



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Nanci Klein

SUBJECT: SEE BELOW

DATE: October 17, 2024

Approved:

Date:

10/17/24

COUNCIL DISTRICT: 7

SUBJECT: Establishment of the Monterey Corridor Business Improvement District

RECOMMENDATION

Receive a report and accept public comment on the establishment of the Monterey Corridor Business Improvement District.

SUMMARY AND OUTCOME

The City Council may incorporate any input received at the public meeting on October 29, 2024 into evaluating the merits of creating the Monterey Corridor Business Improvement District (MCBID.) The City Council will take formal action on the proposal on December 10, 2024.

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 for district improvement, 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 BID.

At the City Council meeting on October 8, 2024, the City Council appointed the Monterey Corridor Business Association board as the advisory board for establishment of the MCBID. At the same meeting, the City Council also adopted resolutions indicating its intention to establish a BID and levy an assessment for Fiscal Year (FY) 2024-2025.

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, mature BIDs in the city, such as those for Downtown, Japantown, and Willow Glen, highlight the positive long-term impacts the establishment of a BID can have on businesses, residents, and the City.

Noticing Status

Notifications were posted by the City Clerk's Office and sent to all businesses within the MCBID boundary by October 15, 2024, informing them of the City's intention to establish an improvement district. Public comment on this item will be heard at the City Council meeting on October 29, 2024. Additionally, a public hearing will be held at the City Council meeting on December 10, 2024. Written objections may be submitted at or prior to the public hearing. If there is a majority protest, no further proceeding shall be taken to establish a BID for one year.

Remaining Steps in the Creation of a New BID

- 1. Public Meeting and Public Hearing:** The public meeting provides information and an opportunity to comment on the proposed MCBID and the levy of assessment. At the public hearing scheduled for December 10, 2024, City Council will take testimony on the establishment of the MCBID, the boundaries of the BID, the annual budget of the BID, and the types of activities proposed to be funded from the assessment. If businesses that are responsible for paying a majority of the MCBID assessment protest, the City Council cannot initially establish the MCBID.
- 2. Ordinance Reading:** A draft ordinance authorizing the MCBID will be presented to City Council on December 10, 2024, where the first reading of the ordinance will take place. The second reading of the ordinance will take place at the City Council meeting on December 17, 2024. Ordinances are effective 30 days after the second reading.

The following is the proposed timeline for the creation of the MCBID and initial funding of the district's activities.

Public Meeting	October 29, 2024
Public Hearing	December 10, 2024
Ordinance First Reading	December 10, 2024
Resolution to Approve Budget and Levy Assessment for FY 2024-2025	December 10, 2024
City of San José Agreement with the Monterey Corridor Business Association	December 10, 2024
Ordinance Second Reading	December 17, 2024
Ordinance Becomes Law	January 17, 2025
Assessment Begins	February 17, 2025
First Month's Assessments Due to City	March 17, 2025
First Payment from City to BID Corporation	April 17, 2025

EVALUATION AND FOLLOW-UP

The advisory board will report annually to the City Council to secure the renewal of the MCBID.

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 was also coordinated with the Monterey Corridor Business Association.

PUBLIC OUTREACH

Given the high number of businesses in the proposed district, the Monterey Corridor Business Association board distributed an informational flier via mail to all businesses within the proposed assessment district boundaries. To complement the mailer, the City Manager's Office of Economic Development and Cultural Affairs staff and the Monterey Corridor Business Association board conducted two in-person business walks, engaging in conversations and answering questions regarding the BID from business owners. The Monterey Corridor Business Association board will host its first town hall meeting at Casablanca Banquet Hall on October 21, 2024. It is preparing for its second town hall on November 20, 2024, to field public questions and comments.

HONORABLE MAYOR AND CITY COUNCIL

October 17, 2024

Subject: Establishment of the Monterey Corridor Business Improvement District

Page 4

Additionally, this memorandum will be posted on the City's Council Agenda website for the October 29, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

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.

/s/

NANCI KLEIN

Director of Economic Development and
Cultural Affairs

The principal authors of this memorandum are Jiawei Tang, Executive Analyst, City Manager's Office of Economic Development and Cultural Affairs, and Victor Farlie, Assistant to the City Manager, City Manager's Office of Economic Development and Cultural Affairs.

For questions, please contact jiawei.tang@sanjoseca.gov or (408) 535-6884.