



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Nanci Klein

SUBJECT: See Below

DATE: November 18, 2024

Approved:

Date:

11/25/24

COUNCIL DISTRICT: 7

SUBJECT: Establishment of the Monterey Corridor Business Improvement District and Approval to Levy Assessments in the Monterey Corridor Business Improvement District for the Remainder of Fiscal Year 2024-2025

RECOMMENDATION

- (a) Conduct a public hearing and approve an ordinance to establish the Monterey Corridor Business Improvement District.
- (b) Conduct a public hearing and adopt a resolution approving the budget and the levy of assessments for the Monterey Corridor Business Improvement District for the remainder of Fiscal Year 2024-2025.
- (c) Adopt a resolution authorizing the City Manager, or her designee, to negotiate and execute an agreement with the Monterey Corridor Business Association for the administration of the Monterey Corridor Business Improvement District.

SUMMARY AND OUTCOME

Approval of this action will result in the formation of the Monterey Corridor Business Improvement District (MCBID) and the levy of assessments on assessed businesses for the remainder of Fiscal Year 2024-2025. The City Council may incorporate any public input from the public hearing, on December 10, 2024, into its evaluation of the merits of creating the MCBID.

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BACKGROUND

Business Improvement Districts (BID) 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 notice 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 its meeting on October 8, 2024, the City Council appointed the Monterey Corridor Business Association (MCBA) board as the advisory board for the establishment of the MCBID. At the same meeting, the City Council adopted resolutions indicating its intention to establish a BID along the Monterey Road business corridor between Almaden Expressway and Alma Avenue and levy an assessment on businesses within this boundary for Fiscal Year 2024-2025.

On October 29, 2024, the City Council received a report on the establishment of the MCBID and conducted a public meeting to provide an opportunity for public comment. No members of the public commented on 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 and fund services exclusively for the district's benefit. Business owners within assessment district boundaries fund the district, and those funds are used to provide services tailored to meet their needs.

If approved, the MCBID will allocate the assessment funds raised in compliance with BID Law to focus on two primary objectives: 1) clean and safe initiatives and 2) promotional and marketing activities. Located between Capitol Expressway and Alma Avenue in central San José, the Monterey Corridor is a major industrial, manufacturing, and commercial hub with approximately 1,500 diverse businesses, ranging from breweries, metal recycling plants, space satellite manufacturing, and The Plant retail center. This district, anchored by Monterey Road, is a critical route and southern gateway to Downtown San José. It also includes the Santa Clara County Fairgrounds, a prominent regional attraction.

A significant portion of the funds will support the Clean and Safe program, designed to enhance public safety and cleanliness through services, such as frequent litter and bulky item removal, graffiti abatement, and on-demand sidewalk pressure washing adjacent to assessed businesses. Safety measures may include an enhanced presence of off-duty officers or private security, partnerships with the San José Police Department, and providing rapid responses to issues such as illegal dumping and quality-of-life violations. This program aims to reduce nuisance behaviors, mitigate crime, and improve the corridor's appeal for business owners, tenants, and customers.

Complementing these efforts, the MCBID will invest in promotional activities to increase foot traffic and visibility for local businesses. Planned initiatives include online marketing campaigns, developing materials such as brochures and maps showcasing local businesses, and organizing community events. These efforts are intended to solidify the district's identity, attract more customers, and highlight the area's unique character. Through these initiatives, MCBID aims to foster a vibrant community and enhance economic opportunities for local business owners.

The assessment fee for the MCBID will be collected by the City and distributed to the MCBA to execute services outlined in the agreement that will be established with the City and pursuant to the annual budget submitted to the City Council. Every business in the BID area will be assessed at a standard flat fee of \$250 annually.

To provide start-up funding for district services, it is recommended that the assessment levy for the remainder of Fiscal Year 2024-2025 be approved. Annual renewals will then correspond to the City's fiscal year.

Noticing Status

A notification has been sent to all businesses within the MCBID boundary, informing them of the City's desire to form an improvement district. The letter also stated that public comment would be heard at a public meeting on October 29, 2024, a public hearing would be held on December 10, 2024, and written objections could be submitted at or prior to the public hearing.

The City Clerk's Office has published the required notices.

Remaining Steps in the Creation of the MCBID

1. **Public Hearing.** At the December 10, 2024 public hearing, City Council will take testimony on the establishment of the MCBID, the boundaries of the district, the annual budget of the district, and the types of activities proposed to be funded from business assessments. Protests may be made orally or in writing. If businesses that would be responsible for paying a majority of the

MCBID assessments protest, the City Council cannot initially establish the MCBID, and no further proceeding shall be taken for a period of one year to establish an improvement district.

2. **Ordinance Readings.** The first and second readings of an ordinance establishing the MCBID and levying assessments are the final steps in creating the BID. The ordinance is effective 30 days after its 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 budget report prepared by the advisory board. **Attachment:** Initial Monterey Corridor Business Improvement District (MCBID) Budget. The adoption of the resolution constitutes the levy of the assessment for the remainder of Fiscal Year 2024-2025.

4. **Authorize the City Manager, or Her Designee, to Negotiate and Execute an Agreement.** City Council will adopt a resolution authorizing the City Manager, or her designee, to negotiate and execute an agreement with MCBA for the administration of the MCBID. The agreement will be effective until the end of the current fiscal year, and the City Council will approve each subsequent annual budget for the MCBID.

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

➤ Public Hearing	December 10, 2024
➤ Ordinance First Reading	December 10, 2024
➤ Resolution to Approve Budget and Levy Assessment for Fiscal Year 2024-2025	December 10, 2024
➤ City of San José Agreement with MCBA	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 to BID Corporation (MCBA)	April 17, 2025

EVALUATION AND FOLLOW-UP

The advisory board will report annually to City Council to secure the renewal of the BID. The first report is expected in June 2025 and will include a budget proposal for the 2025-2026 fiscal year.

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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, and the Planning, Building, and Code Enforcement Department. This memorandum was also coordinated with MCBA.

PUBLIC OUTREACH

Given the large number of businesses in the proposed district, the MCBA 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 MCBA board conducted two business walks to engage with business owners in person. The first business walk took place on September 12, 2024, targeting businesses at the intersection of Little Orchard Street, Barnard Avenue, and The Plant Shopping Center. The second business walk occurred on September 26, 2024 and focused on businesses along Monterey Road, from Umbarger Road to East Capitol Expressway.

Additionally, City staff, in collaboration with the MCBA board, conducted two in-person town hall meetings on October 21 and November 20, 2024.

This memorandum will be posted on the City's Council Agenda website for the December 10, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-004, 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.

/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.

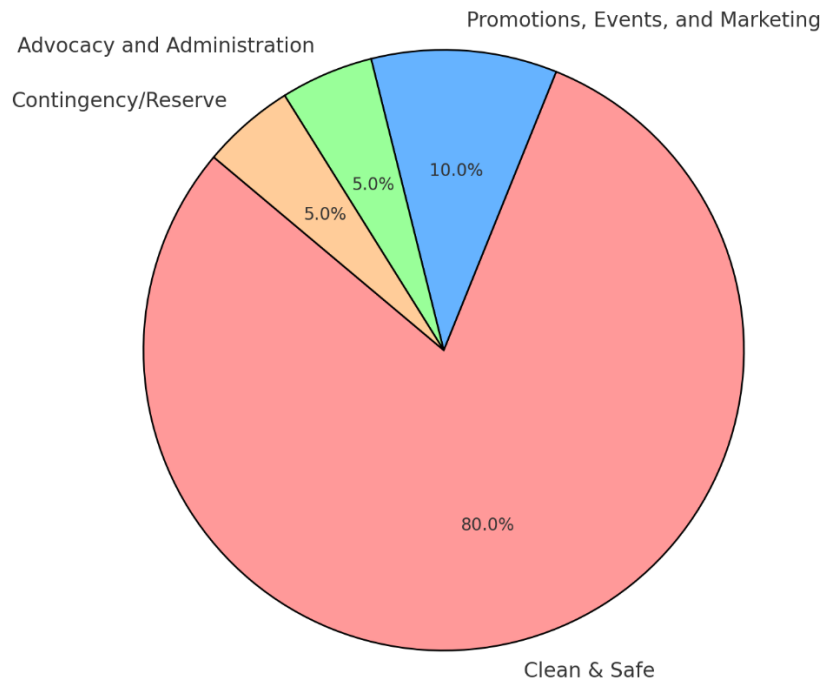
For questions, please contact jiawei.tang@sanjoseca.gov or (408) 535-6884.

ATTACHMENT: Initial Monterey Corridor Business Improvement District (MCBID) Budget

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The City forecasts that the MCBID will generate approximately \$283,015 in its first 12-months, based on estimates from the weighted average collection rate for existing BIDs in San José. However, the MCBA board uses a more conservative estimate in the proposed budget report of approximately \$252,000 in the first 12-months.

MCBID Proposed 12-month Budget



Proposed 12-month Budget	\$252,000
Expenses	
Clean and Safe	\$201,600
Promotions, Events, and Marketing	\$ 25,200
Advocacy and Administration	\$ 10,080
City Administration Fee	\$ 2,520
Contingency/Reserve	\$ 12,600
Total Expenses	\$252,000

Potential BID Services

Clean and Safe

- Contract with service providers for regular litter clean up, graffiti identification and removal, illegal dumping removal, abandoned shopping cart and car removal, or other bulky items and related sanitation issues.
- Pressure wash sidewalks and street cleaning adjacent to assessed businesses, as needed.
- Deploy dedicated off-duty officers from the San José Police Department or supplemental private security to provide a visible presence that deters crime and responds to incidents.
- Partner with local law enforcement to offer business owners direct communication channels for timely support.
- Establish a program to deter and report illegal street vending, illegal dumping, and code violations and address quality-of-life issues, such as public intoxication, panhandling, loitering, trespassing, and scavenging.
- Implement a safety program to improve day and evening security in the MCBID by mitigating vagrancy, property damage, encampments, and petty crimes.
- Install and maintain security cameras for added monitoring and deterrence.
- Deploy Navigator homeless outreach teams and guides throughout the MCBID to provide support and outreach.
- Collaborate with local law enforcement to enhance crime prevention efforts on assessed businesses.
- Address and reduce nuisance behaviors that may discourage tenants and customers from visiting assessed businesses.
- Purchase trailer cameras to provide extra security measures.

Marketing and Branding

- Internet marketing, including social media, to increase awareness and enhance online presence to drive customer engagement and sales.
- Networking events for local business owners to foster engagement and improve the business environment.

- Creation and distribution of promotional materials, such as brochures, flyers, mailings, and maps that highlight assessed businesses.
- Organization or participation in promotional events, including pop-up tents and banners, to draw community interest.
- Development and maintenance of a website specifically designed to promote assessed businesses and increase visibility.

Administration

The administration portion of the budget will be utilized for administrative costs associated with providing services. Those costs may include rent and occupancy charges, telephone and internet charges, legal fees, accounting fees, postage, administrative staff, insurance, and other general office expenses.

Contingency/Reserve

The budget includes a contingency/reserve line item to account for annual operating surplus or uncollected assessments, if any. If contingency funds are collected, they may be held in a reserve fund or utilized for other programs, administration, or renewal costs at the discretion of the City Council or advisory board.

The City Council or advisory board shall set policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of the monies from the reserve fund.

City Administrative Fee

The City of San José shall be paid a fee equal to one percent of the amount of assessment collected to cover its costs of collection and administration.