



Memorandum

TO: COMMUNITY AND
ECONOMIC DEVELOPMENT
COMMITTEE

FROM: Jen Baker

SUBJECT: Entertainment Zones Status
Report

DATE: January 30, 2026

Approved

Date:

2/13/2026

RECOMMENDATION

Accept the status report on the implementation of entertainment zones, including effectiveness, cost implications, and other key findings to inform the establishment of future entertainment zones.

BACKGROUND

On May 20, 2025, the City Council approved the establishment of eight Entertainment Zones: Alum Rock Avenue, Fountain Alley, Little Italy, Paseo de San Antonio, Post Street, San Pedro Street, Sharks Way, and South First Street (SoFA). These geographically defined areas authorize the temporary outdoor consumption of alcoholic beverages purchased from California Department of Alcoholic Beverage Control (ABC) licensed restaurants, bars, wineries, and breweries subject to a City-issued special event permit.

Entertainment Zones are intended to support local businesses and advance the City's experience economy by enabling more flexible and creative event formats in vibrant commercial districts, while maintaining public safety, operational oversight, and regulatory compliance. Activation of an Entertainment Zone occurs only in conjunction with a permitted outdoor special event and within clearly defined boundaries and operating conditions.

This memorandum provides an initial implementation update in response to City Council direction to return to the Community and Economic Development Committee with a report on the rollout, early impacts, and lessons learned. The report includes implementation status, early qualitative data, stakeholder and community feedback, and preliminary findings intended to inform future program refinements and maximize benefits for residents, businesses, and visitors.

ANALYSIS

Implementation of Entertainment Zones

The Entertainment Zone Ordinance establishes a new tool intended to support economic activity, placemaking, and flexible event programming in designated commercial districts. In preparation for the official Entertainment Zones, staff have focused the initial implementation period on outreach, coordination, and operational readiness to ensure safe and successful activations once launched.

The first official Entertainment Zone activation occurred on Friday, February 6, 2026 through Sunday, February 8, 2026 as part of San Pedro Superfest during Super Bowl LX weekend. San Pedro Superfest, produced by the San Jose Sports Authority in partnership with Filco Events, was a permitted outdoor special event that included live entertainment, street closures, food and retail vendors, and coordinated participation from adjacent brick-and-mortar businesses. Estimated attendance for the event was approximately 48,000 over the three days, with preliminary feedback from participating businesses indicating strong sales performance. Initial data shared by the San Pedro Square stakeholders suggests that the activation represented one of the highest-grossing days for several establishments. Staff will continue to gather and analyze sales and operational data as part of the event evaluation.

In advance of this activation, staff coordinated closely with event producers, business districts, internal departments, and external agencies to align expectations, confirm operating parameters, and ensure businesses understand participation requirements. Additional activations are anticipated in connection with March Madness and FIFA-related events, positioning Entertainment Zones as a scalable tool supporting local and major regional and international events.

To support implementation, staff launched a dedicated Entertainment Zone webpage outlining eligibility, guidelines, and the process for activation through a permitted special event. Staff also conducted targeted outreach and presentations with businesses and stakeholders, including the Eastside Small Business Town Hall, Little Italy, Post Street District, San Pedro District, Sharks Way, and SoFA District. In addition, staff partnered with the San Jose Downtown Association to host a webinar focused on preparing businesses for upcoming SJ26 activations, highlighting Entertainment Zones as a key tool.

Collectively, these efforts have laid the groundwork for formal implementation by building awareness, clarifying expectations, and incorporating early feedback from businesses and event organizers. As activations begin, staff will continue to track participation, operational outcomes, and stakeholder feedback to inform future refinements and assess the ordinance's potential as a model for additional San José neighborhoods.

Effectiveness and Early Outcomes

In advance of the first official Entertainment Zone activation at San Pedro Superfest, pilot activations were conducted on Little Italy, Post Street, San Pedro Street, and Sharks Way. Each activation was implemented through an approved and permitted special event, ensuring compliance with the City's Special Event Ordinance and coordination with the San José Fire Department, the San José Police Department and other relevant departments. Pilot Entertainment Zone Events include, the Urban Vibrancy Institute's San Pedro Block Party on July 31, 2025 on San Pedro Street, the Qmunity District Mural Celebration and Silicon Valley Pride Kickoff Party on August 29, 2025 on Post Street, and the Big Easy Block Party & Beer Fest on August 30, 2025 on Sharks Way/Little Italy. These permitted activations were structured to test operating assumptions and evaluate real-world conditions prior to full implementation. These pilots allowed staff to assess feasibility, operational coordination, public safety controls, and business participation in advance of official launch.

Early indicators from pilot efforts and outreach activities suggest strong stakeholder interest in the Entertainment Zone model. Staff has engaged business districts and associations. Staff has also met with event producers and conducted a City-wide business-focused webinar. Feedback from business districts and event organizers has been generally positive, with stakeholders citing interest in increased flexibility, business district-wide cohesion during events, and clearer pathways for participation within permitted activations.

As more official entertainment zone activations occur in 2026, staff will track participation metrics, operational outcomes, and stakeholder feedback to evaluate effectiveness and inform future expansion or refinement of the program.

Cost Implications

At this early stage of implementation, Entertainment Zones are being administered with existing departmental resources and in coordination within the permitted special events framework. Costs to the City are primarily associated with staff time for coordination, outreach, and permit processing, as well as interdepartmental alignment related to public safety and operations.

Staff will continue to assess whether future activations, particularly larger-scale or recurring Entertainment Zones, may require additional resources, cost recovery adjustments, or operational efficiencies. Any identified budgetary impacts will be reported to City Council as part of future updates.

Other Key Findings and Lessons Learned

Pilot activations and early implementation efforts identified several key findings to inform future program refinements. These include the importance of clearly defined Entertainment Zone boundaries and consistent signage to support public understanding and compliance; coordinated operating hours aligned with event programming and enforcement capacity; proactive and early business outreach to clarify eligibility, participation requirements, and operational expectations; and early alignment with enforcement and safety partners to ensure shared understanding of roles and responsibilities.

Initial feedback on the San Pedro Superfest, the first official Entertainment Zone activation in conjunction with Super Bowl LX weekend, was considered successful from an operational and economic standpoint. However, as with any new program, initial lessons were identified. Staff observed opportunities for clarification on program requirements, including standardized entertainment zone cups, whether both a wristband and a cup are required, and the level of training provided to front-line staff at participating establishments. These observations underscore the importance of consistent business-level training, clear point-of-sale communication protocols, and reinforced pre-event coordination.

In response, staff are strengthening education and outreach efforts with participating businesses and event producers. Actions include refining written guidance, developing standardized signage and quick-reference materials for bartenders and servers, and reinforcing pre-event coordination meetings. The Entertainment Zone framework will also be incorporated into the City Manager's Office of Economic Development and Cultural Affairs' upcoming lunchtime workshop series for event organizers, which convenes cross-departmental partners to provide updates, clarify permitting requirements, and share best practices related to outdoor special events. Participating departments include City Hall Event Services with the Department of Public Works, the Department of Transportation, the Environmental Services Department, the Fire Department, Parks, Recreation and Neighborhood Services, the Police Department, and Santa Clara County Environmental Health.

As part of implementation due diligence, staff also engaged public health partners to review the Entertainment Zone framework. Staff met with the County of Santa Clara Department of Public Health, Substance Use Prevention Program team to discuss the ordinance, operating parameters, and enforcement model. Initial questions related to alcohol consumption were addressed through clarification of existing safety and regulatory controls embedded within the City's Special Event Permit framework, including defined boundaries, licensed point-of-sale requirements, operating hours, and coordinated enforcement. This coordination affirmed that Entertainment Zones operate within established public safety systems rather than as a standalone or unregulated program.

In addition, early feedback from event producers highlighted cost considerations associated with activation, including investments in required infrastructure such as signage and approved beverage containers, as well as operational and liability responsibilities, including liquor liability insurance and police and security staffing. While this structure supports brick-and-mortar participation and aligns with the intent to drive economic activity within commercial districts, staff will continue to monitor these considerations as activations scale and as opportunities for business district-level coordination and shared support emerge.

Next Steps

Staff is driving Entertainment Zone implementation, success, and insights through the Growing our Economy Focus Area. Focus area updates are reported to the Community and Economic Development Committee and the City Council on a combined quarterly cadence. Staff will continue to conduct outreach with business associations and improvement districts to ensure ongoing and active best practices and information are known about how to activate entertainment zones. Staff will track community and stakeholder feedback and operational insights to inform future program refinements. Ongoing evaluation will focus on maximizing benefits for residents, businesses, and visitors while maintaining public safety, regulatory compliance, and operational clarity. As part of the Growing Our Economy Focus Area, staff already tracks various datasets, including Downtown foot traffic, small business licenses, and property and sales tax data. Through the focus area structure, staff will determine the best program-level metrics to track success over time.

In accordance with state legislation, staff will also review the operation of Entertainment Zones on a biennial basis and make any required reports available to the appropriate state department upon request. As experience is gained through upcoming Entertainment Zone activations, staff will assess interest and feasibility related to the establishment of additional Entertainment Zones. Any expansion to designate new Entertainment Zones would require amendments to the Entertainment Zone Ordinance pursuant to state legislation and would be subject to City Council consideration and direction.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and the San José Police Department.

COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

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