

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 8, 2026

CAO File No. 0220-06387-0000
Council File No. 25-1083
Council District: Citywide

To: The City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Department of City Planning report dated March 18, 2026.

Subject: **SENATE BILL 79 MAILING AND NOTIFICATION FISCAL IMPACT**

RECOMMENDATIONS

1. That the City Council instruct the Department of City Planning (DCP) to use existing public outreach mechanisms detailed in the DCP report dated March 18, 2026 to notify properties impacted by Senate Bill (SB) 79; or,
2. Should the City Council decide to print and mail Senate Bill (SB) 79 courtesy notices to property owners and tenants within 145 Transit Oriented Development (TOD) Zones and within a 500-foot radius of the TOD Zones, the City Council should, subject to the approval of the Mayor:
 - a. Transfer \$643,658 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department of General Services Fund 100/40, Account No. 009130, Mail Services for printing and mailing SB 79 postcard courtesy notices; and,
 - b. Authorize the City Administrative Officer to make technical corrections as necessary to the transactions in this report to implement Mayor and City Council intentions; or,
3. Should the City Council decide to print and mail Senate Bill (SB) 79 courtesy notices to property owners and tenants within 145 Transit Oriented Development (TOD) Zones, the City Council should, subject to the approval of the Mayor:
 - a. Transfer \$525,187 from the Unappropriated Balance, Reserve for Mid-Year Adjustments Account to the Department of General Services Fund 100/40, Account No. 009130, Mail Services for printing and mailing SB 79 postcard courtesy notices; and,
 - b. Authorize the City Administrative Officer to make technical corrections as necessary to the transactions in this report to implement Mayor and City Council intentions.

SUMMARY

On February 24, 2026, the Planning and Land Use Management (PLUM) Committee considered the Department of City Planning (DCP) report dated February 18, 2026 which provides options for the implementation of Senate Bill (SB) 79. During deliberations, PLUM Committee members inquired about the cost estimate for mailing courtesy notices to properties impacted by SB 79. Subsequently, DCP issued a report dated March 18, 2026 which provides the anticipated cost and time required to mail courtesy notices. When the DCP reports were considered by the City Council at its March 24, 2026 meeting, this Office was instructed to identify funding in an amount not to exceed \$650,000 for the purpose of mailing courtesy notices to property owners and tenants within each SB 79 Transit Oriented Development (TOD) Zone prior to the City Council consideration of an ordinance to phase in implementation of SB 79. Further, the City Council referred this item to the Budget and Finance Committee once funds are identified for printing and mailing. This report provides the response to the City Council instruction.

The DCP report dated March 19, 2026 states the total estimated printing and mailing cost is \$517,958 for courtesy notices to property owners and tenants within 141 TOD Zones and an additional \$116,774 for a total of \$634,732 to include property owners and tenants within a 500-foot radius of the 141 TOD Zones. After further review, the DCP updated their estimate from 141 to 145 TOD Zones. The updated total estimated printing and mailing cost is \$525,187 for courtesy notices to property owners and tenants within 145 TOD Zones and an additional \$118,471 for a total of \$643,658 to include property owners and tenants within a 500-foot radius of the 145 TOD Zones. The General Services Department (GSD) provided the quote to print and mail up to 893,543 courtesy notices. Should the City Council decide to print and mail courtesy notices, the funding should be transferred directly to GSD.

This Office reviewed potential eligible funding sources and existing appropriations to print and mail the SB 79 courtesy notices. The DCP special funds are not appropriate sources of funds to support this City-initiated code amendment. The General Fund is the appropriate source of funds for this scope of work. The 2025-26 Mid-Year Financial Status Report (C.F. 25-0600-S133) projects a \$110,000 General Fund surplus in the DCP Salaries General Account due to unpaid holiday savings associated with labor agreements. This surplus may decrease due to labor agreement adjustments. Therefore, there is insufficient General Fund surplus within the DCP 2025-26 Adopted Budget to cover the printing and mailing costs.

The only other source of funds for this unanticipated work is the Unappropriated Balance, Reserve for Mid-Year Adjustments. Based on the 2025-26 Mid-Year Financial Status Report, providing this funding would reduce the Unappropriated Balance, Reserve for Mid-Year Adjustments from \$41.2 million to approximately \$40.5 million. This Office recommends to preserve the Reserve for Mid-Year Adjustments to address year end citywide overspending and instead use existing public outreach mechanisms detailed in the DCP reports.

FISCAL IMPACT STATEMENT

There is no fiscal impact associated with the recommendation to use existing public outreach mechanisms to notify property owners impacted by Senate Bill (SB) 79. Should the City Council approve recommendation two in this report and print and mail SB 79 courtesy notices to property owners and tenants within 145 Transit Oriented Development (TOD) Zones and within a 500-foot radius of the TOD Zones, the General Fund impact is \$643,658. Should the City Council approve recommendation three in this report and print and mail SB 79 courtesy notices to property owners and tenants within 145 TOD Zones, the General Fund impact is \$525,187.

FINANCIAL POLICIES STATEMENT

Recommendation one in this report complies with the City's Financial Policies in that the Department of City Planning (DCP) will use existing resources to notify property owners impacted by Senate Bill (SB) 79. Recommendations two and three in this report comply with the City's Financial Policies in that SB 79 was signed into law on October 10, 2025, after the adoption of the 2025-26 Budget, requiring this new or expanded program request to be considered on an interim basis during the course of the fiscal year. Additionally, the City's Financial Policies state that the Unappropriated Balance, Reserve for Mid-Year Adjustments shall be used to address shortfalls that arise during the fiscal year that cannot otherwise be addressed through service adjustments or account transfers. The Department of City Planning does not have sufficient General Fund surplus in the 2025-26 Adopted Budget to fund the printing and mailing of SB 79 courtesy notices.