



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jen Baker

SUBJECT: See Below

DATE: June 3, 2026

Approved

Date:

6/3/2026

COUNCIL DISTRICT: 3

SUBJECT: Public Hearing on the Downtown Business Improvement District and Assessments for Fiscal Year 2026-2027

RECOMMENDATION

- (a) Conduct a public hearing and adopt a resolution approving the Downtown Business Improvement District Budget Report for Fiscal Year 2026-2027 as filed or modified by the City Council and levying the Downtown Business Improvement District assessments for Fiscal Year 2026-2027.
- (b) Adopt a resolution authorizing the City Manager or her designee to negotiate and execute the Second Amended and Restated Agreement between the City of San José and the San Jose Downtown Association for the operation and administration of the Downtown Business Improvement District.

SUMMARY AND OUTCOME

Approval of this action will result in the levy of assessments for the upcoming fiscal year of the Downtown Business Improvement District (Downtown BID) and a Second Amended and Restated Agreement with the Downtown Business Association with updated terms from the First Amended and Restated Agreement executed in 1997.

BACKGROUND

The Downtown BID was established by City Council in 1988 pursuant to the California Parking and Business Improvement Area Law of 1979 (BID Law) to promote the economic revitalization and physical maintenance of the Downtown Business District service area. City Council appointed the San Jose Downtown Association as the

Advisory Board for the Downtown BID, to advise City Council on the levy of assessments in the district, and the expenditure of revenues derived from the assessments for the benefit of the district. The Downtown BID boundary map is shown in Attachment A – Downtown BID Boundary Map 2026-2027.

Pursuant to BID Law, an annual public hearing is required to approve an annual budget report and levy the annual assessments. On June 2, 2026, the City Council preliminarily approved the Downtown BID Budget for Fiscal Year (FY) 2026-2027 (Budget Report) as filed by the Advisory Board and shown in Attachment B, adopted a resolution of intention to levy the annual assessments for FY 2026-2027 for the Downtown BID, and set June 16, 2026, at 1:30 p.m., as the date and time for the required public hearing on the levy of the proposed FY 2026-2027 assessments. In accordance with BID Law, the City Clerk published the required legal notice regarding the levy of assessments for FY 2026-2027.

ANALYSIS

Under BID Law, when a public hearing is held to levy assessments of a business improvement district, the City Council shall hear and consider all protests on the continued authorization of the business improvement district, the extent of the area, the assessments, and the furnishing of specified types of improvements or activities. Protests may be made orally or in writing. Written protests must be filed with the City Clerk at or before the time fixed for the public hearing. BID Law also requires that the proceedings shall terminate if protests made in writing against the continued authorization of the business improvement district are from businesses or property owners in the proposed district that will pay a majority of the assessed charges. If the majority protest is only against the furnishing of a specified type of improvement or activity within the area, those improvements or activities shall be eliminated.

As required by BID Law, the Budget Report has been filed with the City Clerk and contains, among other things, a list of the improvements and activities proposed for the Downtown BID in FY 2026-2027, and an estimate of the cost to provide them. The Advisory Board has recommended no change in the Downtown BID boundaries or the method and basis for levying assessments. Therefore, the proposed assessments in the Downtown BID for FY 2026-2027, as described in the Budget Report, are the same as those for FY 2025-2026.

During or upon the conclusion of the public hearing, the City Council may order changes in any of the matters provided in the Advisory Board's Budget Report. At the conclusion of the public hearing, the City Council may adopt a resolution confirming the Budget Report as originally filed or as modified by the City Council. Adoption of the resolution constitutes the levy of the assessment for FY 2026-2027.

EVALUATION AND FOLLOW-UP

The Administration will come before the City Council in May 2027 to present the Advisory Board's Report that proposes a budget for FY 2027-2028.

FISCAL IMPACTS

Adoption of the proposed Downtown BID budget does not directly impact City revenue. The FY 2026-2027 Proposed Operating Budget, subject to City Council approval, includes projected assessment revenue and corresponding expenses totaling \$539,630, as detailed in the Source and Use Statement for the Business Improvement District Fund (Fund 351).

The City will charge an administrative fee to collect the Downtown BID assessment, which will be added to the Second Amended and Restated Agreement with the San Jose Downtown Association. The City's administrative fee will be one percent of the assessments collected by the City, and the amount will be reviewed annually as part of the annual report submitted by the Advisory Board to the City. The administrative fee will be made to the City as a deduction from the assessments the City will forward to the Downtown BID.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, City Clerk's Office, City Manager's Budget Office, Finance Department, Planning, Building, and Code Enforcement Department, and the San Jose Downtown Association.

PUBLIC OUTREACH

The budget for FY 2026-2027 was reviewed and approved by the Advisory Board on February 24, 2026, as shown in Attachment C – San Jose Downtown Association Board of Directors Resolution. This memorandum will be posted on the City Council Agenda website for the June 16, 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

June 3, 2026

Subject: Public Hearing on the Downtown Business Improvement District and Assessments for Fiscal Year 2026-2027

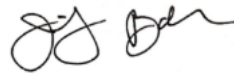
Page 4

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 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.



JEN BAKER
Director of the City Manager's
Office of Economic Development
and Cultural Affairs

For questions, please contact Salvador Alvarez, Senior Executive Analyst, City Manager's Office of Economic Development and Cultural Affairs, at salvador.alvarez@sanjoseca.gov or (408) 793-6943.

ATTACHMENTS:

Attachment A - Downtown BID Boundary Map 2026-2027

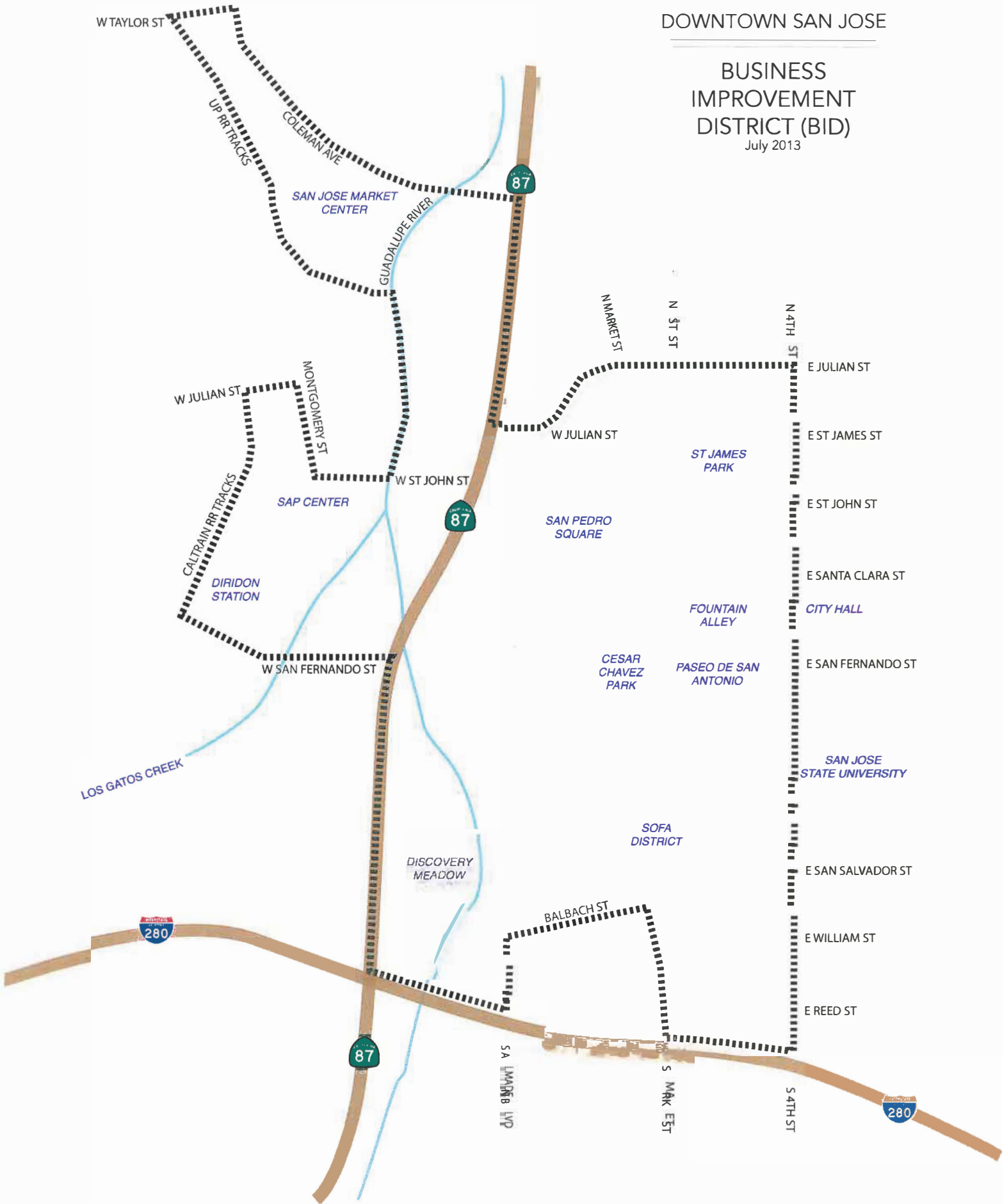
Attachment B - Downtown BID Budget for FY 2026-2027

Attachment C - San Jose Downtown Association Board of Directors Resolution

Attachment A Downtown BID Boundary Map 2026-2027

DOWNTOWN SAN JOSE

BUSINESS
IMPROVEMENT
DISTRICT (BID)
July 2013



Attachment B

Downtown BID Budget for FY 2026-2027

Downtown San Jose Business Improvement District Fiscal Year
2026-2027 Report



Submitted by San Jose Downtown Association

1. The boundaries of the Downtown BID are as follows: I-280 at Fourth Street west along Reed Street to west side of Market Street to south side of Balbach Street to east side of Almaden Boulevard to continue on West Reed Street to Highway 87, Highway 87 north to West San Fernando Street, south side of West San Fernando Street to CalTrain tracks, CalTrain tracks to West Julian Street, south side of West Julian Street east to Montgomery Street, west side of Montgomery Street south to south side of West St. John Street to the Guadalupe River, north along east side of the Guadalupe River to the western most set of Union Pacific Railroad tracks, north side of the Union Pacific Railroad tracks north to West Taylor Street, south side of West Taylor Street east to Coleman Avenue, southwest side of Coleman Avenue east to Highway 87, Highway 87 south to West Julian Street, both sides of West Julian Street east to First Street, south side of East Julian Street east to Fourth Street, both sides of Fourth Street south back to I-280. See Attachment A.
2. As of July 1, 2014, businesses that are exempt from paying the City's Business Tax under Chapter 4.76 of the San Jose Municipal Code no longer pay the Downtown Business Improvement District assessment fee. If the business qualifies for the hardship exemption for the City of San Jose Business License Tax, the business will automatically qualify for the BID assessment fee waiver.
3. The Downtown BID will assess current year BID charges only when a business within the Downtown BID already in possession of a Business License and already assessed the Business License Tax is discovered to have not been assessed the BID in previous years.
4. An estimate of the total cost of providing the improvements and activities for fiscal year 2026-2027 is approximately \$3,596,617. Estimated BID funds of \$539,630 contribute to total program and management costs. Additional costs estimated at \$3,056,987 (after 1% collection fee of \$5,396) are paid through Downtown Association revenue raised through programs and activities, project City of San Jose contract services, Property Based Improvement District, grants, and other sources.

Attachment B

5. The current method and basis for levying the annual assessment are as follows:

CATEGORY	PROPOSED RATE
I. Retail	\$29.04 per FTE / \$264 min.
II. Non-Retail	\$19.35 per FTE / \$185 min.
III. Apartments & Hotels	\$7.92 per room / \$264 min.
(residential landlords of 1–2 units)	\$7.92 per room / \$150 min.
(residential landlords of 3 or more units)	\$7.92 per room / \$264 min.
IV. Parking Lots	see commercial landlord
V. Non-profits	\$100
VI. Independent Contractors/Rolling Vendors	\$55
VII. Commercial Landlords/Parking Lots	
Less than 10,000 square feet	\$440
10,001 to 50,000 square feet	\$990
50,001 to 100,000 square feet	\$1,540
More than 100,000 square feet	\$2,200

Maximum annual charge in all categories is \$6,000. If any single business falls into more than one category, charges are assessed based upon the category producing the highest revenue for the BID.

6. Total Downtown Association program and staffing costs are funded by the following sources of revenue, in addition to assessment district revenue of \$539,630: Downtown Association revenue raised through programs and activities, project City of San Jose contract services, Property Based Improvement District, grants, and other sources (estimated): \$3,062,383.

San Jose Downtown Business Association Board of Directors Resolution

San Jose Downtown Association

28 N. First Street, Suite 1000

San Jose, CA 95113

sjdowntown.com

408.279.1775



**Corporate Resolution
for
Approval of SJDA fiscal year 2026-2027 budget**

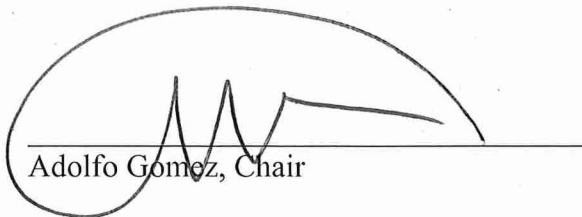
In accordance with the California Nonprofit Corporation Law, the Executive Committee of San Jose Downtown Association (SJDA), a California nonprofit corporation, hereby consents to and adopts the following resolution.

WHEREAS, SJDA is submitting its fiscal year 2026-2027 budget to the City of San Jose;

BE IT RESOLVED, and this Executive Committee of the SJDA does hereby authorize and accept, that the SJDA fiscal year 2026-2027 budget was reviewed and approved at a regular meeting of the SJDA Executive Committee on the 7th day of May, 2026 and that SJDA CEO Brian Kurtz is authorized to submit the budget to the City of San Jose for City Council approval..

I, Adolfo Gomez, Chair of the San Jose Downtown Association, a corporation created and existing under the laws of the state of California, do hereby certify and declare that the foregoing is a full, true and correct copy of the resolutions duly passed and adopted by the Executive Committee of said corporation and voted in favor of said resolutions; that said resolutions are now in full force and effect in accordance with the Articles of Incorporation and Bylaws.

IN WITNESS WHEREOF, I have hereunto set my hand as secretary of said corporation and affixed the corporate seal this 7th day of May, 2026.


Adolfo Gomez, Chair

San Jose Downtown Association
FY26-27 Budget Proposal
for the period July 1, 2026 through June 30, 2027

Contract Revenue - PBID	\$1,130,654
Contract Revenue - BID	\$539,630
Contract Revenue - OED	\$952,941
Government Grants	\$116,658
Other Grants	\$685,000
Sponsorship Revenue	\$137,000
Contract Revenue	\$5,500
Interest Income	\$12,000
Management Fee Revenue	\$22,630

Total Income	\$3,602,013
<hr/>	
<i>BID Collection Fee 1%</i>	<i>\$5,396</i>
<hr/>	
<i>Total Net Income</i>	<i>\$3,596,617</i>

Administration	\$863,969
PBID Management	\$914,590
Marketing & Communications	\$745,328
Community & District Engagement	\$71,291
Downtown Holiday Promotions	\$18,750
Public Space Activations	\$275,032
Downtown Ice	\$273,018
Partnership Events & Sponsorship	\$61,948
Research & Advocacy	\$122,691
Public Realm Improvements	\$250,000

Total Expense	\$3,596,617
<hr/>	
<i>Total Income</i>	<i>\$3,596,617</i>
<hr/>	
<i>Profit/Loss</i>	<i>0</i>