department and the City Attorney's Office:

1. Finalizing nonprofit governance structure;
2. Finalizing the Board members;
3. Applying for 501c(3) nonprofit status;
4. Hiring an Executive Director;
5. Transitioning Coalition materials and accounts to the nonprofit; and
6. Transitioning public web presence to the nonprofit.

### **EVALUATION AND FOLLOW-UP**

The Information Technology Department will provide an update after the nonprofit has been established through an Informational Memorandum to the City Council.

### **FISCAL IMPACTS**

The \$150,000 grant provided by the Packard Foundation will fully fund the up-front costs to establish the nonprofit organization with any excess amount to be returned to the Packard Foundation. This grant was awarded to the City specifically to advance the Coalition's development with no additional City funds being required.

### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, and the City Manager's Office.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City Council Agenda website for the April 7, 2026 City Council meeting.

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### **BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT**

No board, commission, or committee recommendation or input is associated with this action.

### **CEQA**

Not a Project, File No. PP17-008, General Procedure and Policy Making resulting in no changes to the physical environment.

### **PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

Khaled Tawfik  
Chief Information Officer and Director of  
Information Technology

For questions, please contact Chelsea Palacio, Public Information Manager, Information Technology Department, at [chelsea.palacio@sanjoseca.gov](mailto:chelsea.palacio@sanjoseca.gov) or 408-406-5723.