



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lee Wilcox

SUBJECT: See Below

DATE: May 27, 2025

Approved

Date:

6/3/25

COUNCIL DISTRICT: 3

SUBJECT: Public Hearing on the Downtown Business Improvement District and Assessments for Fiscal Year 2025-2026

RECOMMENDATION

Conduct a Public Hearing and adopt a resolution approving the Downtown Business Improvement District Budget Report for Fiscal Year 2025-2026 as filed or modified by City Council and levying the Downtown Business Improvement District assessments for Fiscal Year 2025-2026.

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 (BID).

BACKGROUND

The Downtown BID was established by City Council in 1988 pursuant to the California Parking and Business Improvement Area Law (BID Law) to promote the economic revitalization and physical maintenance of the Downtown Business District service area, as shown in Attachment A. In 1989, City Council appointed the San José Downtown Association as the Advisory Board (Advisory Board) for the Downtown BID, to advise City Council on the levy of assessments in the Downtown BID and the expenditure of revenues derived from the assessments for the benefit of the Downtown BID.

Pursuant to BID Law, an annual public hearing is required to approve an annual budget report and levy the annual assessments. On June 3, 2025, the City Council preliminarily approved the Fiscal Year (FY) 2025-2026 Budget Report as filed by the Advisory Board as shown in Attachment B, adopted a resolution of intention to levy the annual

assessments for FY 2025-2026 for the Downtown BID, and set June 17, 2025, at 1:30 p.m., as the date and time for the required public hearing on the levy of the proposed FY 2025-2026 assessments. In accordance with BID Law, the City Clerk published the required legal notice regarding the levy of assessments for FY 2025-2026.

ANALYSIS

Under BID Law, when a public hearing is held to levy assessments of a BID, City Council shall hear and consider all protests against the continued authorization of the BID, the extent of the area, the assessments, 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 BID 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 have been filed with the City Clerk and contains, among other things, a list of the improvements and activities proposed to be provided in the Downtown BID in FY 2025-2026, an estimate of the cost of providing the improvements and activities. 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 2025-2026, described in the Budget Report, are the same as the assessments for FY 2024-2025.

During the course or upon the conclusion of the public hearing, City Council may order changes in any of the matters provided in the Advisory Board's Report and Budget. At the conclusion of the public hearing, City Council may adopt a resolution confirming the Report and Budget as originally filed or as modified by City Council. The adoption of the resolution constitutes the levy of the assessment for the FY 2025-2026

EVALUATION AND FOLLOW-UP

The Advisory Board will present a report to City Council next year that proposes a budget for the FY 2026-2027.

COST SUMMARY/IMPLICATIONS

The Downtown BID assessments are restricted for use exclusively by the Downtown BID. It is anticipated that a healthy Downtown BID will encourage the growth of the

downtown retail community, which indirectly generates business tax and sales tax revenue for the City. Total revenue in FY 2025-2026 for the San José Downtown Business Association is estimated to be \$3,370,000, which includes the Downtown BID assessments of \$598,815, grants, contracts, and other earned revenue, such as farmer's market booth fees and sponsorships. The FY 2025-2026 Proposed Operating Budget, subject to City Council approval, includes projected assessment revenue and corresponding payments to the San José Downtown Association totaling \$680,000, as detailed in the Source and Use Statement for the Business Improvement District Fund (351). A budget action will be brought forward as part of the Adopted Budget process to align the budgeted amounts to the estimated Downtown BID assessments of \$598,815.

COORDINATION

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

PUBLIC OUTREACH

In accordance with BID Law, the City Clerk published the required legal notice to levy of assessments for FY 2025-2026. The budget for FY 2025-2026 was reviewed and approved by the Advisory Board on May 8, 2025, as shown in Attachment C.

This memorandum will be posted on the City's Council Agenda website for the June 17, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission 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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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.



LEE WILCOX

Assistant City Manager

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

For questions, please contact Sal Alvarez, Senior Executive Analyst, City Manager's Office of Economic Development and Cultural Affairs, at (408) 793-6943

ATTACHMENTS

A: Downtown BID Map for Fiscal Year 2025-2026

B: Budget BID Report for Fiscal Year 2025-2026

C: Downtown BID Fiscal Year 2025-2026 Budget

BUSINESS
IMPROVEMENT
DISTRICT (BID)

Attachment B

Downtown BID Report for Fiscal

Year 2025-2026

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 Exhibit 2.
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 2025-2026 is approximately \$3,368,804. Estimated BID funds of \$600,000 contribute to total program and staffing costs. Additional costs estimated at \$2,768,804 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.
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 \$600,000: Downtown Association revenue raised through programs and activities, project City of San Jose contract services, Property Based Improvement District, grants, and other sources (estimated): \$2,768,804.

**Attachment C - Downtown BID Fiscal
Year 2025-2026 Budget**

**San Jose Downtown Association
FY 25-26 Budget Proposal**

for the period July 1, 2025 through June 30, 2026

<u>Account / Department</u>	<u>Proposed FY 25-26 Budget</u>
City (OED) Contract	845,813.97
Other Contracts	1,131,169.95
BID Contract	598,815.09
Grants	548,005.21
Sponsorships	125,000.00
Miscellaneous	120,000.00
Total Revenues	<u>3,368,804.22</u>
001 - Administration	724,631.42
002 - Property Based Improvement District (PBID)	834,875.65
010 - Communications	220,709.99
030 - Advocacy, Research, & Planning	117,783.80
090 - Funded Program Salaries	273,601.58
100 - Marketing - General	317,386.13
101 - Downtown for the Holidays	25,000.00
104 - Social Media	107,274.47
106 - Partnerships/Sponsorships	10,000.00
200 - Parking	35,857.10
503 - Downtown Ice	137,838.37
602 - Sonic Runway	3,000.00
702 - Sphere Tree	6,500.00
703 - Equipment Storage	3,000.00
901 - Downtown Branding Initiative	22,928.55
902 - Digital Outreach Improvements	6,454.28
903 - Restaurant District Outreach	35,507.10
904 - 2026 Support	29,314.18
905 - Downtown Data	14,271.39
906 - Pedestrian Mall	24,454.28
907 - Stitching Districts	202,088.51
908 - Downtown w/Your Council Member	21,908.56
909 - Downtown FM Support	8,408.56
910 - Seasonal/OCA Activations	21,908.56
911 - SJ Holiday Lighting	62,726.77
912 - Large Scale Public Event	101,374.97
Total Expenses	<u>3,368,804.22</u>
Net Revenue	<u>-</u>