

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Lee Wilcox

SUBJECT: See Below

DATE: May 12, 2025

Approved



Date

5/20/25

COUNCIL DISTRICT: 3

**SUBJECT: Actions Related to the Downtown Business Improvement District
2025-2026 Budget Annual Report, 2025-2026 Annual Assessments,
and Setting a Public Hearing on the Levy of Assessment**

RECOMMENDATION

- (a) Preliminarily approve the 2025-2026 Budget Annual Report as filed by the Downtown Business Improvement District Advisory Board, or as modified by the City Council.
- (b) Adopt a resolution of intention to levy the annual assessment for Fiscal Year 2025-2026; and set Tuesday, June 17, 2025, at 1:30 p.m. as the date and time for the Public Hearing on the levy of the proposed assessments.

SUMMARY AND OUTCOME

Approval of this action results in a resolution of intention to levy the assessments for the upcoming fiscal year of the Downtown Business Improvement District (BID) and sets the time and date for the public hearing.

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. The Downtown BID service area is shown in Attachment A. In 1989, City Council appointed the San José Downtown Association as the Advisory Board for the BID, to advise the

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City Council on the levy of assessments in the BID and the expenditure of revenues derived from the assessments for the benefit of the BID.

Pursuant to BID Law, the Advisory Board must come before City Council on an annual basis to present a report. The report proposes a budget for the upcoming fiscal year for the BID to advise City Council on the levy of assessments in the BID and the expenditure of revenues derived from the assessments for the benefit of the BID. City Council must then 1) review the Budget Annual Report and preliminarily approve it as proposed or as changed by City Council; 2) adopt a resolution of intention to levy the assessments for the upcoming fiscal year; and 3) set a date and time for the public hearing on the BID-related actions. Absent a majority protest at the public hearing, at the conclusion of the public hearing, City Council may approve the budget for Fiscal Year 2025-2026 as filed or as modified by City Council and levy the BID assessments for Fiscal Year 2025-2026.

ANALYSIS

The Advisory Board prepared the 2025-2026 Annual Report (Attachment B) and Budget (Attachment C) for City Council's consideration as the proposed budget for the Downtown BID for Fiscal Year 2025-2026. As required by BID Law, the Budget Annual Report has 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 Fiscal Year 2025-2026, an estimate of the cost of providing the improvements and activities. The Advisory Board recommends no change in the method and basis for levying assessments.

City Council may approve the Annual Report as filed or modify the Annual Report and approve it as modified. After approval of the Annual Report, City Council must adopt a resolution of intention to levy the annual assessment for the 2025-2026 fiscal year and fix a time and place for a public hearing to be held on the levy of the proposed assessment.

EVALUATION AND FOLLOW-UP

The Advisory Board will present a report to the City Council next year proposing a budget for Fiscal Year 2026-2027

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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 retail community, which indirectly generates business tax and sales tax revenue for the City. The Fiscal Year 2025-2026 Proposed Operating Budget, subject to City Council approval, includes projected assessment revenue and corresponding expenses totaling \$600,000, as detailed in the Source and Use Statement for the Business Improvement District Fund (351).

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

The budget for Fiscal Year 2025-2026 was reviewed and approved at the Advisory Board's meeting on May 8, 2025.

This memorandum will be posted on the City's Council Agenda website for the June 3, 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.

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.

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Annual Report, 2025-2026 Annual Assessments, and Setting a Public Hearing on the
Levy of Assessment**

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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

B – Downtown BID Report for Fiscal Year 2025-2026

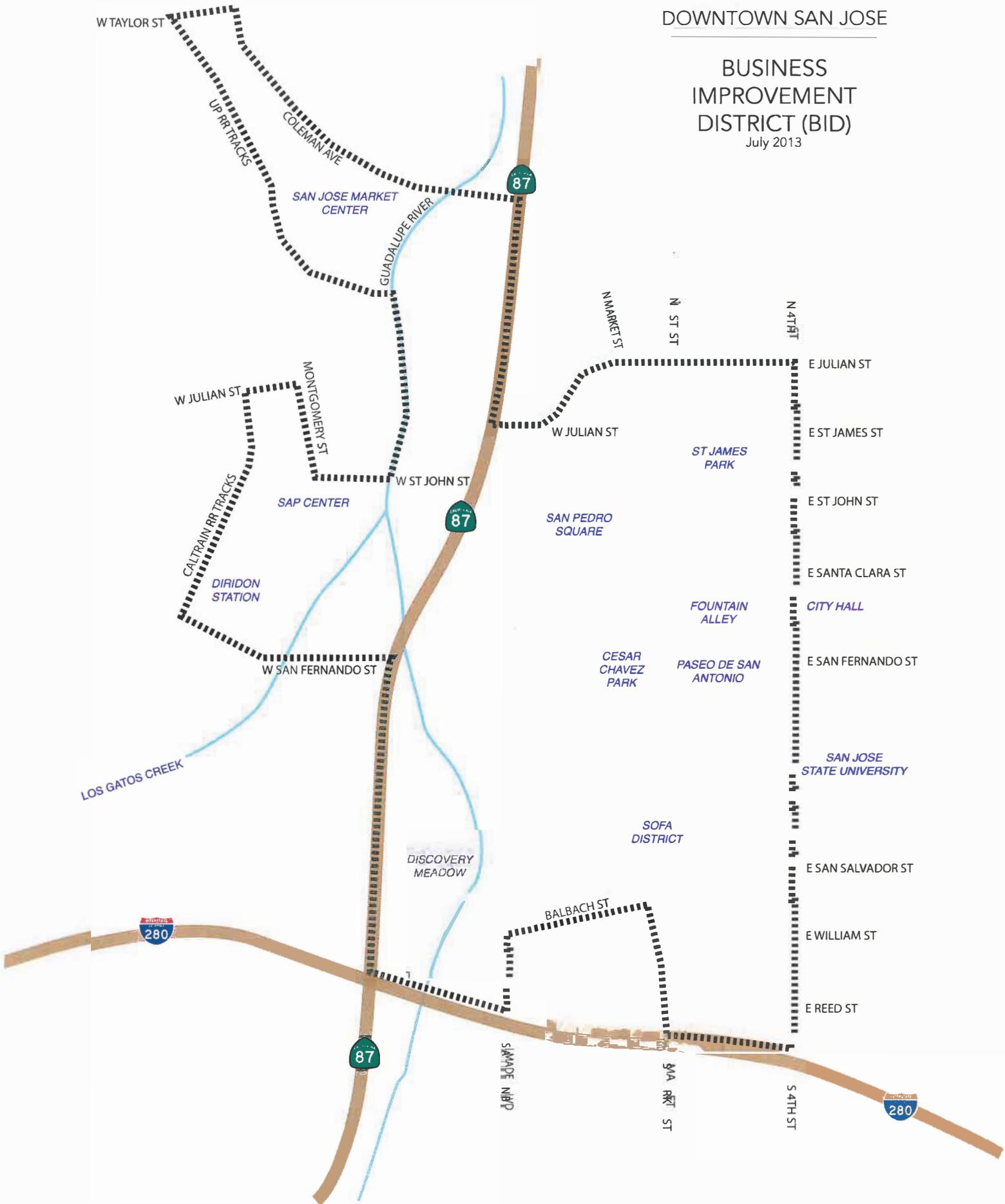
C – Downtown BID Fiscal Year 2025-2026 Budget Proposal

Attachment A

DOWNTOWN SAN JOSE

BUSINESS IMPROVEMENT DISTRICT (BID)

July 2013



Attachment B

Downtown BID Report for Fiscal Year

2025-26

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

**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>-</u></u>