



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jim Shannon

SUBJECT: See Below

DATE: August 31, 2026

Approved

Date:

9/8/26

COUNCIL DISTRICT: 6

**SUBJECT: Actions Related to the Reimbursement of Approved 2025-2026
Capital Repairs at the SAP Center**

RECOMMENDATION

Adopt the following 2026-2027 Appropriation Ordinance and Funding Sources Resolution amendments in the San José Arena Capital Reserve Fund:

- (a) Increase the Unrestricted Beginning Fund Balance by \$1,828,062;
- (b) Increase the Electrical Repairs appropriation to the Office of Economic Development and Cultural Affairs by \$404,827;
- (c) Increase the Mechanical Repairs appropriation to the Office of Economic Development and Cultural Affairs by \$1,011,945;
- (d) Increase the Miscellaneous Repairs appropriation to the Office of Economic Development and Cultural Affairs by \$399,743; and
- (e) Increase the Structures Repairs appropriation to the Office of Economic Development and Cultural Affairs by \$11,547.

SUMMARY AND OUTCOME

Approval of the recommendation in this memorandum will enable staff to authorize payment to San Jose Arena Management for reimbursement of approved capital repairs completed in 2025-2026. Under the Third Amended and Restated Arena Management Agreement (Management Agreement) between the City of San José (City) and San Jose Arena Management, effective July 1, 2025, the City shall make payments to San

Jose Arena Management within 60 days after receipt of an approved reimbursement request.

BACKGROUND

The City received a reimbursement request from San Jose Arena Management on August 13, 2026, for \$1,828,062 in approved capital costs incurred at SAP Center in 2025-2026. The 2026-2027 Adopted Operating Budget for the San José Arena Capital Reserve Fund totals \$900,000 for capital projects to be completed in 2026-2027.

Savings from capital projects approved for 2025-2026 and not yet completed have not yet been carried forward or rebudgeted into 2026-2027 as part of the 2025-2026 Annual Report that is anticipated to be presented to the City Council for review and approval on October 20, 2026. Therefore, the existing appropriations in the San José Arena Capital Reserve Fund are not sufficient for making the reimbursement payment to San Jose Arena Management within the 60-day timeline as stated in the Management Agreement.

ANALYSIS

The rebudget actions recommended in this report increase the available 2026-2027 appropriations in the San José Arena Capital Reserve Fund and thereby allow the City to issue a payment to San Jose Arena Management within 60 days of receipt of the reimbursement request in accordance with the terms of the Management Agreement. The 2025-2026 savings would have otherwise been presented for rebudget as part of the 2025-2026 Annual Report scheduled for City Council review and approval on October 20, 2026. The capital project costs submitted for reimbursement are consistent with the 2025-2026 capital budget previously approved by the City under the terms of the Management Agreement.

EVALUATION AND FOLLOW-UP

No additional follow-up action with the City Council is expected at this time.

FISCAL IMPACTS

The recommended budget actions include recognizing savings from 2025-2026 in the 2026-2027 Unrestricted Beginning Fund Balance of the San José Arena Capital Reserve Fund in order to offset the increases to the expense appropriations. There is no impact to the 2026-2027 Unrestricted Ending Fund Balance in the San José Arena Capital Reserve Fund.

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BUDGET REFERENCE

The table below identifies the fund and appropriations to fund the recommendations as part of this memorandum.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Rec. Budget Action	Amt. for Payment	2026-2027 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
459	R999	Unrestricted Beginning Fund Balance	\$351,879	\$1,828,062	N/A	947	06/16/2026 26-205
459	7567	Electrical Repairs	\$175,000	\$404,827	\$404,827	947	06/16/2026 31336
459	7568	Mechanical Repairs	\$395,000	\$1,011,945	\$1,011,945	947	06/16/2026 31336
459	7569	Miscellaneous Repairs	\$55,000	\$399,743	\$399,743	947	06/16/2026 31336
459	7570	Structures Repairs	\$75,000	\$11,547	\$11,547	947	06/16/2026 31336

* The 2026-2027 Proposed Operating Budget was approved on June 9, 2026, and adopted on June 16, 2026, by the City Council.

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the September 22, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

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

HONORABLE MAYOR AND CITY COUNCIL

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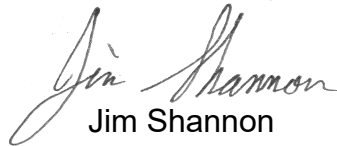
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CEQA

Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant physical impact on the environment.

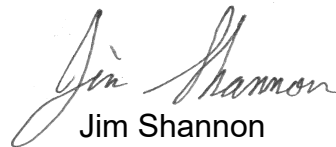
PUBLIC SUBSIDY REPORTING

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.



Jim Shannon
Budget Director

I hereby certify that there will be available for appropriation in the San José Arena Capital Reserve Fund in the Fiscal Year 2026-2027 moneys in excess of those heretofore appropriated, wherefrom, said excess being at least \$1,828,062.



Jim Shannon
Budget Director

For questions, please contact Jennifer Tell, Capital Budget Development Manager/Assistant to the City Manager, City Manager's Budget Office, at Jennifer.Tell@sanjoseca.gov.