



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jen Baker

SUBJECT: See Below

DATE: March 16, 2026

Approved	Date:
	3/17/26

COUNCIL DISTRICT: 7

SUBJECT: Establishment of the Story Road Business Improvement District and Approval to Levy Assessments in the Story Road Business Improvement District for Fiscal Year 2026-2027

RECOMMENDATION

- (a) Conduct a public hearing and approve an ordinance to establish the Story Road Business Improvement District.
- (b) Conduct a public hearing and adopt a resolution approving the Business Improvement District Management Plan and the levy of assessments for the Story Road Business Improvement District for Fiscal Year 2026-2027.
- (c) Adopt a resolution authorizing the City Manager or her designee to negotiate and execute an agreement with the Story Rd. Business Association, Inc. for the administration of the Story Road Business Improvement District.

SUMMARY AND OUTCOME

Approval of this action will result in the formation of the Story Road Business Improvement District (SRBID) and the levy of assessments on assessed businesses for Fiscal Year 2026-2027. The City Council may incorporate any input from the public hearing on April 7, 2026, into its evaluation of the merits of creating the SRBID.

BACKGROUND

Business Improvement Districts (BIDs) are formed pursuant to the California Parking and Business Improvement Area Law of 1989, Streets and Highways Code §36500 et seq. (BID Law) to allow businesses or property owners to assess themselves to support joint efforts such as physical maintenance, marketing, and promotion. Under BID Law, the City Council may establish a BID by adopting a resolution of intention, conducting a public meeting and a public hearing, fulfilling certain noticing requirements, and adopting an ordinance to establish the BID. The BID must be renewed annually by action of the City Council. BID Law allows for an Advisory Board to be appointed by the City Council to advise the City Council on all issues related to the improvement district. At the City Council meeting on February 3, 2026, the City Council appointed the Story Rd. Business Association (SRBA) Board as the Advisory Board for the establishment of the SRBID. At the same meeting, the City Council adopted resolutions indicating its intention to establish a BID and levy an assessment for Fiscal Year 2026-2027.

On February 24, 2026, the City Council received a report on the establishment of the SRBID and conducted a public meeting to provide an opportunity for public comment. No members of the public spoke regarding the item.

ANALYSIS

BID Law allows for the creation of special benefit assessment districts to raise funds within a specific geographic area. Assessment districts allow business owners to organize their efforts and raise funds exclusively for the benefit of the district. Business owners within assessment district boundaries fund the district, and those funds are used to provide services desired by and benefit businesses within the district. At a neighborhood level, the example of mature BIDs in the city, such as those for Downtown and Japantown, highlights the positive long-term impact on residents, businesses, and San José.

If approved, the SRBID will use the assessment funds raised in compliance with BID Law to focus on marketing and branding, clean and safe, and beautification efforts. These efforts are intended to increase foot traffic, enhance business visibility and safety, and promote the area's unique character, benefiting the district's many immigrant-owned and historically underserved businesses.

Ultimately, the SRBID's initiatives aim to foster a stronger sense of community, attract more customers, and enhance economic opportunities for local business owners. The City will collect the SRBID assessment fee and remit it to the SRBA Board for use as outlined in the agreement between the City and SRBA, and in accordance with the annual budget submitted to the City Council.

Noticing Status

Notification has been sent to all businesses within the proposed assessment district boundary, informing them that the City is considering the establishment of the SRBID. The letter also stated that public comment regarding the formation of the district will be heard at a public meeting on February 24, 2026, and a public hearing on April 7, 2026, and that written objections to the formation of the SRBID may be submitted at or prior to the public hearing. If there is a majority protest, no further proceeding shall be taken for a period of one year to establish a BID.

The City Clerk's Office has published the required notices pertaining to the establishment of the SRBID and the corresponding public hearing.

Remaining Steps in the Creation of SRBID

- 1. Holding a Public Hearing.** At the public hearing scheduled for April 7, 2026, City Council will take testimony on the establishment of the SRBID, the boundaries of the district, the annual budget of the district, and the types of activities proposed to be funded from the assessment. If the businesses that would be responsible for paying a majority of the SRBID assessment protest, the City Council cannot initially establish the SRBID.
- 2. Ordinance Reading:** The first and second readings of an ordinance establishing the SRBID and the levy of an assessment are the final steps in creating the district. Ordinances are effective 30 days after the second reading.
- 3. Adoption of a Resolution.** At the conclusion of the public hearing on the levy of the assessments, the City Council may adopt a resolution confirming the BID Management Plan prepared by the Advisory Board, attached hereto as the Attachment – SRBID BID Management Plan. The adoption of the resolution constitutes the levy of the assessment for Fiscal Year 2026-2027.
- 4. Approval of an Agreement.** The City Council may direct the City Manager, or her designee, to negotiate and execute an agreement between the City and the SRBA Board that will provide for the operation and administration of the SRBID. The agreement will be effective until the end of Fiscal Year 2026-2027, and the approval of each subsequent annual budget will automatically renew the agreement for that fiscal year.

The following is a proposed timeline for the creation of the SRBID and initial funding of the district's activities:

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Public Hearing	April 7, 2026
Ordinance First Reading	April 7, 2026
Resolution to Approve Budget and Levy Assessment for Fiscal Year 2026-2027	April 7, 2026
City of San José Agreement with SRBA	April 7, 2026
Ordinance Second Reading	April 21, 2026
Ordinance Becomes Law	May 22, 2026
Assessment Begins*	July 1, 2026

** Assessments will be collected on a rolling basis as part of the annual business tax account renewal for each business in the district and remitted to the SRBID.*

EVALUATION AND FOLLOW-UP

The SRBA Board will report annually to the City Council to secure the renewal of the BID. The first report is expected in June 2027 and will include a proposed budget for Fiscal Year 2027-2028.

FISCAL IMPACTS

As of November 2025, there are 434 businesses holding active business tax certificates within the SRBID. The SRBA recommends a flat base assessment fee of \$350 applied to all businesses occupying up to 25,000 square feet of commercial space.

For businesses occupying more than 25,000 square feet of commercial space (e.g., Walmart, Amazon, and Public Storage), an additional space-based assessment will be applied. Every additional 25,000 square feet will be charged an additional assessment of \$350. There are 18 businesses that fall within this category. This tiered structure ensures an equitable distribution of costs to meet service needs by requiring high-capacity retailers to contribute a proportionate share of the assessment fee, and provides the SRBA with a consistent, predictable revenue stream that reflects the permanent physical impact of each business in the business corridor.

If the SRBID is approved by the City Council on April 7, 2026, the annual forecasted income, based on a 70% historical, citywide collection rate and accounting for exemptions (e.g., vacant storefronts, places of worship, or government buildings), is \$129,185.

The City will charge an administrative fee to cover the costs of collecting the SRBID assessment. The City's administrative charge will be equal to 1% of the assessment revenue collected by the City, and the amount will be reviewed annually as part of the

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annual report submitted by the Advisory Board to the City. The administrative charge will be deducted prior to the transfer of the assessment revenues to the SRBID.

The City will collect the SRBID assessments in conjunction with the business tax payments and will transfer the assessment revenue to the SRBID. The assessment revenues will be recognized and appropriated as part of the 2026-2027 Adopted Operating Budget.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, City Clerk's Office, City Manager's Budget Office, Finance Department, and the Planning, Building, and Code Enforcement Department. This memorandum has also been coordinated with the SRBA Board.

PUBLIC OUTREACH

SRBA Board members and City staff conducted outreach walks in the district on August 15 and 19, 2025. Each outreach team delivered an informational flier and answered business owner questions. A town hall meeting was held on December 10, 2025, to address public questions and comments. Additionally, this memorandum will be posted on the City Council Agenda website for the April 7, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

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

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.

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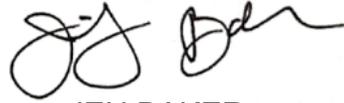
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PUBLIC SUBSIDY REPORTING

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.

A handwritten signature in black ink, appearing to read 'Jen Baker', with a stylized flourish at the end.

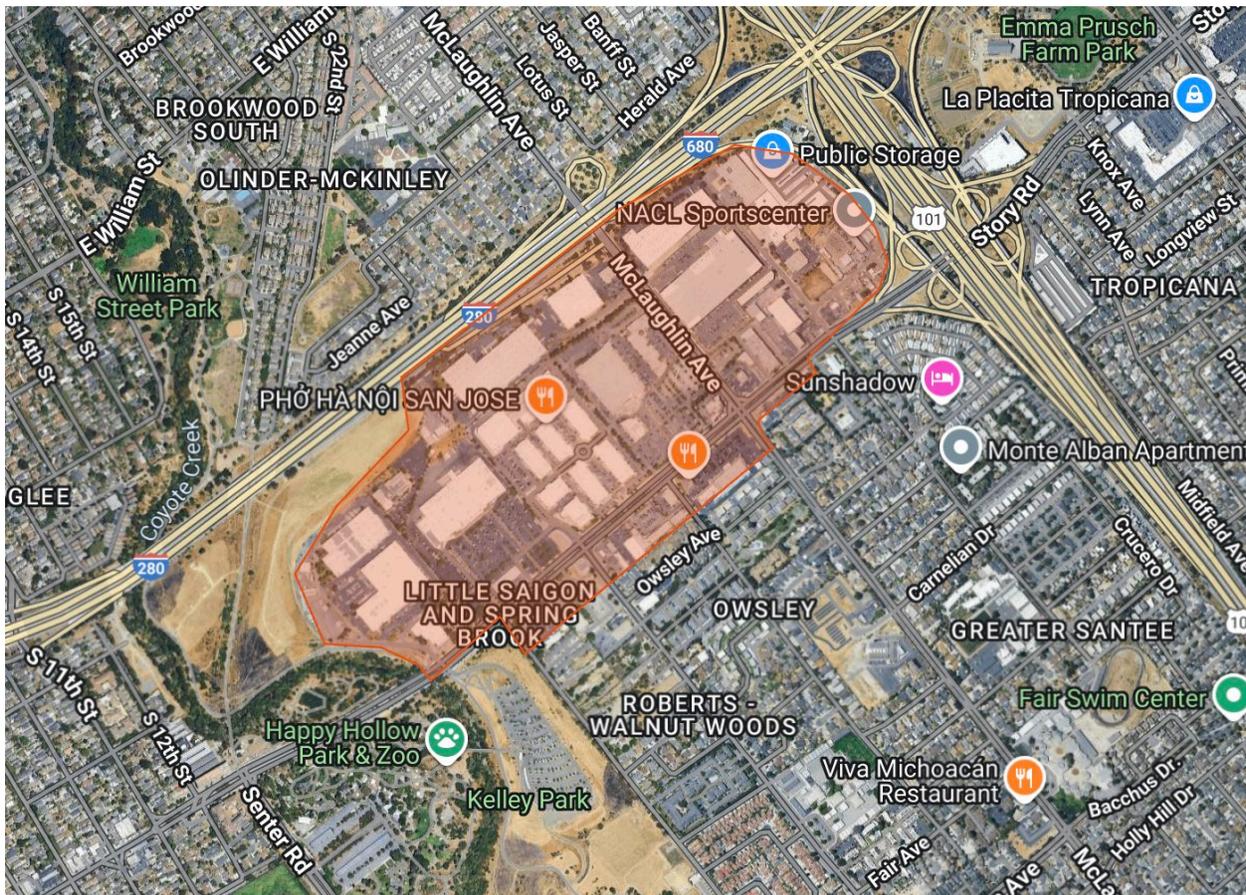
JEN BAKER

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

For questions, please contact Minh Tran, Executive Analyst II, City Manager's Office of Economic Development and Cultural Affairs at minh.tran@sanjoseca.gov or (408) 535-5613.

ATTACHMENT: SRBID BID Management Plan

ATTACHMENT
SRBID BID Management Plan



PROPOSED BID SERVICES — STORY ROAD BUSINESS ASSOCIATION

The Story Road Business Association (SRBA) anticipates generating approximately \$129,185 annually through assessments applied to 434 businesses within the district boundary. Businesses are assessed based on the business space they occupy, base rate, and a flat base fee of \$350 applied to all businesses. This estimate reflects a 30% delinquency rate based on historical collection patterns for similar Business Improvement Districts in San José.

The assessment methodology is designed to allocate assessments in proportion to the benefits received by businesses within the district, using business space occupied as a proxy for benefit. All businesses were assessed for a flat base fee of \$350 to support district-wide services that provide shared benefits throughout the corridor. In addition, a space-based assessment is calculated by dividing the amount of business space occupied by 25,000 square feet and rounding the result down to the nearest whole number to determine an incremental assessment factor. This factor is multiplied by a

base rate of \$350 and added to the flat base fee. The use of whole-number increments ensures consistent, predictable, and equitable application of the assessment methodology across all businesses, while maintaining alignment with proportional benefit requirements.

Total Assessment = Base Fee + Base rate x INT (Business space ÷ 25,000)

Base fee: \$350

Base rate: \$350

The SRBA will allocate funds across three primary service categories as approved by the Board: Clean, Safe, and Beautiful (40%), Marketing and Activation (40%), and Administration and Contingency (20%). These services are designed to directly and specifically benefit the assessed businesses, enhance the district’s vitality, and foster a clean, safe, and welcoming commercial corridor.

Category	Allocation	Percentage
Clean, Safe and Beautiful	\$ 51,674.00	40%
Marketing and Activation	\$ 51,674.00	40%
Administration/Contingency	\$ 25,837.00	20%
Total	\$ 129,185.00	100%

Clean, Safe and Beautiful (40% — \$51,674)

The Clean, Safe, and Beautiful program is intended to improve the overall condition and appearance of the Story Road corridor by providing supplemental services that address cleanliness, safety, and aesthetics. These services are designed to enhance the day-to-day environment for businesses and customers, reduce negative impacts on commercial activity, and support a well-maintained and welcoming corridor. Services may include, but are not limited to:

- Regular litter removal, sidewalk sweeping, and targeted corridor cleanups focused on high-need areas;
- Removal of bulky items and illegal dumping debris to improve sidewalk accessibility and storefront visibility;
- On-demand graffiti abatement on public-facing surfaces within the district;
- Pressure washing of sidewalks and removal of gum and stains in priority locations;
- Installation and maintenance of enhanced lighting elements to improve nighttime visibility and safety;

- Coordination with maintenance vendors, City departments, and partner organizations to address ongoing cleanliness and safety concerns;
- Safety patrols or partnerships with local enforcement and service providers to deter loitering, vandalism, and illegal dumping;
- Installation and maintenance of planters, banners, murals, and other beautification elements that reinforce the corridor's identity; and
- Implementation of camera or monitoring programs, as feasible, to support corridor safety efforts.

These services will be supplemental to baseline City services and will directly improve the business environment within the corridor.

Marketing and Activation (40% — \$51,674)

The Marketing and Activation program is intended to promote the Story Road corridor as a cohesive destination by increasing awareness of local businesses and encouraging customer visitation. Through coordinated marketing efforts and community activations, this program supports business visibility, strengthens corridor identity, and fosters a positive image of the district. Services may include, but are not limited to:

- Social media management and digital outreach to highlight Story Road businesses, promotions, and events;
- Design and production of corridor-wide marketing materials, including flyers, maps, and business directories;
- Coordination and hosting of community events, cultural celebrations, mixers, and seasonal activations that drive foot traffic;
- Website development and maintenance to promote district businesses, events, and resources;
- Partnerships with local artists, cultural organizations, schools, and community groups to activate public spaces and reflect the corridor's cultural identity; and
- District branding and promotional efforts that strengthen Story Road's image as a welcoming and vibrant commercial destination.

These initiatives will enhance the visibility of local businesses and foster a sense of community pride along Story Road.

Administration and Contingency (20% — \$25,837)

The Administration and Contingency category supports the effective management and delivery of district services in accordance with the approved service plan. These funds ensure appropriate oversight, compliance, coordination, and financial stability necessary to maintain district operations and support the long-term sustainability of the Business Improvement District. Services may include, but are not limited to:

- Professional staff support and consultants to manage district operations.
- Office, legal, accounting, and insurance expenses.
- City administrative collection fees (not to exceed actual costs).
- Board development, training, and strategic planning support.
- Reserve funds for contingencies, uncollected assessments, or one-time district renewal costs.

This category ensures transparent, effective management and long-term sustainability of the district.