



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Nanci Klein

SUBJECT: SEE BELOW

DATE: October 17, 2022

Approved

Date

10/20/22

SUBJECT: RENEWAL OF THE SAN JOSE HOTEL BUSINESS IMPROVEMENT DISTRICT

RECOMMENDATION

Receive a report and accept public comment on the renewal of the San José Hotel Business Improvement District for an additional ten years from its current expiration date of June 30, 2023, through June 30, 2033.

OUTCOME

This is the first of two public comment meetings required under the Property and Business Improvement Law of 1994, Streets and Highways Code Section 36600 et seq., to renew the San José Hotel Business Improvement District (SJHBID) for an additional 10 years. The SJHBID, if renewed, would result in the continued assessment of lodging businesses with 80 rooms or more within the boundaries of the City of San José to help fund marketing and sales promotion efforts through June 30, 2033.

BACKGROUND

SJHBID was originally formed in 2006 pursuant to Streets and Highways Code Section 36500 et. seq, commonly referred to as the Property and Business Improvement Area Law of 1989 (1989 Law). The 1989 Law required the SJHBID to be renewed annually. In 2018, City Council disestablished the 1989 Law SJHBID to implement longer-range and larger-scale marketing and visitor attraction programs. City Council established a new SJHBID pursuant to Streets and Highways Code Section 36600 et. seq., commonly referred to as the Property and Business Improvement Area Law of 1994 (1994 Law) for a five-year term beginning July 1, 2018 through June 30, 2023. San José Hotels, Inc. (SJHI) was selected as the Owners' Association for the SJHBID to implement its Management District Plan.

SJHBID is a benefit assessment district that helps fund marketing and sales promotion efforts for San José lodging businesses with 80 rooms or more located within the boundaries of the City of San José. This approach has been used successfully in destination areas throughout the state to improve tourism and drive additional room nights.

San José hoteliers formed the new SJHBID under the 1994 Law in order to modernize an existing revenue source devoted to marketing San José as a tourist, meeting, and event destination. The 1994 Law provides that the SJHBID may be renewed for a term not to exceed 10 years. If renewed, it is anticipated that the SJHBID will generate an estimated \$3,174,276 annually for the promotion of travel and tourism specific to San José.

ANALYSIS

HOTEL BUSINESS IMPROVEMENT DISTRICTS

In general, a Hotel Business Improvement District utilizes the efficiencies of private sector operation in market-based promotion of tourism. This special assessment district allows lodging and tourism-related business owners to organize efforts to increase tourism. Tourism-related business owners within the district fund the Hotel Business Improvement District, and those funds are used to provide services businesses desire and that benefit the assessed lodging businesses within the Hotel Business Improvement District.

Hotel Business Improvement District benefits:

- Funds cannot be diverted for other government programs
- They are customized to fit the needs of each destination
- They allow for a wide range of services, including marketing of the destination, tourism promotion activities, and sales lead generation
- They are designed, created, and governed by those who will pay the assessment
- They provide a stable funding source for tourism promotion

In California, Hotel or Tourism Business Improvement Districts are primarily formed pursuant to the 1994 Law. This law allows for the creation of a special benefit assessment district to raise funds within a specific geographic area.

MANAGEMENT DISTRICT PLAN

The Management District Plan (Attachment) includes the proposed boundary of the renewed SJHBID, a service plan and budget, and a proposed means of governance. SJHBID will continue to include all lodging businesses, with 80 rooms or more, existing and in the future, available for public occupancy within the boundaries of the City of San José.

The renewed SJHBID will have a 10-year life, with assessments implemented beginning July 1, 2023. Once per year, beginning on the anniversary of SJHBID formation, there is a 30-day

period in which business owners paying 50% or more of the assessment may protest and begin proceedings to terminate the SJHBID.

If the SJHBID is renewed, the City will be responsible for collecting the assessment on a monthly basis from each lodging business located in the SJHBID boundaries at the same time and in the same manner as the City's transient occupancy tax. Upon renewal of the SJHBID, the City anticipates entering into a new agreement with SJHI for the operation and administration of the SJHBID. SJHI will perform services similar to those it performs currently under the existing agreement with the City in connection with the operation and administration of the existing SJHBID established under the 1994 Law. The City will continue to forward the assessments to SJHI, which will have the responsibility of managing SJHBID programs as provided in the Management District Plan. The City will retain an administration fee equal to one percent of the amount of assessments collected or a flat fee of \$25,000, whichever is greater each year, with the minimum guaranteed administration fee of \$25,000 adjusted annually for inflation if the cost of living in the City has increased over the preceding base period as shown by the Consumer Price Index. However, in no event shall the adjustment exceed three percent per year. The amount of the administration fee will vary based on the amount of assessments collected each month. The amount of the administration fee will be reviewed annually as part of the annual report submitted by the SJHI board of directors. The City shall deduct the amount of the administration fee from the assessments and the City shall forward the remaining monies to SJHI.

District Renewal Process and Key Dates

OCTOBER 18, 2022 RESOLUTION OF INTENTION

Upon submission of a written petition, signed by business owners in the proposed district who will pay more than 50% of the assessments proposed to be levied, City Council adopted a resolution of intention to renew the SJHBID.

Petition Status: Petitions in favor of district formation were submitted by 11 hotels, which represent 53% of the total SJHBID assessment. This majority petition allowed City Council to initiate proceedings for district formation at its October 18, 2022 meeting.

OCTOBER 19, 2022 NOTICE

The 1994 Law requires that the City mail written notice of both the public meeting and public hearing discussed below (joint notice) to the owners of all businesses proposed to be within the SJHBID. Mailing the joint notice begins a mandatory 45-day period during which owners may protest SJHBID formation. The written notice must include the proposed method and basis of levying the assessment in sufficient detail to allow each business owner to calculate the amount of assessment to be levied against each business, separately stating the amount of any proposed assessment increase, a description of what the assessments will fund, the time and location of the public meeting and hearing, and information on protesting the assessment.

Noticing Status: Notifications have been sent to all 49 hotels with 80 rooms or more within the City of San José informing them that the SJHBID is being considered for renewal by the City and outlining the proposal as described above. The letter also informed the hotels that public comments will be heard at a public meeting on November 1, 2022 and at a public hearing on December 6, 2022, respectively, and written objections may be submitted at or prior to the public meeting and hearing. If there is a majority protest, no further proceeding shall be taken for a period of one-year to establish a hotel business improvement district.

Remaining Steps in the Creation of a Renewed SJHBID

PUBLIC MEETING AND HEARING

Before adopting the resolution renewing the SJHBID, City Council is required to conduct at least one public meeting at which City Council allows public testimony regarding the SJHBID in addition to the public hearing at which City Council proposes to renew the hotel business improvement district. The public meeting shall take place no earlier than 10 days after the joint notice is mailed. The public hearing shall take place at least 45 days after the joint notice is mailed and no earlier than seven days after the public meeting.

NOVEMBER 1, 2022 PUBLIC MEETING

Allow public testimony on the renewal of the SJHBID and levy of assessments. No City Council action is required at this meeting.

DECEMBER 6, 2022 FINAL PUBLIC HEARING

If written protests are received from the owners of businesses in the proposed SJHBID who will pay 50% or more of the assessments proposed to be levied, and protests are not withdrawn so as to reduce the protests to less than 50%, no further proceedings to levy the proposed assessment against such businesses shall be taken for a period of one year from the date of the finding of a majority protest by City Council.

At the conclusion of the public hearing to renew the SJHBID, City Council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessments.

If City Council, following the public hearing, decides to renew the proposed SJHBID, City Council shall adopt a resolution of formation.

SJHBID Financial Commitments and Services

The attached Management District Plan, prepared by SJHI's consultant Civitas Advisors, outlines the enhanced services, the approximate costs of those services, and the anticipated funding sources (e.g., assessments). The Management District Plan has a proposed initial budget

of \$3,174,276. The proposed services and allocations have not significantly changed from previous years. The table below outlines the services and annual funding levels if the assessment rate is not increased during the 10-year term:

Fiscal Year	Sales & Marketing	Administration & Operations	Contingency / Reserve	City Administration Fee	Total
2023-24	\$2,960,012.67	\$158,713.82	\$23,807.07	\$31,742.76	\$3,174,276.32
2024-25	\$3,174,510.94	\$170,215.06	\$25,532.26	\$34,043.01	\$3,404,301.27
2025-26	\$3,257,143.35	\$174,645.76	\$26,196.86	\$34,929.15	\$3,492,915.12
2026-27	\$3,327,874.14	\$178,438.29	\$26,765.74	\$35,687.66	\$3,568,765.83
2027-28	\$3,427,710.37	\$183,791.44	\$27,568.72	\$36,758.29	\$3,675,828.82
2028-29	\$3,530,541.68	\$189,305.18	\$28,395.78	\$37,861.04	\$3,786,103.68
2029-30	\$3,636,457.93	\$194,984.34	\$29,247.65	\$38,996.87	\$3,899,686.79
2030-31	\$3,745,551.67	\$200,833.87	\$30,125.08	\$40,166.77	\$4,016,677.39
2031-32	\$3,857,918.22	\$206,858.89	\$31,028.83	\$41,371.78	\$4,137,177.72
2032-33	\$3,973,655.76	\$213,064.65	\$31,959.70	\$42,612.93	\$4,261,293.04
Total	\$34,891,376.73	\$1,870,851.30	\$280,627.69	\$374,170.26	\$37,417,026.50

The table below demonstrates the estimated maximum budget based on the assumption that the assessment rate will be increased annually from 2024-2025 through 2032-2033 as it is a required disclosure; there are no current plans to increase the assessment rate as shown in the table below. The five-year forecast for COVID Recovery based on information from Tourism Economics, followed by a three percent annual increase in the total budget, is shown to account for estimated increased room night sales resulting from SJHBID efforts. This three percent annual increase is a conservative estimate based on the effects of similarly sized Hotel Business Improvement Districts' budgets.

Fiscal Year	Sales & Marketing	Administration & Operations	Contingency / Reserve	City Administration Fee	Total
2023-24	\$2,960,012.67	\$158,713.82	\$23,807.07	\$31,742.76	\$3,174,276.32
2024-25	\$4,204,387.50	\$225,436.33	\$33,815.45	\$45,087.27	\$4,508,726.55
2025-26	\$5,370,511.77	\$287,963.10	\$43,194.46	\$57,592.62	\$5,759,261.95
2026-27	\$6,566,766.33	\$352,105.43	\$52,815.82	\$70,421.09	\$7,042,108.67
2027-28	\$6,763,769.32	\$362,668.60	\$54,400.29	\$72,533.72	\$7,253,371.92
2028-29	\$6,966,682.40	\$373,548.65	\$56,032.30	\$74,709.73	\$7,470,973.08

Fiscal Year	Sales & Marketing	Administration & Operations	Contingency / Reserve	City Administration Fee	Total
2029-30	\$7,175,682.88	\$384,755.11	\$57,713.27	\$76,951.02	\$7,695,102.28
2030-31	\$7,390,953.36	\$396,297.77	\$59,444.67	\$79,259.55	\$7,925,955.35
2031-32	\$7,612,681.96	\$408,186.70	\$61,228.01	\$81,637.34	\$8,163,734.01
2032-33	\$7,841,062.42	\$420,432.30	\$63,064.85	\$84,086.46	\$8,408,646.03
Total	\$62,852,510.62	\$3,370,107.81	\$505,516.19	\$674,021.56	\$67,402,156.17

SJHBID Boundaries and Zones of Service

The map outlining the proposed SJHBID area and three zones of benefit is included in the Management District Plan. The proposed SJHBID will include all lodging businesses with 80 rooms or more, existing and in the future, available for public occupancy within the boundaries of the City of San José. The three zones of service boundaries are based on proximity to the San José McEnery Convention Center, the Norman Y. Mineta San José International Airport, and within the City limits. The proposed initial assessment rates are the same as the existing SJHBID. During the 10-year term, the assessment rate in each zone may be increased by the SJHI board of directors by a maximum of \$1.50 per paid occupied room per night. The maximum increase in any year shall be \$0.50 in each zone. The table below provides the assessment rates for each benefit zones.

Zone	Initial Assessment Rate	Maximum Assessment Rate
A: Within one mile of the San José McEnery Convention Center	\$2.50	\$4.00
B: Within one and one-half miles of the Norman Y. Mineta San José International Airport	\$1.25	\$2.75
C: Over one mile from the San José McEnery Convention Center and over one and one-half miles from the San José International Airport	\$1.00	\$2.50

The renewed SJHBID will have its own governing board, which is the board of directors of the Owner's Association, as defined under the 1994 Law. The Owner's Association is typically a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the Management District Plan. It is

anticipated that SJHI will continue to act as the Owner's Association for the renewed SJHBID, if approved by City Council. SJHI's board of directors will determine SJHBID budgets, assessment rates, and monitor service delivery as set forth in the Management District Plan. While the Owners' Association is a private entity, it is nevertheless subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. Under the 1994 Law, the renewed SJHBID will have a term of 10 years, after which the SJHBID will sunset or require another renewal.

CONCLUSION

Approval of this recommendation will result in the SJHBID's continued assessment of lodging businesses with 80 rooms or more within the boundaries of the City of San José to help fund marketing and sales promotion efforts.

EVALUATION AND FOLLOW-UP

The existing SJHBID will be renewed for a 10-year term if the SJHBID renewal is approved by City Council following the Public Meeting on November 1, 2022 and the Public Hearing on December 6, 2022, or disestablished if the SJHBID is not renewed.

CLIMATE SMART SAN JOSE

The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the November 1, 2022 City Council meeting.

Staff reached out to hotel representatives regarding the changes in zone structure and held individual meetings with general managers of several affected properties. Staff also participated in discussions during SJHBID outreach meetings. Further, staff distributed the District Management Plan to all hotels with 80 rooms or more and responded to ratepayer questions via email.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the Finance Department, the City Manager's Budget Office, the City Clerk's Office, Team San José, and the SJHBID.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

FISCAL/POLICY ALIGNMENT

This action is consistent with the Economic Development Strategy approved by City Council, specifically Initiative No. 1, "Encourage Companies and Sectors that Can Drive the San José/Silicon Valley Economy and Generate Revenue for City Services and Infrastructure."

COST SUMMARY/IMPLICATIONS

Impacts of the renewal of the SJHBID will be factored into the development of the 2023-2024 Proposed Operating Budget. Per the Management District Plan, the City's General Fund will receive a fee of one percent of the assessments collected to cover its costs of collecting the assessments from the hotels or a flat fee of \$25,000, whichever is greater each year, with the minimum guaranteed administration fee of \$25,000 adjusted annually for inflation if the cost of living in the City has increased over the preceding base period as shown by the Consumer Price Index. In no event shall the adjustment exceed three percent per year. Additionally, because SJHBID programs are intended to increase tourism in the City, there may be a resultant increase in transient occupancy tax and sales tax collections. As SJHBID assessments are restricted for use exclusively by the SJHBID, the allocation of net assessments will continue to be administered through the Business Improvement District Fund. This recommended action is consistent with the Economic Recovery Strategy of the City Council-approved Budget Strategy.

HONORABLE MAYOR AND CITY COUNCIL

October 17, 2022

Subject: Adoption of a Resolution of Intention to Renew the SJHBID

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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 physical impact on the environment.

/s/

NANCI KLEIN

Director of Economic Development and
Cultural Affairs

For questions, please contact Sal Alvarez, Executive Analyst, at (408) 793-6943.

Attachment:

Management District Plan

2023-2033



SAN JOSE HOTEL BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN

*Prepared pursuant to the Property and Business Improvement District Law of
1994, Streets and Highways Code section 36600 et seq.*

August 1, 2022

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I. OVERVIEW

Developed by San José lodging businesses, San José Hotels Inc. (SJHI), and Team San José (TSJ), the San José Hotel Business Improvement District (SJHBID) is an assessment district proposed to provide specific benefits to payors, by funding marketing and sales promotion efforts for assessed businesses. This approach has been used successfully in other destinations throughout the country to provide the benefit of additional room night sales directly to payors. The SJHBID was created in 2005 pursuant to the Parking and Business Improvement Area Act of 1989 via San José City Ordinance No. 27644, and subsequently modified and converted pursuant to the Property and Business Improvement District Law of 1994 in 2018 by San José City Council Resolution No. 78561 for a five (5) year term. SJHI and San José area lodging businesses now wish to renew the SJHBID for a ten (10) year term.

Location: The renewed SJHBID includes all lodging businesses, with eighty (80) rooms or more, located within the boundaries of the City of San José, as shown on the map in Section III.

Services: The SJHBID is designed to provide specific benefits directly to payors by increasing demand for room night sales. Specific benefits will be conferred in a manner consistent with assessments paid per zone. Marketing and sales promotions will increase demand for overnight tourism and market payors as tourist, meeting and event destinations, thereby increasing demand for room night sales.

Budget: The total SJHBID annual assessment budget for the initial year of its ten (10) year operation is anticipated to be approximately \$3,174,276. This budget is expected to apply to subsequent years, but is expected to fluctuate as room sales do and if the assessment rate is increased pursuant to this Plan.

Cost: The annual assessment rate for lodging businesses with eighty (80) rooms or more is a fixed dollar amount per paid occupied room per night as shown in the table below. During the ten (10) year term, the assessment rate in each zone may be increased by the SJHI Board by a maximum of \$1.50 per paid occupied room per night. The maximum increase in any year shall be \$0.50 in each zone. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; stays by any federal or state officer or employee when on official business; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

Zone	Initial Assessment Rate	Maximum Assessment Rate
A: Within one (1) mile of the San José McEnery Convention Center	\$2.50	\$4.00
B: Within one and one-half (1.5) miles of the San José International Airport	\$1.25	\$2.75
C: Over one (1) mile from the San José McEnery Convention Center and over one and one-half (1.5) miles from the San José International Airport	\$1.00	\$2.50

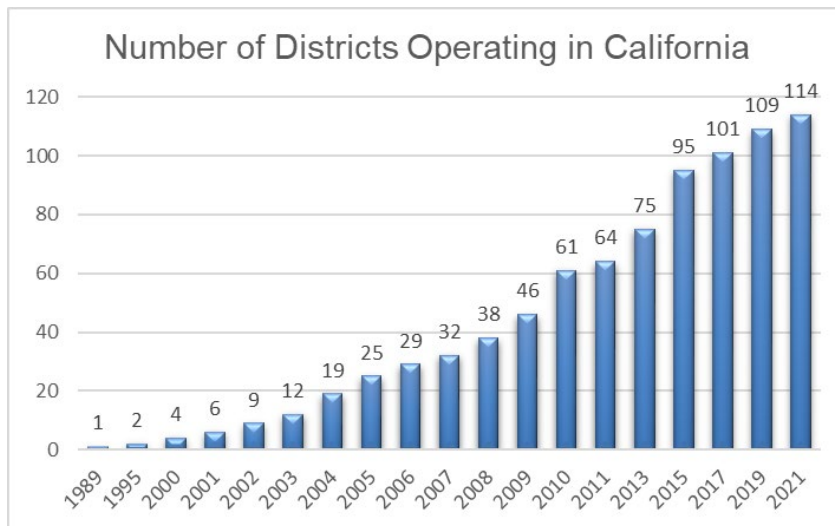
Collection: The City will be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business, with eighty (80) rooms or more, located in the boundaries of the SJHBID at the same time and in the same manner as the City’s transient occupancy tax (“TOT”).The City shall take all reasonable efforts to collect the assessments from each lodging business, with eighty (80) rooms or more.

Duration: The proposed SJHBID will have a ten (10) year life, beginning July 1, 2023 through June 30, 2033. Once per year, beginning on the anniversary of SJHBID renewal, there will be a thirty (30) day period in which owners paying fifty percent (50%) or more of the assessment may protest and initiate a City Council hearing on SJHBID termination.

Management: San José Hotels Inc. will continue to serve as the SJHBID’s Owners’ Association. The Owners’ Association is charged with managing funds and implementing programs in accordance with this Plan, and must provide annual reports to the City Council.

II. BACKGROUND

HBIDs are an evolution of the traditional Business Improvement District. The first HBID was formed in West Hollywood, California in 1989. Since then, over 100 California destinations have followed suit. In recent years, other states have begun adopting the California model – Massachusetts, Montana, South Dakota, Washington, Colorado, Texas and Louisiana have adopted HBID laws. Several other states are in the process of adopting their own legislation. The cities of Wichita, Kansas and Newark, New Jersey used an existing business improvement district law to form a HBID. And, some cities, like Portland, Oregon and Memphis, Tennessee have utilized their home rule powers to create HBIDs without a state law.



California's HBIDs collectively raise over \$300 million annually for local destination marketing. With competitors raising their budgets, and increasing rivalry for visitor dollars, it is important that San José lodging businesses continue to invest in stable, lodging-specific marketing programs.

HBIDs utilize the efficiencies of private sector operation in the market-based promotion

of tourism districts. HBIDs allow lodging business owners to organize their efforts to increase demand for room night sales. Lodging business owners within the HBID pay an assessment and those funds are used to provide services that increase demand for room night sales.

In California, most HBIDs are formed pursuant to the Property and Business Improvement District Law of 1994. This law allows for the creation of a benefit assessment district to raise funds within a specific geographic area. *The key difference between HBIDs and other benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.*

There are many benefits to HBIDs:

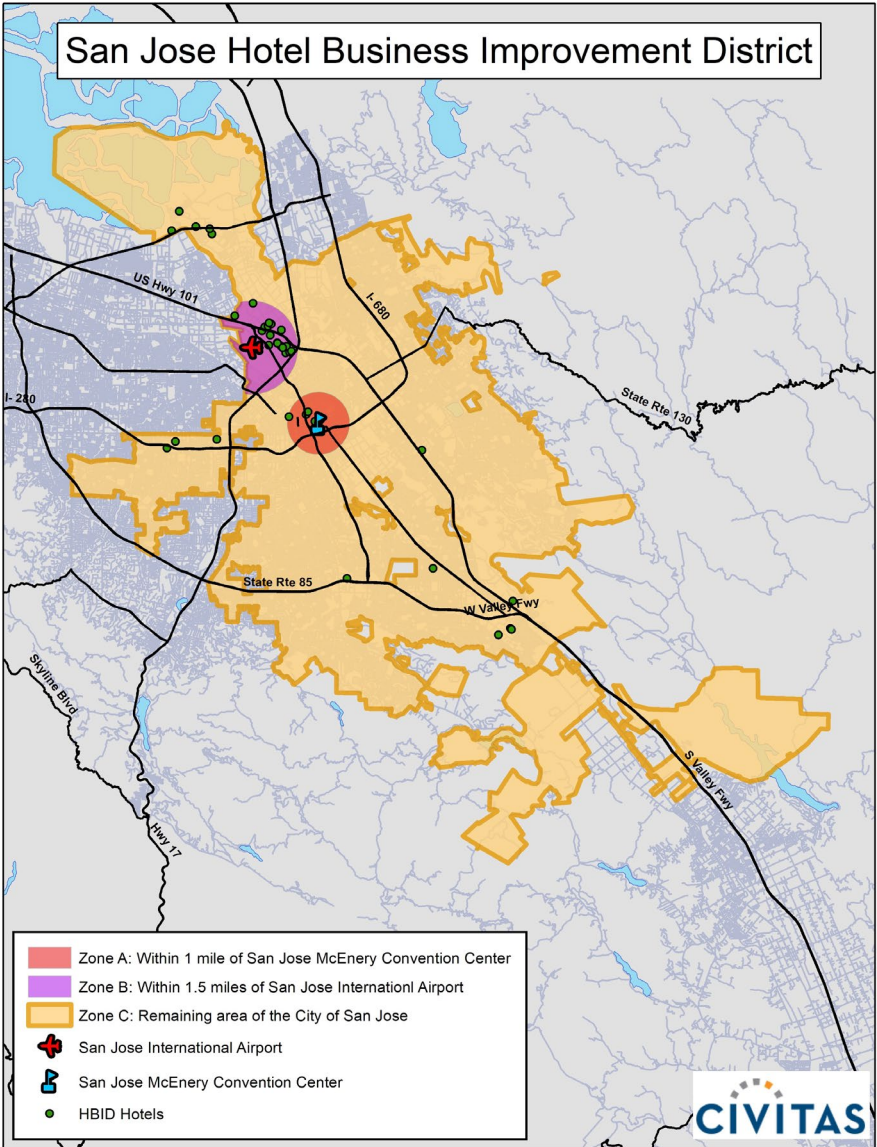
- Funds must be spent on services and improvements that provide a specific benefit only to those who pay;
- Funds cannot be diverted to general government programs;
- They are customized to fit the needs of payors in each destination;
- They allow for a wide range of services;
- They are ***designed, created and governed by those who will pay*** the assessment; and
- They provide a stable, long-term funding source for tourism promotion.

III. BOUNDARY

The SJHBID will include all lodging businesses, with eighty (80) rooms or more, existing and in the future, available for public occupancy within the boundaries of the City of San José.

Lodging business means: any structure situated in the City, including, but not limited to, any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, guesthouse, bed and breakfast inn, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location, or other similar structure or portion thereof situated in the City, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes.

The boundary, as shown in the map below, currently includes forty-nine (49) lodging businesses, with eighty (80) rooms or more. A complete listing of lodging businesses, with eighty (80) rooms or more, within the proposed SJHBID can be found in Appendix 2.

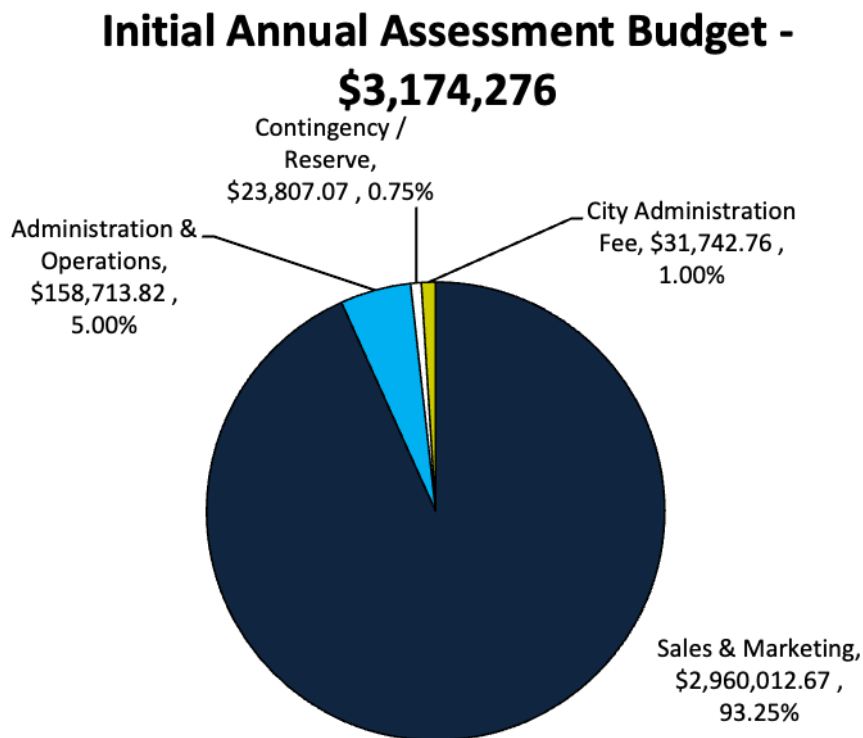


IV. ASSESSMENT BUDGET AND SERVICES

A. Annual Service Plan

Assessment funds will be spent to provide specific benefits conferred or privileges granted directly to the payors that are not provided to those not charged, and which do not exceed the reasonable cost to the City of conferring the benefits or granting the privileges. The privileges and services provided with the SJHBID funds are sales and marketing programs available only to assessed businesses.

A service plan assessment budget has been developed to deliver services that benefit the assessed businesses. A detailed annual assessment budget will be developed and approved by SJHI. The table below illustrates the initial annual assessment budget allocations. The total initial assessment budget is \$3,174,276.



Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. However, the City and the SJHI Board shall have the authority to adjust budget allocations between the categories by no more than fifteen percent (15%) of the total budget per year. A description of the proposed improvements and activities for the initial year of operation is below. The same activities are proposed for subsequent years. In the event of a legal challenge against the SJHBID, any and all assessment funds may be used for the costs of defending the SJHBID.

Each budget category includes all costs related to providing that service. For example, the sales and marketing budget includes the cost of staff time dedicated to overseeing and implementing the sales and marketing program. Staff time dedicated purely to administrative tasks is allocated to the administrative portion of the budget. The costs of an individual staff member may be allocated to

multiple budget categories. The staffing levels necessary to provide the services below will be determined by the SJHI Board on an as-needed basis.

Sales and Marketing

A sales and marketing program will promote assessed businesses as tourist, meeting, and event destinations. The sales and marketing program will have a central theme of promoting San José as a desirable place for overnight visits. The program will have the goal of increasing overnight visitation and room night sales at assessed businesses, and may include the following activities:

- Funds to support group business to offset costs within the destination, thereby generating room nights for assessed businesses;
- Payment of bid fees, incentives or other costs associated with bringing large scale events to the destination that generate room nights for assessed businesses;
- Funds to support events and/or local partnerships that increase the public notoriety of the destination as a tourist, meetings, or event destination – thereby increasing consumer demand for assessed businesses;
- Support of public relation strategies that increase the profile of the destination as a tourist, meetings, or event destination – thereby increasing consumer demand for assessed businesses;
- Strategic partnerships, sponsorships, or other alliances that reinforce the destination within the travel marketplace and position San José as a destination of choice for meetings, events, and leisure travel – generating greater room sales to assessed businesses;
- Internet marketing efforts to increase awareness and optimize internet presence to drive overnight visitation and room sales to assessed businesses;
- Print ads in magazines and newspapers, television ads, and radio ads targeted at potential visitors to drive overnight visitation and room sales to assessed businesses;
- Attendance of trade shows to promote assessed businesses;
- Familiarization tours of the destination and assessed businesses;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps featuring assessed businesses;
- Attendance of professional industry conferences and affiliation events to promote assessed businesses;
- Lead generation activities designed to attract tourists and group events to assessed businesses;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts for assessed businesses;
- Education of hospitality staff on service and safety (related to alcohol and food) designed to create a visitor experience that will bring repeat visits to assessed businesses;
- Education of lodging business management and the Owners' Association on marketing strategies best suited to meet assessed businesses' needs; and
- Other activities that increase the profile and notoriety of San José as an overnight travel destination and promote greater room night sales for assessed businesses.

Administration and Operations

The administration and operations portion of the budget shall be utilized for administrative staffing costs, office costs, advocacy, and other general administrative costs such as insurance, legal, and accounting fees.

Contingency/Reserve

The budget includes a contingency line item to account for uncollected assessments, if any. If there are contingency funds collected, they may be held in a reserve fund or utilized for other program, administration or renewal costs at the discretion of the Owners' Association. Policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of monies from the reserve fund shall be set by the SJHI Board. Contingency/reserve funds may be spent on SJHBID programs or administrative and renewal costs in such proportions as determined by the Owners' Association. The reserve fund may be used for the costs of renewing the SJHBID.

City Administration Fee

The City will retain an administration fee for its costs to collect the SJHBID assessment. The City's annual administration fee (collected every month but calculated on a fiscal year basis – July 1 to June 30) shall be one percent (1%) of the amount of assessments collected or a flat fee of \$25,000, whichever is greater each year, with the minimum guaranteed administration fee of \$25,000 adjusted annually for inflation if the cost of living in the City has increased over the preceding base period as shown by the CPI Index. However, in no event shall the adjustment exceed 3% per year. For purposes of calculating the fee owed the City, the CPI Index means the Consumer Price Index for All Items for the San Francisco-Oakland-San José Area published by the United States Department of Labor Bureau of Labor Statistics or, if no longer published, the City may select as a reference another index published by either the State of California or a federal department or agency charged with the responsibility of measuring the cost of living in the geographical area that includes San José. For purposes of this Section, the base period for the first adjustment period commencing on July 1, 2024 shall be the CPI Index reported for February 2023 to February 2024 and the base period for each subsequent adjustment period shall be February to February. The amount of the administration fee will vary based on the amount of assessments collected each month. The amount of the administration fee will be reviewed annually as part of the annual report submitted by the SJHI Board. The City shall deduct the amount of the administration fee from the assessments the City shall forward to SJHI.

B. Annual Budget

The total ten (10) year improvement and service plan budget is projected at approximately \$3,174,276 in the initial year, or approximately \$67,402,156 through 2033 if the maximum assessment rate increases are adopted. This amount is expected to fluctuate as sales and revenue increase at assessed businesses and if the assessment rate is increased over the term of the SJHBID. The following table demonstrates the estimated maximum budget with the assumption that the assessment rate will not be increased during the ten (10) year term. The five-year forecast for COVID Recovery based on information from Tourism Economics followed by a three percent (3%) annual increase in the total budget is shown to account for estimated increased room night sales as a result of SJHBID efforts. This three percent (3%) annual increase is a conservative estimate based on the effects of similarly sized HBID budgets.

Estimated Annual Budget If Maximum Assessment Rates Are Not Adopted

Fiscal Year	Sales & Marketing	Administration & Operations	Contingency / Reserve	City Administration Fee	Total
2023-24	\$2,960,012.67	\$158,713.82	\$23,807.07	\$31,742.76	\$3,174,276
2024-25	\$3,174,510.94	\$170,215.06	\$25,532.26	\$34,043.01	\$3,404,301
2025-26	\$3,257,143.35	\$174,645.76	\$26,196.86	\$34,929.15	\$3,492,915
2026-27	\$3,327,874.14	\$178,438.29	\$26,765.74	\$35,687.66	\$3,568,766
2027-28	\$3,427,710.37	\$183,791.44	\$27,568.72	\$36,758.29	\$3,675,829
2028-29	\$3,530,541.68	\$189,305.18	\$28,395.78	\$37,861.04	\$3,786,104
2029-30	\$3,636,457.93	\$194,984.34	\$29,247.65	\$38,996.87	\$3,899,687
2030-31	\$3,745,551.67	\$200,833.87	\$30,125.08	\$40,166.77	\$4,016,677
2031-32	\$3,857,918.22	\$206,858.89	\$31,028.83	\$41,371.78	\$4,137,178
2032-33	\$3,973,655.76	\$213,064.65	\$31,959.70	\$42,612.93	\$4,261,293
Total	\$34,891,376.74	\$1,870,851.30	\$280,627.69	\$374,170.26	\$37,417,026

If the maximum annual assessment rate increases are adopted by the SJHI Board, the annual budget will increase to an estimated \$4,508,727 in year two (2) and \$5,759,262 in year three (3), and \$7,042,109 in year four (4). During the ten (10) year term, the assessment rate in each zone may be increased by the SJHI Board by a maximum of \$1.50 per paid occupied room per night. The maximum increase in any year shall be \$0.50 in each zone. The assessment rate may or may not increase starting in FY 2024-25; the increase may be implemented beginning in FY 2024-25 or in later years at the discretion of the SJHI Board. The table below demonstrates the estimated maximum budget with the assumption that the assessment rate will be increased annually from FY 2024-25 through FY 2026-27 as it is a required disclosure; it is not the anticipated course of action. The five-year forecast for COVID Recovery based on information from Tourism Economics followed by a three percent (3%) annual increase in the total budget is shown to account for estimated increased room night sales as a result of SJHBID efforts. This three percent (3%) annual increase is a conservative estimate based on the effects of similarly sized HBID budgets.

Estimated Annual Budget If Maximum Assessment Rates Are Adopted

Fiscal Year	Sales & Marketing	Administration & Operations	Contingency / Reserve	City Administration Fee	Total
2023-24	\$2,960,012.67	\$158,713.82	\$23,807.07	\$31,742.76	\$3,174,276
2024-25	\$4,204,387.50	\$225,436.33	\$33,815.45	\$45,087.27	\$4,508,727
2025-26	\$5,370,511.77	\$287,963.10	\$43,194.46	\$57,592.62	\$5,759,262
2026-27	\$6,566,766.33	\$352,105.43	\$52,815.82	\$70,421.09	\$7,042,109
2027-28	\$6,763,769.32	\$362,668.60	\$54,400.29	\$72,533.72	\$7,253,372
2028-29	\$6,966,682.40	\$373,548.65	\$56,032.30	\$74,709.73	\$7,470,973
2029-30	\$7,175,682.88	\$384,755.11	\$57,713.27	\$76,951.02	\$7,695,102
2030-31	\$7,390,953.36	\$396,297.77	\$59,444.67	\$79,259.55	\$7,925,955
2031-32	\$7,612,681.96	\$408,186.70	\$61,228.01	\$81,637.34	\$8,163,734

2032-33	\$7,841,062.42	\$420,432.30	\$63,064.85	\$84,086.46	\$8,408,646
Total	\$62,852,510.62	\$3,370,107.81	\$505,516.17	\$674,021.56	\$67,402,156

C. California Constitutional Compliance

The SJHBID assessment is not a property-based assessment subject to the requirements of Proposition 218. Courts have found Proposition 218 limited the term ‘assessments’ to levies on real property.¹ Rather, the SJHBID assessment is a business-based assessment, and is subject to Proposition 26. Pursuant to Proposition 26, all levies are a tax unless they fit one of seven exceptions. Two of these exceptions apply to the SJHBID: a “specific benefit” and a “specific government service.” Both require that the costs of benefits or services do not exceed the reasonable costs to the City of conferring the benefits or providing the services.

1. Specific Benefit

Proposition 26 requires that assessment funds be expended on, “a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.”²The services in this Plan are designed to provide targeted benefits directly to assessed lodging businesses, and are intended only to provide benefits and services directly to those businesses paying the assessment. These services are tailored not to serve the general public, businesses in general, or parcels of land, but rather to serve the specific lodging businesses within the SJHBID. The activities described in this Plan are specifically targeted to increase room night sales for assessed lodging businesses within the boundaries of the SJHBID, and are narrowly tailored. SJHBID funds will be used exclusively to provide the specific benefit of increased room night sales directly to the assessees. Assessment funds shall not be used to feature non-assessed lodging businesses in SJHBID programs, or to directly generate sales for non-assessed businesses. The activities paid for from assessment revenues are business services constituting and providing specific benefits to the assessed businesses.

The assessment imposed by the SJHBID is for a specific benefit conferred directly to the payors that is not provided to those not charged. Specific benefits will be conferred in a manner consistent with assessments paid per zone. The specific benefit conferred directly to the payors is an increase in room night sales. The specific benefit of an increase in room night sales for assessed lodging businesses will be provided only to lodging businesses paying the district assessment, with marketing and sales programs promoting lodging businesses paying the district assessment. The marketing and sales programs will be designed to increase room night sales at each assessed lodging business. Because they are necessary to provide the marketing and sales programs that specifically benefit the assessed lodging businesses, the administration and contingency services also provide the specific benefit of increased room night sales to the assessed lodging businesses.

Although the SJHBID, in providing specific benefits to payors, may produce incidental benefits to non-paying businesses, the incidental benefit does not preclude the services from being considered a specific benefit. The legislature has found that, “A specific benefit is not excluded from classification as a ‘specific benefit’ merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific benefit to the payor.”³

¹ *Jarvis v. the City of San Diego* 72 Cal App. 4th 230

² Cal. Const. art XIII C § 1(e)(1)

³ Government Code § 53758(a)

2. *Specific Government Service*

The assessment may also be utilized to provide, “a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.”⁴The legislature has recognized that marketing and promotions services like those to be provided by the SJHBID are government services within the meaning of Proposition 26⁵.Further, the legislature has determined that “a specific government service is not excluded from classification as a ‘specific government service’ merely because an indirect benefit to a nonpayor occurs incidentally and without cost to the payor as a consequence of providing the specific government service to the payor.”⁶

3. *Reasonable Cost*

SJHBID services will be implemented carefully to ensure they do not exceed the reasonable cost of such services. The full amount assessed will be used to provide the services described herein. Funds will be managed by the SJHI Board, and reports submitted on an annual basis to the City. Only assessed lodging businesses will be featured in marketing materials, receive sales leads generated from district-funded activities, be featured in advertising campaigns, and benefit from other district-funded services. Non-assessed lodging businesses will not receive these, nor any other, district-funded services and benefits.

The SJHBID-funded programs are all targeted directly at and feature only assessed businesses. It is, however, possible that there will be a spill over benefit to non-assessed businesses. If non-assessed lodging businesses receive incremental room nights, that portion of the promotion or program generating those room nights shall be paid with non-District funds. SJHBID programs receive additional funding from the City of San José, City Transient Occupancy Tax revenues, and the San José McEnery Convention Center management. Those additional funds will be used to pay for the portion of the promotion or program that generates incremental room nights for non-assessed lodging businesses. SJHBID funds shall only be spent to benefit the assessed businesses, and shall not be spent on that portion of any program which directly generates incidental room nights for non-assessed businesses.

D. Assessment

The annual assessment rate is a fixed dollar amount per paid occupied room per night as shown in the following table below. During the ten (10) year term, the assessment rate in each zone may be increased by the SJHI Board by a maximum of \$1.50 per paid occupied room per night. The maximum increase in any year shall be \$0.50 in each zone. Based on the benefit received, assessments will not be collected on: stays of more than thirty (30) consecutive days; stays by any federal or state officer or employee when on official business; and stays by any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

Zone	Initial Assessment Rate	Maximum Assessment Rate
A: Within one (1) mile of the San José McEnery Convention Center	\$2.50	\$4.00
B: Within one and one-half (1.5) miles	\$1.25	\$2.75

⁴ Cal. Const. art XIII C § 1(e)(2)

⁵ Government Code § 53758(b)

⁶ Government Code § 53758(b)

of the San José International Airport		
C: Over one (1) mile from the San José McEnergy Convention Center and over one and one-half (1.5) miles from the San José International Airport	\$1.00	\$2.50

The assessment is levied upon and a direct obligation of the assessed lodging business. However, the assessed lodging business may, at its discretion, pass the assessment on to transients. The amount of assessment, if passed on to each transient, shall be disclosed in advance and separately stated from the amount of rent charged and any other applicable taxes, and each transient shall receive a receipt for payment from the business. The assessment shall be disclosed as the “SJHBID Assessment.” The assessment is imposed solely upon and is the sole obligation of the assessed lodging business even if it is passed on to transients. The assessment shall not be considered revenue for any purposes, including calculation of transient occupancy taxes.

Bonds shall not be issued.

E. Penalties and Interest

The SJHBID shall reimburse the City of San José for any costs associated with collecting unpaid assessments. If sums in excess of the delinquent SJHBID assessment are sought to be recovered in the same collection action by the City, the SJHBID shall bear its pro rata share of such collection costs. Assessed businesses which are delinquent in paying the assessment shall be responsible for paying:

1. *Original Delinquency:* Any lodging business that fails to remit within the time required any assessment collected by the lodging business shall pay a first penalty of ten percent (10%) of the amount of the delinquent assessment in addition to the amount of the delinquent assessment.
2. *Continued Delinquency:* Any lodging business that fails to remit any assessment collected on or before thirty (30) days after its due date shall pay a second penalty of ten percent (10%) of the amount of the delinquent assessment in addition to the amount of the delinquent assessment and the first penalty.
3. *Fraud:* If the City determines that the failure to remit any assessment on or before the due date is because of an intentional, material misrepresentation or omission, or fraud by the operator, the City shall impose an additional penalty in the amount of twenty-five percent (25%) of the delinquent assessment.
4. *Interest:* Any lodging business that fails to remit on or before the due date any assessment collected by the lodging business shall pay interest on the delinquent assessment and on any assessed penalty or penalties as set forth in Chapter 1.17 or Title 1 of the San José Municipal Code.

F. Time and Manner for Collecting Assessments

The SJHBID assessment will be implemented beginning July 1, 2023 and will continue for ten (10) years through June 30, 2033. The City will be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business, with eighty (80) rooms or more. The City shall take all reasonable efforts to collect the assessments from each lodging business, with eighty (80) rooms or more. The City shall forward the assessments collected to the Owners’ Association.

GOVERNANCE

A. Owners' Association

The City Council, through adoption of this Management District Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the Owners' Association of the SJHBID as defined in Streets and Highways Code §36612. The City Council has determined that San José Hotels Inc. (SJHI) will continue to serve as the Owners' Association for the SJHBID. The SJHI Board will have the ability to determine how funds are spent, within the designated programs.

B. Brown Act and California Public Records Act Compliance

An Owners' Association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. The Owners' Association is, however, subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act. These regulations are designed to promote public accountability. The Owners' Association acts as a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the SJHI Board and certain committees must be held in compliance with the public notice and other requirements of the Brown Act. The Owners' Association is also subject to the record keeping and disclosure requirements of the California Public Records Act. Accordingly, the Owners' Association shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

C. Annual Report

SJHI shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 1). The annual report shall include:

- Any proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district.
- The improvements and activities to be provided for that fiscal year.
- An estimate of the cost of providing the improvements and the activities for that fiscal year.
- The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year.
- The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

APPENDIX 1 – LAW

*** THIS DOCUMENT IS CURRENT THROUGH THE 2022 SUPPLEMENT ***
(ALL 2021 LEGISLATION)

STREETS AND HIGHWAYS CODE DIVISION 18. PARKING PART 7. PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994

CHAPTER 1. General Provisions

ARTICLE 1. Declarations

36600. Citation of part

This part shall be known and may be cited as the “Property and Business Improvement District Law of 1994.”

36601. Legislative findings and declarations; Legislative guidance

The Legislature finds and declares all of the following:

- (a) Businesses located and operating within business districts in some of this state’s communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.
- (b) It is in the public interest to promote the economic revitalization and physical maintenance of business districts in order to create jobs, attract new businesses, and prevent the erosion of the business districts.
- (c) It is of particular local benefit to allow business districts to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that receive benefits from those improvements.
- (d) Assessments levied for the purpose of conferring special benefit upon the real property or a specific benefit upon the businesses in a business district are not taxes for the general benefit of a city, even if property, businesses, or persons not assessed receive incidental or collateral effects that benefit them.
- (e) Property and business improvement districts formed throughout this state have conferred special benefits upon properties and businesses within their districts and have made those properties and businesses more useful by providing the following benefits:
 - (1) Crime reduction. A study by the Rand Corporation has confirmed a 12-percent reduction in the incidence of robbery and an 8-percent reduction in the total incidence of violent crimes within the 30 districts studied.
 - (2) Job creation.
 - (3) Business attraction.
 - (4) Business retention.
 - (5) Economic growth.
 - (6) New investments.
- (f) With the dissolution of redevelopment agencies throughout the state, property and business improvement districts have become even more important tools with which communities can combat blight, promote economic opportunities, and create a clean and safe environment.
- (g) Since the enactment of this act, the people of California have adopted Proposition 218, which added Article XIII D to the Constitution in order to place certain requirements and restrictions on the formation of, and activities, expenditures, and assessments by property-based districts. Article XIII D of the Constitution provides that property-based districts may only levy assessments for special benefits.
- (h) The act amending this section is intended to provide the Legislature’s guidance with regard to this act, its interaction with the provisions of Article XIII D of the Constitution, and the determination of special benefits in property-based districts.
 - (1) The lack of legislative guidance has resulted in uncertainty and inconsistent application of this act, which discourages the use of assessments to fund needed improvements, maintenance, and activities in property-based districts, contributing to blight and other underutilization of property.

(2) Activities undertaken for the purpose of conferring special benefits upon property to be assessed inherently produce incidental or collateral effects that benefit property or persons not assessed. Therefore, for special benefits to exist as a separate and distinct category from general benefits, the incidental or collateral effects of those special benefits are inherently part of those special benefits. The mere fact that special benefits produce incidental or collateral effects that benefit property or persons not assessed does not convert any portion of those special benefits or their incidental or collateral effects into general benefits.

(3) It is of the utmost importance that property-based districts created under this act have clarity regarding restrictions on assessments they may levy and the proper determination of special benefits. Legislative clarity with regard to this act will provide districts with clear instructions and courts with legislative intent regarding restrictions on property-based assessments, and the manner in which special benefits should be determined.

36602. Purpose of part

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within property and business improvement districts, to ensure that those assessments conform to all constitutional requirements and are determined and assessed in accordance with the guidance set forth in this act. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

36603. Preemption of authority or charter city to adopt ordinances levying assessments

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

36603.5. Part prevails over conflicting provisions

Any provision of this part that conflicts with any other provision of law shall prevail over the other provision of law, as to districts created under this part.

36604. Severability

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

ARTICLE 2. Definitions

36606. “Activities”

“Activities” means, but is not limited to, all of the following that benefit businesses or real property in the district:

- (a) Promotion of public events.
- (b) Furnishing of music in any public place.
- (c) Promotion of tourism within the district.
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Other services provided for the purpose of conferring special benefit upon assessed real property or specific benefits upon assessed businesses located in the district.

36606.5. “Assessment”

“Assessment” means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and providing activities that will provide certain benefits to properties or businesses located within a property and business improvement district.

36607. “Business”

“Business” means all types of businesses and includes financial institutions and professions.

36608. “City”

“City” means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code, the public member agencies of which includes only cities, counties, or a city and county, or the State of California.

36609. “City council”

“City council” means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

36609.4. “Clerk”

“Clerk” means the clerk of the legislative body.

36609.5. “General benefit”

“General benefit” means, for purposes of a property-based district, any benefit that is not a “special benefit” as defined in Section 36615.5.

36610. “Improvement”

“Improvement” means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the district.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

36611. “Management district plan”; “Plan”

“Management district plan” or “plan” means a proposal as defined in Section 36622.

36612. “Owners’ association”

“Owners’ association” means a private nonprofit entity that is under contract with a city to administer or implement improvements, maintenance, and activities specified in the management district plan. An owners’ association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners’ association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners’ association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code), for all records relating to activities of the district.

36614. “Property”

“Property” means real property situated within a district.

36614.5. “Property and business improvement district”; “District”

“Property and business improvement district,” or “district,” means a property and business improvement district established pursuant to this part.

36614.6. “Property-based assessment”

“Property-based assessment” means any assessment made pursuant to this part upon real property.

36614.7. “Property-based district”

“Property-based district” means any district in which a city levies a property-based assessment.

36615. “Property owner”; “Business owner”; “Owner”

“Property owner” means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. “Business owner” means any person recognized by the city as the owner of the business. “Owner” means either a business owner or a property owner. The city council has no obligation to obtain other information as to the ownership of land or businesses, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this part requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient. Wherever this part requires the signature of the business owner, the signature of the authorized agent of the business owner shall be sufficient.

36615.5. “Special benefit”

“Special benefit” means, for purposes of a property-based district, a particular and distinct benefit over and above general benefits conferred on real property located in a district or to the public at large. Special benefit includes incidental or collateral effects that arise from the improvements, maintenance, or activities of property-based districts even if those incidental or collateral effects benefit property or persons not assessed. Special benefit excludes general enhancement of property value.

36616. “Tenant”

“Tenant” means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

ARTICLE 3. Prior Law

36617. Alternate method of financing certain improvements and activities; Effect on other provisions

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

CHAPTER 2. Establishment

36620. Establishment of property and business improvement district

A property and business improvement district may be established as provided in this chapter.

36620.5. Requirement of consent of city council

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

36621. Initiation of proceedings; Petition of property or business owners in proposed district

- (a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.
- (b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:
 - (1) A map showing the boundaries of the district.
 - (2) Information specifying where the complete management district plan can be obtained.
 - (3) Information specifying that the complete management district plan shall be furnished upon request.
- (c) The resolution of intention described in subdivision (a) shall contain all of the following:
 - (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities, and the location and extent of the proposed district.
 - (2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

36622. Contents of management district plan

The management district plan shall include, but is not limited to, all of the following:

- (a) If the assessment will be levied on property, a map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district. If the assessment will be levied on businesses, a map that identifies the district boundaries in sufficient detail to allow a business owner to reasonably determine whether a business is located within the district boundaries. If the assessment will be levied on property and businesses, a map of the district in sufficient detail to locate each parcel of property and to allow a business owner to reasonably determine whether a business is located within the district boundaries.
- (b) The name of the proposed district.
- (c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected property and businesses included, which may be made by reference to any plan or map that is on file with the clerk. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.
- (d) The improvements, maintenance, and activities proposed for each year of operation of the district and the maximum cost thereof. If the improvements, maintenance, and activities proposed for each year of operation are the same, a description of the first year's proposed improvements, maintenance, and activities

and a statement that the same improvements, maintenance, and activities are proposed for subsequent years shall satisfy the requirements of this subdivision.

(e) The total annual amount proposed to be expended for improvements, maintenance, or activities, and debt service in each year of operation of the district. If the assessment is levied on businesses, this amount may be estimated based upon the assessment rate. If the total annual amount proposed to be expended in each year of operation of the district is not significantly different, the amount proposed to be expended in the initial year and a statement that a similar amount applies to subsequent years shall satisfy the requirements of this subdivision.

(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against his or her property or business. The plan also shall state whether bonds will be issued to finance improvements.

(g) The time and manner of collecting the assessments.

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.

(j) Any proposed rules and regulations to be applicable to the district.

(k)

(1) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof.

(2) In a property-based district, the proportionate special benefit derived by each identified parcel shall be determined exclusively in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the activities. An assessment shall not be imposed on any parcel that exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and a property-based district shall separate the general benefits, if any, from the special benefits conferred on a parcel. Parcels within a property-based district that are owned or used by any city, public agency, the State of California, or the United States shall not be exempt from assessment unless the governmental entity can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. The value of any incidental, secondary, or collateral effects that arise from the improvements, maintenance, or activities of a property-based district and that benefit property or persons not assessed shall not be deducted from the entirety of the cost of any special benefit or affect the proportionate special benefit derived by each identified parcel.

(l) In a property-based district, the total amount of all special benefits to be conferred upon the properties located within the property-based district.

(m) In a property-based district, the total amount of general benefits, if any.

(n) In a property-based district, a detailed engineer's report prepared by a registered professional engineer certified by the State of California supporting all assessments contemplated by the management district plan.

(o) Any other item or matter required to be incorporated therein by the city council.

36623. Procedure to levy assessment

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with Section 53753 of the Government Code.

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the

protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

(c) If a city council proposes to conduct a single proceeding to levy both a new or increased property assessment and a new or increased business assessment, the notice and protest and hearing procedure for the property assessment shall comply with subdivision (a), and the notice and protest and hearing procedure for the business assessment shall comply with subdivision (b). If a majority protest is received from either the property or business owners, that respective portion of the assessment shall not be levied. The remaining portion of the assessment may be levied unless the improvement or other special benefit was proposed to be funded by assessing both property and business owners.

36624. Changes to proposed assessments

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements, maintenance, and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements, maintenance, and activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

36625. Resolution of formation

(a) If the city council, following the public hearing, decides to establish a proposed property and business improvement district, the city council shall adopt a resolution of formation that shall include, but is not limited to, all of the following:

- (1) A brief description of the proposed improvements, maintenance, and activities, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property, businesses, or both within the district, a statement on whether bonds will be issued, and a description of the exterior boundaries of the proposed district, which may be made by reference to any plan or map that is on file with the clerk. The descriptions and statements need not be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements, maintenance, and activities and the location and extent of the proposed district.
- (2) The number, date of adoption, and title of the resolution of intention.
- (3) The time and place where the public hearing was held concerning the establishment of the district.
- (4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.
- (5) A statement that the properties, businesses, or properties and businesses in the district established by the resolution shall be subject to any amendments to this part.
- (6) A statement that the improvements, maintenance, and activities to be conferred on businesses and properties in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements, maintenance, or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district. Notwithstanding the foregoing, improvements and activities that must be provided outside the district boundaries to create a special or specific benefit to the assessed parcels or businesses may be provided, but shall be limited to marketing or signage pointing to the district.
- (7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements, maintenance, and activities funded by the proposed assessments, and, for a property-based district, that property within the district will receive a special benefit.

- (8) In a property-based district, the total amount of all special benefits to be conferred on the properties within the property-based district.
- (b) The adoption of the resolution of formation and, if required, recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

36627. Notice and assessment diagram

Following adoption of the resolution establishing district assessments on properties pursuant to Section 36625, the clerk shall record a notice and an assessment diagram pursuant to Section 3114. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

36628. Establishment of separate benefit zones within district; Categories of businesses

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

36628.5. Assessments on businesses or property owners

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements, maintenance, and activities, provided that any property-based assessment conforms with the requirements set forth in paragraph (2) of subdivision (k) of Section 36622.

36629. Provisions and procedures applicable to benefit zones and business categories

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a property and business improvement district.

36630. Expiration of district; Creation of new district

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and the district may be renewed pursuant to this part.

CHAPTER 3. Assessments

36631. Time and manner of collection of assessments; Delinquent payments

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution levying the assessment. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part may be charged interest and penalties.

36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property

- (a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

36633. Time for contesting validity of assessment

The validity of an assessment levied under this part shall not be contested in an action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36625. An appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

36634. Service contracts authorized to establish levels of city services

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

36635. Request to modify management district plan

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section 36623. Notice of all other public hearings pursuant to this section shall comply with both of the following:

(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public hearing.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public hearing, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

36637. Reflection of modification in notices recorded and maps

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

CHAPTER 3.5. Financing

36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments

(a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4

(commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.

(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

CHAPTER 4. Governance

36650. Report by owners' association; Approval or modification by city council

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements, maintenance, and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.

(2) The improvements, maintenance, and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements, maintenance, and activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.

(5) The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The estimated amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

36651. Designation of owners' association to provide improvements, maintenance, and activities

The management district plan may, but is not required to, state that an owners' association will provide the improvements, maintenance, and activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

CHAPTER 5. Renewal

36660. Renewal of district; Transfer or refund of remaining revenues; District term limit

- (a) Any district previously established whose term has expired, or will expire, may be renewed by following the procedures for establishment as provided in this chapter.
- (b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.
- (c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

CHAPTER 6. Disestablishment

36670. Circumstances permitting disestablishment of district; Procedure

- (a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:
 - (1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.
 - (2) During the operation of the district, there shall be a 30-day period each year in which assesses may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners or authorized representatives of real property or the owners or authorized representatives of businesses in the district who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.
- (b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

36671. Refund of remaining revenues upon disestablishment or expiration without renewal of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district

- (a) Upon the disestablishment or expiration without renewal of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished or expires. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.
- (b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

APPENDIX 2 – ASSESSED BUSINESSES

Property Name	Address	City, State, Zip Code	Zone
Four Points by Sheraton	211 S. First Street	San José, CA 95113	A
Arena Hotel	817 The Alameda	San José, CA 95126	A
Hotel De Anza	233 W. Santa Clara Street	San José, CA 95113	A
Saint Claire Hotel	302 S. Market Street	San José, CA 95113	A
AC Hotel by Marriott	350 W Santa Clara St	San José, CA 95113	A
Hyatt Place	282 Almaden Boulevard	San José, CA 95113	A
Hilton San Jose	300 Almaden Boulevard	San José, CA 95110	A
Marriott San Jose	301 S. Market Street	San José, CA 95113	A
Signia by Hilton	170 S. Market Street	San José, CA 95113	A
EZ 8 Motel #1 152 (#22)	1550 N. First Street	San José, CA 95112	B
EZ 8 Motel #2 155 (#25)	2050 N. First Street	San José, CA 95131	B
Sonesta Es Suites	1602 Crane Court	San José, CA 95112	B
Country Inn & Suites	1350 N. Fourth Street	San José, CA 95112	B
Extended Stay Deluxe #9840	55 E. Brokaw Road	San José, CA 95112	B
Homewood Suites	10 W. Trimble Road	San José, CA 95131	B
La Quinta Inn San Jose Airport	2585 Seaboard Avenue	San José, CA 95131	B
Springhill Suites	10 Skyport Drive	San José, CA 95110	B
Sonesta Select San Jose Airport	1727 Technology Drive	San José, CA 95110	B
Extended Stay America #9610	1560 N. First Street	San José, CA 95112	B
Residence Inn-Skyport	10 Skyport Drive	San José, CA 95110	B
Fairfield Inn & Suites	1755 N. First Street	San José, CA 95112	B
Wyndham Garden Hotel	1355 N. 4th Street	San José, CA 95112	B
San Jose Airport Hotel	1471 N. Fourth Street	San José, CA 95112	B
Holiday Inn San Jose Airport	1350 N. First Street	San José, CA 95112	B
Doubletree Hotel	2050 Gateway Place	San José, CA 95110	B
Hyatt House San Jose Airport	2105 N 1st St.	San Jose, CA 95131	B
Hyatt Place San Jose	82 Karina Ct.	San Jose CA 95131	B
Hampton Inn & Suites	2088 N 1st Street	San Jose, CA 95131	B
Holiday Inn Express & Suites San Jose Airport	2080 N 1st Street	San Jose, CA 95131	B
Element San Jose Airport	1130 Wondo Way	San Jose CA 95110	B
Hampton Inn and Suites San Jose	55 Old Tully Road	San José, CA 95111	C
Moorpark Hotel	4241 Moorpark Avenue	San José, CA 95129	C
Residence Inn-San Jose Campbell	2761 S. Bascom Avenue	San José, CA 95008	C
Extended Stay Deluxe #8747	6189 San Ignacio Avenue	San José, CA 95139	C
Extended Stay America #8718	2131 Gold Street	San José, CA 95002	C
Towneplace Suites	440 Saratoga Avenue	San José, CA 95129	C
Fairfield Inn San Jose	656 American Center Ct.	San Jose, CA 95002	C
Extended Stay America #8722	6199 San Ignacio Avenue	San José, CA 95139	C
Homewood Suites	4315 N 1st St	San José, CA 95134	C
Residence Inn, San Jose	656 American Center Ct.	San Jose, CA 95002	C
Residence Inn-San Jose South	6111 San Ignacio Avenue	San José, CA 95139	C
Hyatt House San Jose	75 Headquarters Drive	San José, CA 95134	C

Aloft	510 America Center Ct.	San José, CA 95002	C
G6 Hospitality #1007	2560 Fontaine Road	San José, CA 95121	C
Four Points by Sheraton San Jose - Silicon Valley	399 Silicon Valley Road	San José, CA 95138	C
Hotel Valencia Santana Row	355 Santana Row	San José, CA 95128	C
Hayes Mansion	200 Edenvale Avenue	San José, CA 95136	C
Courtyard by Marriott @ San Jose North	111 Holger Way	San José, CA 95134	C
Wingate Wyndham San Jose	5190 Cherry Ave	San Jose, CA 95118	C