



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jim Shannon

**SUBJECT:** MAYOR AND COUNCIL DISTRICT  
OFFICE BUDGETS IN TRANSITION  
YEARS

**DATE:** June 2, 2024

Approved

Date: 6/2/24

## **RECOMMENDATION**

Approve amending City Council Policy 1-18 to modify Section 20, Office of the Mayor and City Council District Office Budget in Transition Years, to allow for the estimated payout amount of leave balances of Mayor and City Council to be rebudgeted into the first half of the fiscal year.

## **BACKGROUND**

City Council's approval of the Mayor's March Budget Message for Fiscal Year 2024-2025 included direction to modify Section 20 of City Council Policy 1-18, titled "Office of the Mayor and City Council District Office Budgets in Transition Years" in a manner that allows for the entire estimated payout amount of leave balances of Mayor and City Council staff to be rebudgeted into the first half of the fiscal year. This memorandum responds to this direction.

Section 20 specifies budget procedures for the offices of the Mayor and Councilmembers during fiscal years when the term of office of the Mayor or Councilmember expires (transition years). In transition years, the first budget appropriation is for the July through December period for the Mayor and/or Councilmember(s) whose terms expire in December of that year and the second appropriation is for the January through June period for the newly elected Mayor and/or Councilmember(s). The current intent of the policy is to equally split both the ongoing Base Budget and savings rebudgeted from prior years equally between the two appropriations.

Any Mayor or Councilmember staff that leave the City at the expiration of the term receive a payout of their previously accrued vacation leave balances, similar to any employee that separates from the City. Councilmembers have reported challenges in having sufficient funds to both fulfill their existing obligations and reserving sufficient funds to payout staff leave balances if their employees leave the City at the end of the term.

**ANALYSIS**

The requested policy modification would change the way that prior year savings are rebudgeted for elected officials with terms expiring in December, ensuring that the estimated leave balance payout amount is rebudgeted in to the July – December appropriation, while the remaining savings is still split equally between the two appropriations.

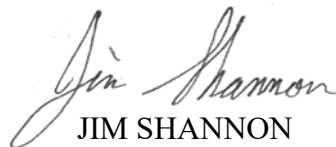
For example, if a Councilmember whose term expires in December has a remaining balance of \$300,000 at the end of June, and the estimated amount of vacation balance payout of existing staff at the end of December is \$50,000, the year-end rebudget process would be as follows: 1) the amount of \$50,000 is rebudgeted into the July – December appropriation; 2) the remaining \$250,000 is split equally such that \$125,000 is rebudgeted into the July – December appropriation and \$125,000 is rebudgeted into the January – June appropriation. In accordance with this approach, City Council Policy 1-18, Section 20 would be revised as follows, to be as follows:

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***20. Office of the Mayor and City Council District Office Budgets in Transition Years***

For fiscal years in which the term of office of the Mayor or Councilmember(s) will expire and, as a result, the official may leave office due to election results or term limits (a “Transition Year”), two separate appropriations to maintain separate budget allocations for the outgoing and incoming elected officials shall be established. The total budget allocation will include: (a) office general budget; (b) constituent outreach budget; and (c) any carryover available from the prior fiscal year, from both office general and constituent outreach budgets, less an estimated amount for the accrued leave balance payout for existing staff at the expiration of the term. The first appropriation shall be for the July through December period for the Mayor and Councilmember(s) whose terms expire in December of that year, representing 50% of the total allocation plus the estimated accrued leave balance payout for existing staff. The second appropriation shall be for the January through June period for the newly elected Mayor and Councilmember(s), representing the remaining 50% of the total allocation. Outgoing Mayor and Councilmember(s) shall take into account the costs associated with any contracts entered into and all of their office’s personnel costs, ~~including leave balance payouts for their staff~~ so as not to reduce the amount budgeted for the incoming official. Any remaining budget allocation at the conclusion of the first appropriation shall be reappropriated to the second appropriation for that specific office as part of the annual Mid-Year Budget Review process. Should an election result in no change in the office holder, as part of the Mid-Year Budget Review process, the second appropriation shall be combined into the first for continuity of operations.

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JIM SHANNON  
Budget Director

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