



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lee Wilcox

SUBJECT: New Entertainment Zone
Ordinance

DATE: May 6, 2025

Approved

Date:

5/8/25

COUNCIL DISTRICT: 3

RECOMMENDATION

Approve an ordinance amending Chapter 13.16 of Title 13 of the San José Municipal Code related to the establishment and regulation of entertainment zones pursuant to Senate Bill 969 to allow for the sale of certain alcoholic beverages by licensed establishments for consumption outside in designated plazas, public streets, sidewalks, or public right-of-way subject to a special events permit; and making other conforming changes to Section 10.10.030 of Chapter 10.10 of Title 10 of the San José Municipal Code.

SUMMARY AND OUTCOME

The proposed amendment to the ordinance would enable the City of San José to designate and manage entertainment zones—geographically defined areas where the outdoor consumption of alcohol purchased from licensed California Department of Alcoholic Beverage Control (ABC) restaurants, bars, wineries, and breweries is temporarily allowed, subject to a special event permit. This new tool supports local businesses and the City's experience economy by enabling more flexible, creative event formats in vibrant commercial areas.

The ordinance includes safety and permitting measures, developed in coordination with the San José Police Department and other City departments and agencies. Implementation will be managed through the City Manager's Office of Economic Development and Cultural Affairs (OEDCA) existing special event permitting framework, ensuring efficient coordination, regulatory compliance, and facilitation for organizers and

businesses. Upon approval and adoption, the ordinance will advance San José's downtown vibrancy goals while strongly focusing on public health and safety. A potential application of the entertainment zone ordinance is an activation involving a FIFA World Cup Watch Party in 2026, where the San Pedro Entertainment Zone would allow attendees to enjoy alcoholic beverages from multiple participating licensed businesses while gathering in a shared outdoor permitted event space to view live match broadcasts. This flexible approach enhances the City's ability to support major events, enliven commercial districts, and create memorable public experiences that strengthen San José's position as a vibrant destination.

BACKGROUND

Senate Bill (SB) 969, signed into law by the California State Legislature effective January 1, 2025, authorizes cities to establish designated "entertainment zones" that allow greater flexibility for outdoor alcohol consumption, subject to a special event permit. Within these zones, licensed bars, breweries, wineries, and restaurants may sell beverages to-go for consumption within clearly marked, actively managed event areas. While ABC requirements are still applicable, event producers could coordinate with multiple licensed businesses to host a single special event that would not be subject to to-go alcohol restrictions. SB 969 requires cities to adhere to specific requirements in establishing entertainment zones, as noted below.

- Adopting an ordinance that defines the entertainment zone's boundaries, operating hours, types of alcoholic beverages, and approved containers;
- Establishing a process to verify that individuals consuming alcohol in the Entertainment Zone are at least 21 years old;
- Notifying local law enforcement and requesting feedback on potential health and safety impacts, as well as strategies to mitigate those impacts; and
- Conducting a biennial review of the entertainment zone's operation to ensure it maintains public health and reporting findings to the ABC.

Building on the City's existing outdoor special event permitting framework, the proposed ordinance enhances flexibility for event producers and local businesses by enabling more dynamic use of public spaces. Allowing patrons to responsibly enjoy alcoholic beverages from multiple participating businesses within a shared, managed common area supports a thriving entertainment economy. It enriches the cultural and social vibrancy of Downtown San José.

The proposed ordinance's development was informed by public life strategies and event management best practices already in place within the OEDCA Special Events framework and feedback from businesses and stakeholders.

The proposed ordinance also aligns with the City's broader goals to promote safety, vibrancy, and inclusivity in the downtown core, particularly in anticipation of major sporting events in 2026. The Entertainment Zone framework provides an additional tool to accommodate the unique operational needs and activation opportunities associated with these destination events, while ensuring a safe and welcoming experience for residents and visitors alike.

ANALYSIS

The proposed entertainment zone ordinance provides a new resource to support outdoor special events by allowing participating businesses to sell alcoholic beverages to-go for responsible consumption within designated public areas during permitted special events. As required by SB 969, the ordinance must identify specific locations where entertainment zones may operate. The initial proposed entertainment zones are located in Downtown San José within active business districts with a high concentration of licensed establishments and frequent public event activity.

As reflected in the maps in the Attachment, the proposed entertainment zones are:

1. San Pedro Street:
Between West Santa Clara Street and West St. John Street; and West St. John Street between North San Pedro Street and Terraine Street; and fronting West Santa Clara Street between Almaden Avenue and North San Pedro Street.
2. Post Street:
Between South Market Street and First Street.
3. South First Street (SoFA District):
Between San Carlos Street and East Reed Street.
4. St. John Street (Little Italy):
Between North Almaden Boulevard and North Autumn Street, and North Almaden Boulevard between Julian Street and West St. John Street.
5. Fountain Alley:
Between South First Street and South Second Street.
6. Paseo de San Antonio 1-4:
Between South Fourth Street and South Market Street, northbound.

These areas were selected based on several factors, including their established cultural and commercial identities, concentration of ABC licensed businesses, pedestrian-friendly environments, history of hosting successful special events, and stakeholder

outreach. While additional locations and commercial districts were evaluated as part of the analysis process, Downtown areas were prioritized to align with existing activation infrastructure, public safety management capacity, and current enforcement staffing resources. Focusing on these initial locations reflects a thoughtful phased approach prioritizing public safety, operational quality, and effective oversight. As required by SB 969, staff and the San José Police Department will review and evaluate the operation of entertainment zones every two years, with findings reported to ABC. Future ordinance updates may consider expanding to other areas as capacity and operational experience grow.

Implementation and Management

Entertainment zones will be implemented and managed through the City's existing outdoor special event permit process, administered by the OEDCA Special Events Team. Facilitating over 150 permitted events annually, the Special Events Team is a centralized resource for organizers navigating the City's permit process. This established model will extend to supporting entertainment zone activations, providing efficient coordination, regulatory compliance, and technical assistance for businesses and event producers. The Special Event Guidelines will be updated to incorporate specific requirements for entertainment zone administrative procedures and operational considerations. These updates will provide clear guidance for businesses, event producers, and City departments, ensuring consistent expectations for the activation and management of entertainment zones.

OEDCA will coordinate closely with the San José Police Department and other departments to ensure appropriate public safety measures are in place. Specific safety and operational requirements, such as fencing, private security, and coordination with the San José Police Department's Secondary Employment Unit, will continue to be evaluated and coordinated through the existing OEDCA's Special Event Permit process. Requirements will be tailored to each permitted entertainment zone event's scale, nature, and location. By leveraging the City's proven special event permitting framework, the Entertainment Zone ordinance can be implemented thoughtfully and efficiently, ensuring a safe and vibrant experience for all participants.

Permit Requirements for Activation

Event organizers seeking to activate an entertainment zone must apply to the City's standard special event permitting process (San José Municipal Code Chapter 13.14). No additional permit fees will be charged specifically for activating an entertainment zone. As part of the permit review, organizers must submit detailed safety plans, provide clear signage, and implement identification measures to ensure alcoholic beverages are consumed only by individuals aged 21 and over.

Licensed businesses that intend to participate in entertainment zones must comply with all applicable state laws and ABC regulations. This includes fulfilling the state requirement to submit an advance notice of their participation to ABC. Notifications must be submitted annually through the ABC website, and failure to do so may result in enforcement actions or jeopardize the business's alcohol license.

Policy Outcomes

The Entertainment Zone ordinance builds upon existing public event management practices and introduces a flexible tool to create more dynamic, vibrant public spaces. By managing the outdoor consumption of alcoholic beverages through a structured and coordinated permitting framework, the City can expand opportunities for local businesses and event organizers while prioritizing the safety, accessibility, and overall experience for residents and visitors.

EVALUATION AND FOLLOW-UP

As required by SB 969, the City must review and evaluate the operation of designated entertainment zones every two years and report findings to ABC. OEDCA, in coordination with the San José Police Department, will conduct this evaluation based on safety metrics, event outcomes, and stakeholder feedback.

Additionally, staff will monitor the implementation of the Entertainment Zone program during its initial rollout and provide an update to the City Council through an informational memorandum after the first year of operation.

In the future, should licensed business establishments and/or the community be interested in establishing new entertainment zones, staff will evaluate requests and bring a proposed entertainment zone ordinance amendment to City Council to include a new entertainment zone(s). This evaluation process will inform future recommendations for adjustments to the ordinance or expansion to additional locations.

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the May 20, 2025 City Council meeting.

OEDCA staff conducted stakeholder engagement with San José Downtown Association business districts, including the Historic District (Post Street) on April 23, 2025, San Pedro Street and Little Italy on April 24, 2025, and the South First Area (SoFA) on April 30, 2025. Staff met with Santana Row representatives on April 16, 2025. Santana Row, private property, is not a proposed Entertainment Zone location because the underlying state legislation, SB 969, does not apply to private property. Additional coordination with event producers is planned to promote the availability of the Entertainment Zone program and to support interested participants.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-008, General Procedure and Policy Making resulting in no changes to the physical 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.



Lee Wilcox
Assistant City Manager/
Acting Director, City Manager's Office of
Economic Development and Cultural Affairs

For questions, please contact Kerry Adams Hapner, Director of Cultural Affairs, OEDCA, at kerry.adams-hapner@sanjoseca.gov or (408) 793-4333.

ATTACHMENT

Entertainment Zone Maps

Attachment

Entertainment Zone Location Maps

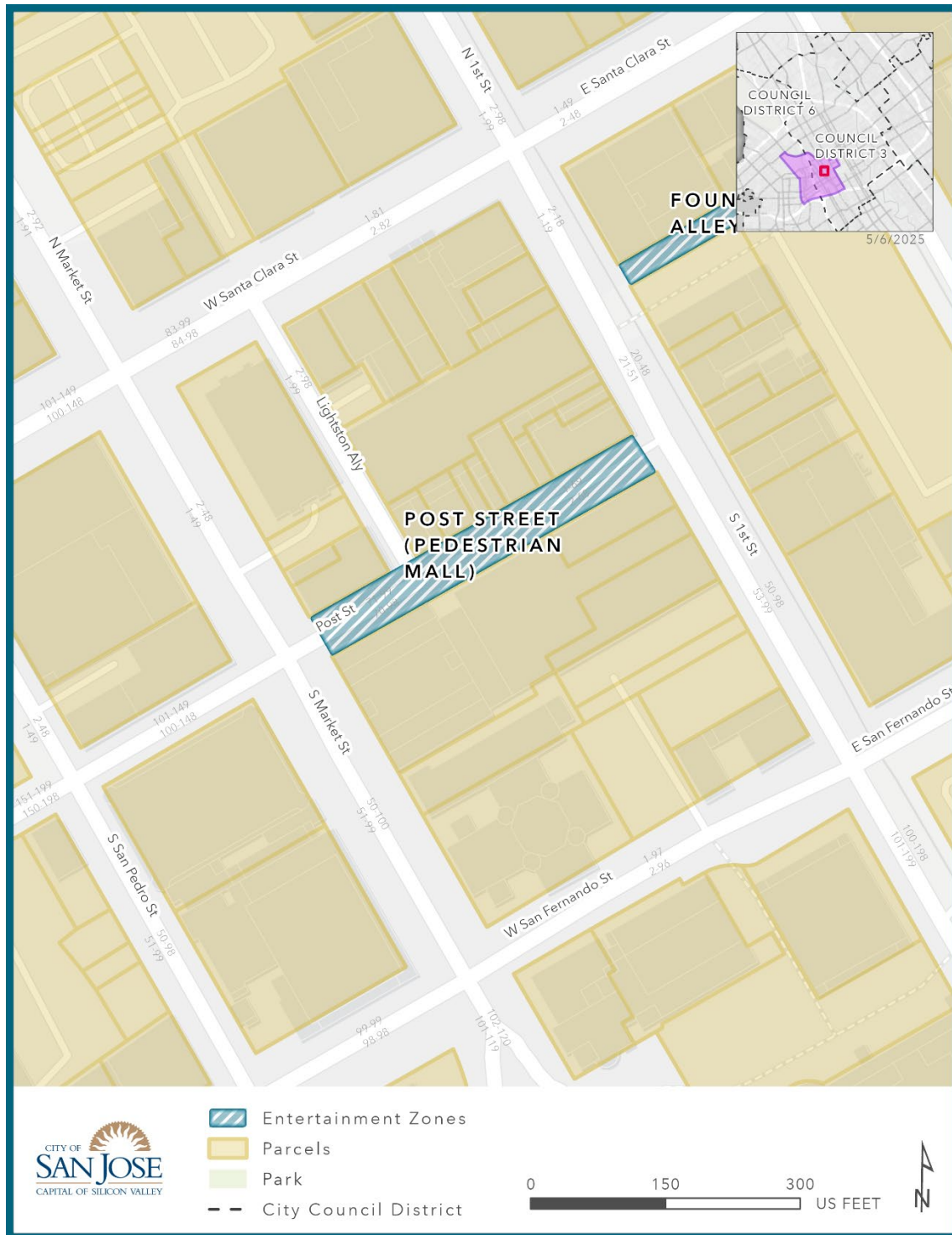
1. San Pedro Street Entertainment Zone

Between West Santa Clara Street and West St. John Street; and West St. John Street between North San Pedro Street and Terraine Street; and fronting West Santa Clara Street between Almaden Avenue and North San Pedro Street.



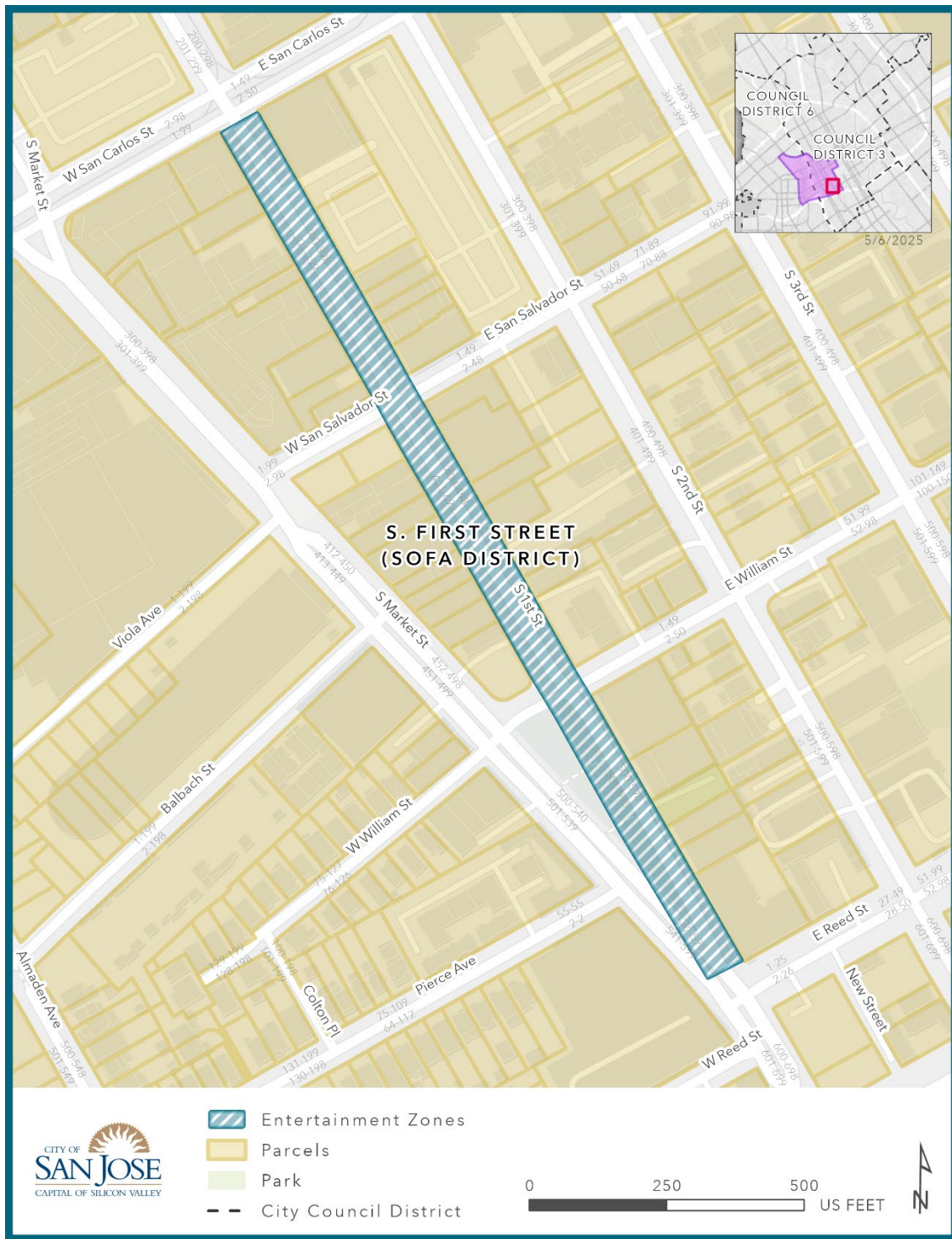
2. Post Street Entertainment Zone

Between South Market Street and First Street.



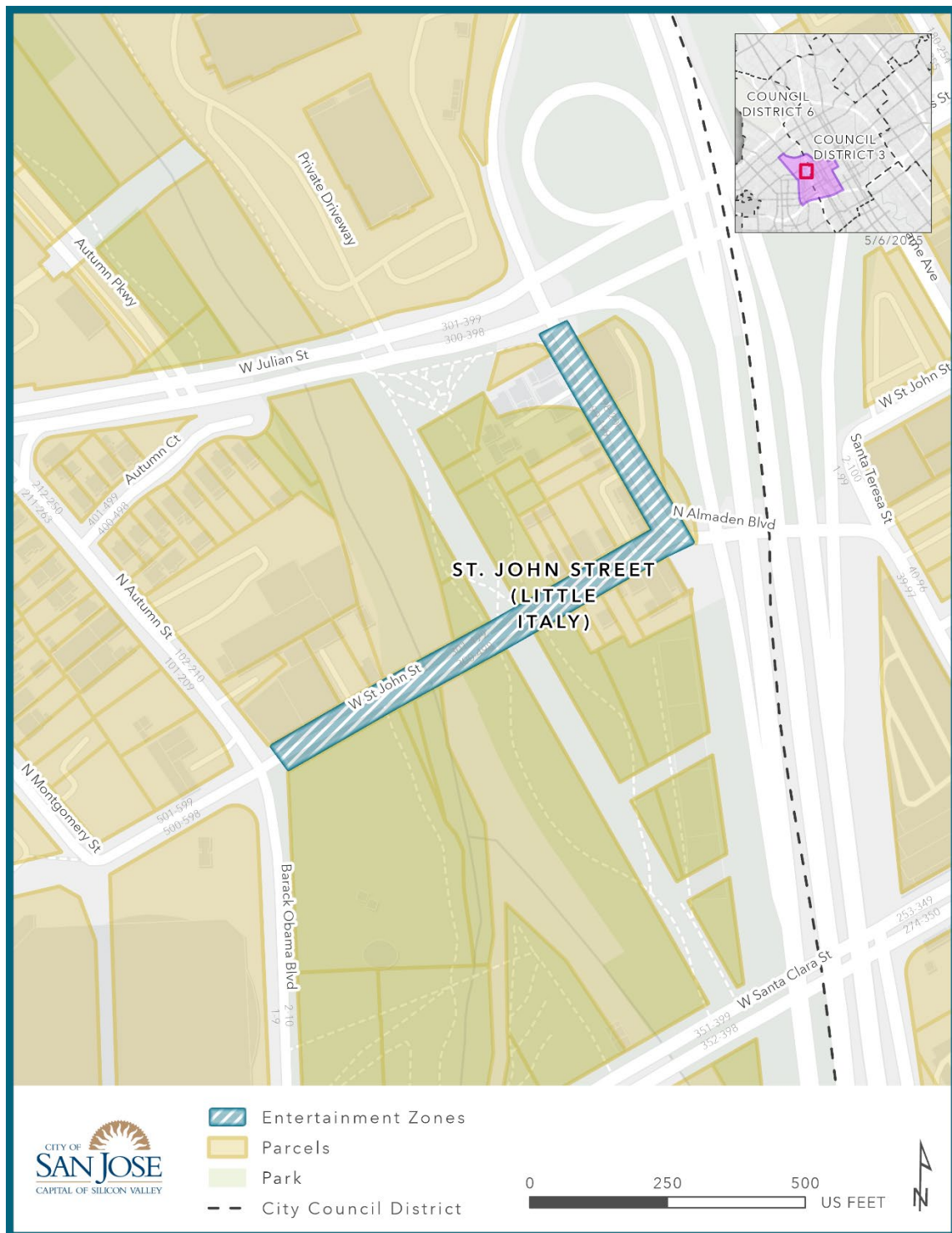
3. South First Street Entertainment Zone

Between San Carlos Street and East Reed Street.

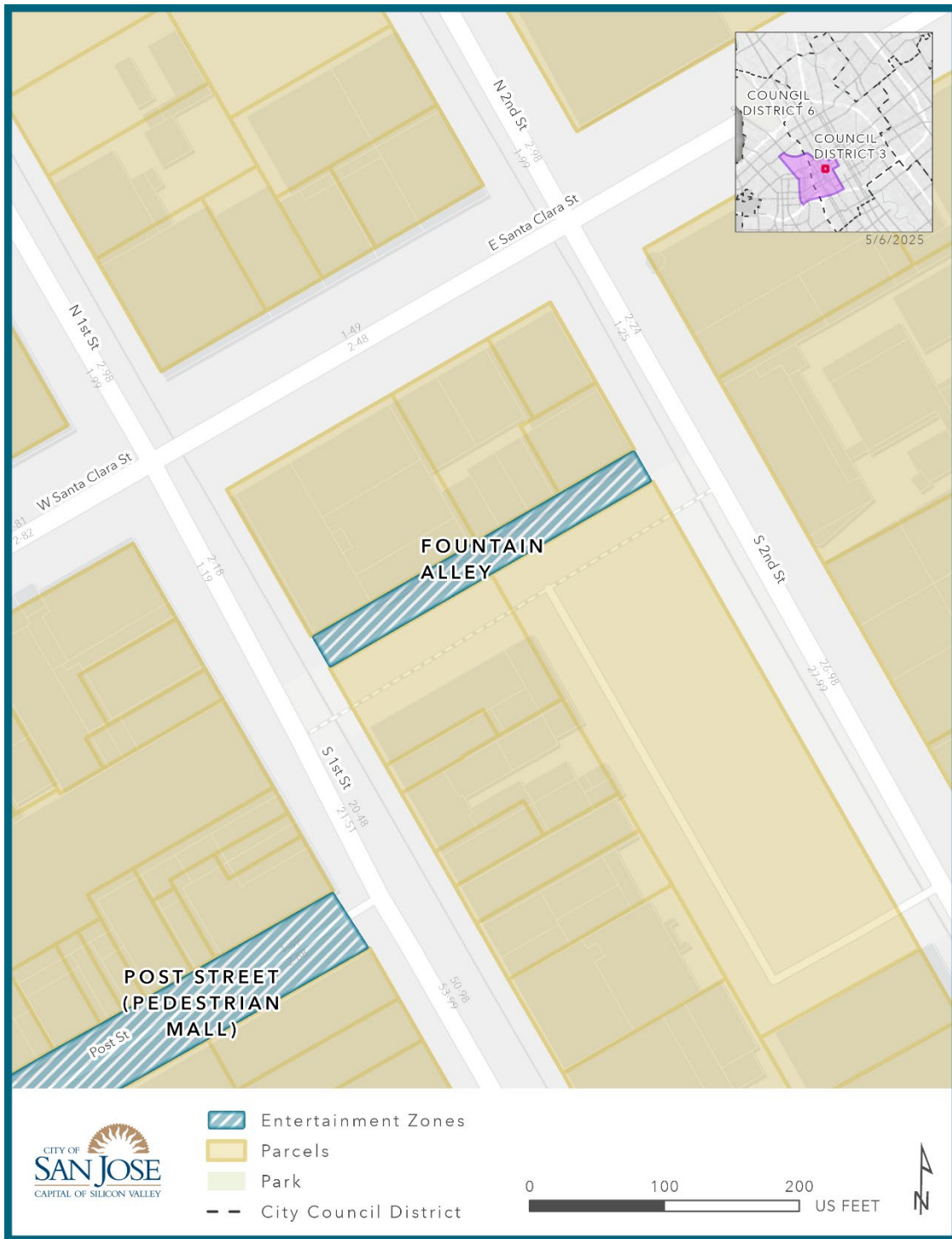


4. St. John Street Entertainment Zone

Between North Almaden Boulevard and North Autumn Street, and North Almaden Boulevard between Julian Street and West St. John Street.



5. Fountain Alley:
Between South First Street and South Second Street.



6. Paseo de San Antonio 1-4:
Between South Fourth Street and South Market Street, northbound.

