



# Memorandum

**TO:** Mayor and City Council

**FROM:** Mayor Matt Mahan  
Councilmember David Cohen  
Councilmember Dev Davis  
Councilmember Omar Torres  
Councilmember Pam Foley

**SUBJECT:** SEE BELOW

**DATE:** June 7, 2024

Approved

Date: June 07 2024



**SUBJECT:** Mayor's June Budget Message for Fiscal Year 2024-25

## RECOMMENDATION

1. Approve the Mayor's June Budget Message for Fiscal Year 2024-2025 with the following amendments in the General Fund:
  - a. Do not accept the proposal to close the Community Center Fitness Centers as included within the Parks, Recreation, and Neighborhood Services Department section in the 2024-2025 Proposed Operating Budget, thereby increasing the ongoing budget by \$397,060 and increasing ongoing Fees, Rates and Charges revenue by \$115,000 for a net increase to the General Fund of \$282,060;
  - b. Decrease the Finance Department's personal services budget on a one-time basis by \$218,974 by defunding for one year the Enterprise Resource Planning (ERP) System Staffing position as identified in Manager's Budget Addendum #4, Alternative General Fund Reductions to the 2024-2025 Proposed Operating Budget;
  - c. Decrease the Neighborhood Economic Grants proposal as included within the City Manager – Office of Economic Development and Cultural Affairs Department section in the 2024-2025 Proposed Operating Budget by \$63,086 and restore this funding in 2025-2026;

- d. Decrease the funding allocated to the Unanticipated/Emergency Repairs budget in 2025-2026 as included in the Mayor's June Budget Message for Fiscal Year 2024-2025 by \$345,146;
  - e. Increase by \$100,000 on a one-time basis the non-personal/equipment budget for Climate Smart San José in the Environmental Services Department by \$100,000; and
  - f. Decrease by \$100,000 the amount recommended to be rebudgeted for the Climate and Seismic Resilience Planning City-Wide Expenses allocation in Manager's Budget Addendum #29, Recommended Amendments to the 2024-2025 Proposed Operating and Capital Budgets.
2. With the movement of a Planner IV position shifted from the Environmental Services Department to the Energy Department as included in the 2024-2025 Proposed Operating Budget, the City Manager is directed to ensure that work continues on previously approved City Council direction regarding Climate Smart activities and in alignment with the San José Clean Energy Programs Roadmap.
  3. In addition to the workplan identified in Manager's Budget Addendum #15, direct the City Manager to explore using pro bono consultants to help conduct an analysis on raising money for arts and culture organizations through a variety of means explained in the Arts, Destination Marketing & Destination Events Funding study session on February 16<sup>th</sup>.

## **BACKGROUND**

### **Community Fitness Programs**

Our Community Center Fitness rooms are essential in promoting public health and well-being. Their importance can be highlighted through various benefits, including physical health, mental health, social interaction, accessibility, and community building. During this fiscal year, we have provided 1,626 memberships throughout the 6 fitness centers and 9,861 drop-in one-day passes. The largest age group of Fitness Room users identify as older adults, where lack of physical activity, loneliness, and social isolation are serious public health risks including dementia and other serious medical conditions.

To fund the Community Center Fitness Rooms, we request the removal of funding for the Finance Department's ERP System Staffing position. The elimination of this position will pause the City's efforts to develop the ERP System Feasibility Assessment as the current financial management system is stable and recently upgraded.

To close the remaining funding gap, and fully fund our Community Fitness Rooms, we recommend reducing funding to the Neighborhood Economic Grants program, which is designed

as a two-year program, so restoring the funding in 2025-2026 will result in a net-zero impact to the program.

### **Preservation of Climate Smart Funding**

In 2019, the San Jose City Council declared a climate emergency and set an ambitious goal for the city to become carbon neutral by 2030. Over the past five years, significant strides have been made toward this objective, particularly in areas such as electrification, transportation planning and infrastructure modernization, and ensuring that residents from all income levels

can upgrade their homes for greater energy efficiency. These efforts demonstrate our commitment to reducing carbon emissions and creating a sustainable urban environment.

Achieving carbon neutrality by 2030 necessitates continuous efforts to secure funding and staffing for the various initiatives in progress. These initiatives encompass a wide range of projects, from improving public transportation and expanding electric vehicle infrastructure to supporting energy-efficient home improvements and promoting renewable energy adoption. The progress made thus far highlights the importance of sustained investment and resource allocation to meet our climate goals.

It is crucial that we continue to fund and support these initiatives to maintain the momentum towards carbon neutrality. As responsible environmental stewards, we owe it to future generations to protect and preserve the planet. By prioritizing sustainability and investing in green technologies, San Jose can set an example for other cities and ensure a healthier, more resilient community for years to come.

This action will reinstate last year's funding to continue vital programs aimed at public education and preparation for electrification in San Jose. By restoring these funds, we demonstrate our steadfast commitment to the city's Climate Smart goals, ensuring a sustainable and resilient future. This initiative is crucial for advancing our efforts in eliminating carbon emissions and promoting clean energy solutions.

### **Exploring Alternate Revenue for Arts and Culture Funding**

Spurred by the reduction in Transient Occupancy Tax (TOT) revenue due to decreased economic activity stemming from the pandemic, arts and culture organizations have experienced a significant decrease in funding. MBA #15 emphasizes the need to evaluate how arts and culture organizations could benefit by raising revenue through various methods such as reevaluating our current model of assessing visitor and venue-owner fees. The City Manager is directed to explore how a consultant that may provide pro bono services to help execute the workplan outlined in MBA #15 in order ensure our arts and cultural organizations succeed.

HONORABLE CITY COUNCIL

January 24, 2023

**Subject: Mayor's June Budget Message for Fiscal Year 2024-25.**

Page 4

*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.*