



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jen Baker

SUBJECT: See Below

DATE: February 2, 2026

Approved

Date:

2/6/26

COUNCIL DISTRICT: 7

SUBJECT: Establishment of the Story Road Business Improvement District

RECOMMENDATION

Receive the report and accept public comment on the establishment of the Story Road Business Improvement District.

SUMMARY AND OUTCOME

The City Council may incorporate any input from the public meeting on February 24, 2026, into its evaluation of the merits of creating the Story Road Business Improvement District (SRBID). The City Council will take formal action on the proposal to form the SRBID on April 7, 2026.

BACKGROUND

Business Improvement Districts (BIDs) are formed pursuant to the California Parking and Business Improvement Area Law of 1989, Streets and Highways Code §36500 et seq. (BID Law) to allow businesses or property owners to assess themselves to support joint efforts such as physical maintenance, marketing, and promotion. Under BID Law, the City Council may establish a BID by adopting a resolution of intention, conducting a public meeting and a public hearing, fulfilling certain noticing requirements, and adopting an ordinance to establish the BID. The BID must be renewed annually by action of the City Council. BID Law allows for an Advisory Board to be appointed by the City Council to advise the City Council on all issues related to the improvement district.

At the City Council meeting on February 3, 2026, the City Council appointed the Story Road Business Association as the Advisory Board for the establishment of the SRBID. At

the same meeting, the City Council adopted resolutions indicating its intention to establish a BID and levy an assessment for Fiscal Year 2026-2027.

ANALYSIS

BID Law allows for the creation of special benefit assessment districts to raise funds within a specific geographic area. Assessment districts allow business owners to organize their efforts and raise funds exclusively for the benefit of the district. Business owners within assessment district boundaries fund the district, and those funds are used to provide services desired by and benefit businesses within the district. At a neighborhood level, the example of mature BIDs in the city, such as those for Downtown and Japantown, highlights the positive long-term impact on residents, businesses, and San José.

Noticing Status

Notifications have been sent to all businesses within the proposed assessment district boundary, informing them that the City is considering the establishment of the SRBID. The letter also states that public comment regarding the formation of the district will be heard at a public meeting on February 24, 2026, and a public hearing on April 7, 2026, and that written objections to the formation of the SRBID may be submitted at or prior to the public hearing. If there is a majority protest, no further proceeding shall be taken for a period of one year to establish a BID.

The Clerk's Office has published the required notices.

Remaining Steps in the Creation of a New BID

- 1. Holding Public Hearing.** At the public hearing scheduled for April 7, 2026, the City Council will take testimony on the establishment of the SRBID, the boundaries of the district, the annual budget of the district, and the types of activities proposed to be funded from the assessment. If the businesses that would be responsible for paying a majority of the SRBID assessment protest, the City Council cannot initially establish the SRBID.
- 2. Ordinance Reading:** The first and second readings of an ordinance establishing the SRBID and the levy of an assessment are the final steps in creating the district. Ordinances are effective 30 days after the second reading.

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

Public Meeting	February 24, 2026
Public Hearing	April 7, 2026
Ordinance First Reading	April 7, 2026
Resolution to Approve Budget and	April 7, 2026
Levy Assessment for FY 2026-2027	
City of San José Agreement with the	April 7, 2026
Story Road Business Association	
Ordinance Second Reading	April 21, 2026
Ordinance Becomes Law	May 22, 2026
Assessment Begins*	July 1, 2026

** Assessments will be collected on a rolling basis as part of the annual business tax account renewal for each business in the district and remitted to the SRBID.*

EVALUATION AND FOLLOW-UP

The Advisory Board will report annually to the City Council to secure the renewal of the SRBID. The first report is expected in June 2027 and will include a budget report for the 2027-2028 fiscal year.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, City Clerk's Office, City Manager's Budget Office, Finance Department, and the Planning, Building, and Code Enforcement Department. This memorandum was also coordinated with the Story Road Business Association.

PUBLIC OUTREACH

The Story Road Business Association Board members and City staff conducted outreach walks in the district on August 15 and August 19, 2025. Each outreach team delivered an informational flier and answered business owner questions. A town hall meeting was held on December 10, 2025 to address public questions and comments. Additionally, this memorandum will be posted on the City's Council Agenda website for the February 24, 2026 City Council meeting.

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COMMISSION RECOMMENDATION AND INPUT

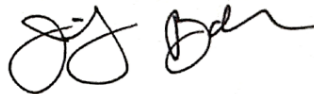
No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant impact on the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



JEN BAKER

Director of the City Manager's Office of
Economic Development and Cultural
Affairs

The principal author of this memorandum is Minh Tran, Executive Analyst II, City Manager's Office of Economic Development and Cultural Affairs, and Victor Farlie, Assistant to the City Manager, City Manager's Office of Economic Development and Cultural Affairs.

For questions, please contact minh.tran@sanjoseca.gov or (408) 535-5613.