



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jen Baker

SUBJECT: See Below

DATE: November 24, 2025

Approved

Date:

12/3/25

COUNCIL DISTRICTS: 3, 5

SUBJECT: Preliminary Actions Required for the Creation of the Alum Rock Santa Clara Street Business Improvement District and Levy of Assessments for Fiscal Year 2025-2026

RECOMMENDATION

- (a) Adopt a resolution:
 - (1) Declaring the City Council's intention to establish the Alum Rock Santa Clara Street Business Improvement District;
 - (2) Setting a public meeting for January 13, 2026, at 1:30 p.m. and a public hearing for February 3, 2026, at 1:30 p.m. on the formation of the Alum Rock Santa Clara Street Business Improvement District;
 - (3) Directing the City Clerk to publish the required notice of the public meeting and public hearing; and
 - (4) Appointing the Alum Rock Santa Clara Street Business Association as the Advisory Board to advise the City Council on all issues related to the Alum Rock Santa Clara Street Business Improvement District.
- (b) Subject to the establishment of the Alum Rock Santa Clara Street Business Improvement District:
 - (1) Preliminarily approve the estimated budget and fee structure for Fiscal Year 2025-2026; and
 - (2) Adopt a resolution of intention to levy an assessment for Fiscal Year 2025-2026 and set a public hearing for February 3, 2026, at 1:30 p.m. on the levy of assessments for Fiscal Year 2025-2026.

SUMMARY AND OUTCOME

Adoption of the resolution will result in a public meeting on January 13, 2026, and a public hearing on February 3, 2026, on the formation of the Alum Rock Santa Clara

Street Business Improvement District (ARSCSBID) and the levy of assessments on assessed businesses for Fiscal Year 2025-2026 in the ARSCSBID.

BACKGROUND

The Alum Rock Santa Clara Street corridor is one of San José's most active and historic commercial areas, home to 543 small businesses that serve a diverse local population. The corridor functions as a major gateway connecting downtown San José to East San José and the greater Alum Rock community. Businesses along the corridor include restaurants, retail shops, salons, professional services, and family-owned enterprises that reflect the area's rich cultural diversity. Many business owners are immigrants who face language and cultural barriers that have, at times, limited their access to government resources and technical support.

In response to ongoing challenges, the City Manager's Office of Economic Development and Cultural Affairs collaborated with local business owners to organize a formal business association and establish a long-term framework for economic sustainability and corridor revitalization. In the summer of 2023, the City Manager's Office of Economic Development and Cultural Affairs issued a request for proposals to identify an organization to facilitate this work. Community Strong Strategies was selected to lead outreach and coordination efforts along the Alum Rock Santa Clara Street corridor. Community Strong Strategies' primary tasks included identifying and engaging local business owners, establishing the governance and operational structure of a business association, and serving as a liaison between local businesses, the City, and community partners.

The project formally launched in October 2023, with Community Strong Strategies hosting an initial community meeting in the Alum Rock corridor, followed by extensive door-to-door outreach and stakeholder engagement. By June 2024, a formal Alum Rock Santa Clara Business Association (ARSCSBA) board was established, bylaws were adopted, and the organization received its nonprofit 501(c)(6) designation.

Since its formation, the ARSCSBA board has actively participated in community events, organized corridor clean-up and beautification efforts, and promoted local businesses through social media and community partnerships. The association has also been a strong advocate for improving safety, maintenance, and economic opportunity along the corridor.

In October 2025, the ARSCSBA board voted to explore the formation of a Business Improvement District (BID) to provide a sustainable funding source for maintenance, beautification, and business support services. Meeting minutes documenting this vote are included as Attachment A - ARSCSBID Board Minutes.

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 notice requirements, and adopting an ordinance to establish the BID. The BID must be renewed annually by action of the City Council. BID Law allows for an Advisory Board to be appointed by the City Council to advise the City Council on all issues related to the improvement district.

San José currently has four BIDs: the Downtown BID, established in 1988; the Japantown BID, established in 1990; and the Tully Road Eastridge and Monterey Corridor BIDs, established in 2024. In addition, there is the Hotel Business Improvement District, established in 2006 and focused solely on the recruitment of conferences and events that support the local hotel industry.

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 that are 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 for residents, businesses, and the City.

The requirements under BID Law provide a stable funding source for services and improvements and state that:

- Funds cannot be diverted for other government programs;
- Funds can be customized to meet the needs of each area; and
- Funds are deployed for a wide range of services, including cleaning, safety and beautification, environmental improvements, marketing, and branding.

Purpose of the Alum Rock Santa Clara Street Business Improvement District

The ARSCSBID will fund services that directly benefit all assessed businesses by strengthening the Alum Rock Santa Clara Street reputation as a vibrant, welcoming district, which could include, but are not limited to:

- Safety and Beautification - Improved corridor cleanliness, safety, and aesthetics, including litter removal and sidewalk sweeping, pressure washing sidewalks,

installation and maintenance of planters, murals, banners, lighting, and camera programs to enhance safety.

- **Marketing and Activation** - Support activities designed to increase foot traffic, highlight local businesses, and promote the corridor as a destination. Services may include the design and production of promotional materials, business directories, and hosting community events and seasonal activations.
- **Administration and Contingency** - Will cover the costs of managing and delivering the above services, including professional staff support and consultants to manage district operations.

Creation of a New BID

The following steps must be taken to establish a BID:

1. Establish an Advisory Board

The Advisory Board is appointed by the City Council to make recommendations regarding the expenditure of the revenues derived from the assessment and the method and basis of levying the assessment. If the BID is approved, the Advisory Board will return annually to report to the City Council, request renewal, and submit a proposed budget for the coming year.

Staff recommends that the City Council appoint the Alum Rock Santa Clara Street Business Association as the Advisory Board. The ARSCSBA board has been at the forefront of the effort to form the assessment district. Their vision is to create a safe, sustainable, and clean environment where businesses, employees, and families can enjoy the rich culture of food, retail, and entertainment the corridor has to offer. The ARSCSBA board actively participated in drafting the budget report and service plan, consulting with business owners along the corridor. The commitment of the ARSCSBA board to the local business community is designed to ensure there is effective management of the funds.

The Advisory Board will consist of nine voting members, representing a variety of industries spread across the geographic boundary of the BID area, and the Advisory Board shall include a majority of business owners or representatives of business owners paying the BID assessment.

2. Council Adoption of a Resolution of Intention to Establish a BID and Setting of Public Meeting and Public Hearing Dates

The public meeting provides information and an opportunity to comment on the proposed BID and the levy of assessments. At a subsequent public hearing, the City Council will take testimony on the establishment of the BID, the boundaries of the BID, the annual budget of the BID, and the types of activities proposed to be funded from the assessment. If business owners who would pay a majority of the BID assessment protest, the City Council shall not initially establish or renew the BID.

3. Ordinance Reading

The first and second readings of an ordinance establishing the BID and the levy of an assessment are the final steps in the creation of the BID. Ordinances are effective 30 days after the second reading.

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

Appointment of Advisory Board	December 16, 2025
Resolution of Intention to Establish a BID	December 16, 2025
Resolution of Intention to Levy	December 16, 2025
Assessment for Fiscal Year 2025-2026	
Publication and Mailing of Notice	December 20, 2025
Public Meeting	January 13, 2026
Public Hearing	February 3, 2026
Ordinance First Reading	February 3, 2026
Resolution to Approve Budget and	
Levy Assessment for Fiscal Year 2025-2026	February 3, 2026
City of San José Agreement with ARSCSBA	February 3, 2026
Ordinance Second Reading	February 24, 2026
Ordinance Becomes Law	March 27, 2026
Assessment Begins*	April 26, 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 ARSCSBID.*

COST SUMMARY/IMPLICATIONS

As of November 2025, there are 543 businesses holding an active business tax certificate within ARSCSBID. The ARSCSBA recommends a flat-rate assessment fee of \$350 per business. If ARSCSBID is approved by the City Council on February 3, 2026, the annual forecasted income, based on a 70% collection rate and accounting for exemptions, is \$133,035.

The City will charge an administrative fee for its costs to collect the ARSCSBID assessment. The City's administrative charge will be one percent (1.0%) of the assessment collected by the City, and the amount will be reviewed annually as part of the annual report submitted by the Advisory Board to the City. The administrative charge will be made to the City as a deduction from the assessments the City will forward to ARSCSBID.

Attachment B - BID Boundary Map and Budget outlines the proposed ARSCSBID budget for Fiscal Year 2025-2026. The budget's most significant expenditures are for

clean and safe services and marketing and branding efforts, which account for 25% and 50% of total expenditures, respectively.

EVALUATION AND FOLLOW-UP

The Advisory Board will report annually to the City Council to secure the renewal of the BID. The first report is expected in June 2026 and will include a proposed budget for Fiscal Year 2026-2027.

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 Alum Rock Santa Clara Street Business Association.

PUBLIC OUTREACH

ARSCSBA Board members and City staff conducted outreach walks in the district on August 13 and September 11 and 16, 2025. Each outreach team delivered an informational flier and answered business owner questions. The informational flier that was distributed is attached as Attachment C - Outreach Handout.

A town hall meeting was held on September 25, 2025, to address public questions and comments. Additionally, this memorandum will be posted on the City's Council Agenda website for the December 16, 2025, City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

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

HONORABLE MAYOR AND CITY COUNCIL

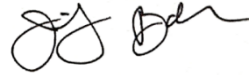
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PUBLIC SUBSIDY REPORTING

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



Jen Baker
Director, City Manager's Office of
Economic Development and Cultural
Affairs

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

For questions, please contact jessica.munoz@sanjoseca.gov or (408) 535-8181.

ATTACHMENTS

Attachment A: ARSCSBID Board Minutes

Attachment B: BID Boundary Map and Budget

Attachment C: Outreach Handout



Meeting Agenda

MHP, Classroom 1

Date: October 22nd, 2025 @ 10:00 AM – 11:30 AM

I. Call to Order

- a. Opening: Helen Masamori

II. Partner Updates

- a. San Jose Police Department
- b. District 5
- c. District 3
- d. Office of Economic Development
- e. School of Arts and Culture
- f. Downtown Streets Team
- g. Prosperity Lab

III. Roll Call

- a. Helen Masamori, President (Present)
- b. Oswaldo Moreno, Vice President (Present)
- c. Luis Muñoz, Treasurer (Present)
- d. Cynthia Velazquez, Member at Large (Present)
- e. Connie Alvarez, Member at Large (Absent)
- f. Jose de la Sierra, Member at Large (Present)
- g. Danny Garza, Community Liaison (Absent)
- h. Mimi Hernandez, Special Advisor (Present)
- i. Davide Vieira, Property Owner (Absent)
- j. Nathaniel Lim, Business Owner (Present)

IV. Presentations

- a. Fabrica de Ideas (10 Minutes) - Presentation materials found below
 - i. [Presentation Slide](#)
 - ii. [Showcase Video](#)

- b. Dubon Marketing (10 Minutes)

After viewing both presentations, the board will review the proposals provided by both organizations to pick the best fit for the corridor's marketing strategy.

V. Old Business

- a. Banners (5 minutes)- The board suggested removing the “East San José” text to reduce visual crowding, changing the word “Apoyo” to a more readable font, moving the La Avenida logo below the ARSCSBA logo, and enlarging the ARSCSBA logo for better visibility.
- b. Mixer Debrief (5 minutes)

VI. New Business

- a. Christmas Party – The board will put together a guest list. The date and time will be confirmed by the end of the week. Other responsibilities will be delegated once the date is confirmed.
- b. Management Plan
 - i. Vote: Approve BID Assessment Amount

Motion: To approve the selection of the BID assessment amount at a flat rate of \$350.

Motion by: Helen Masamori

Second by: Luis Munoz

Vote: All in favor, Motion carried

- ii. Vote: Approve BID Management Plan

Motion: To approve the BID management Plan

Motion by: Helen Masamori

Second by: Cynthia Velazquez

Vote: All in favor, Motion carried

VII. Reports

- a. President’s Report: Helen – The board will continue to advocate for a FIFA watch party hosted along the corridor.
- b. Treasurer Report: Luis Muñoz - All mixer related expenses have been paid and CommUniverCity will be given a check for the 10K on 10/22/2025.

VIII. Adjournment

EXHIBIT A

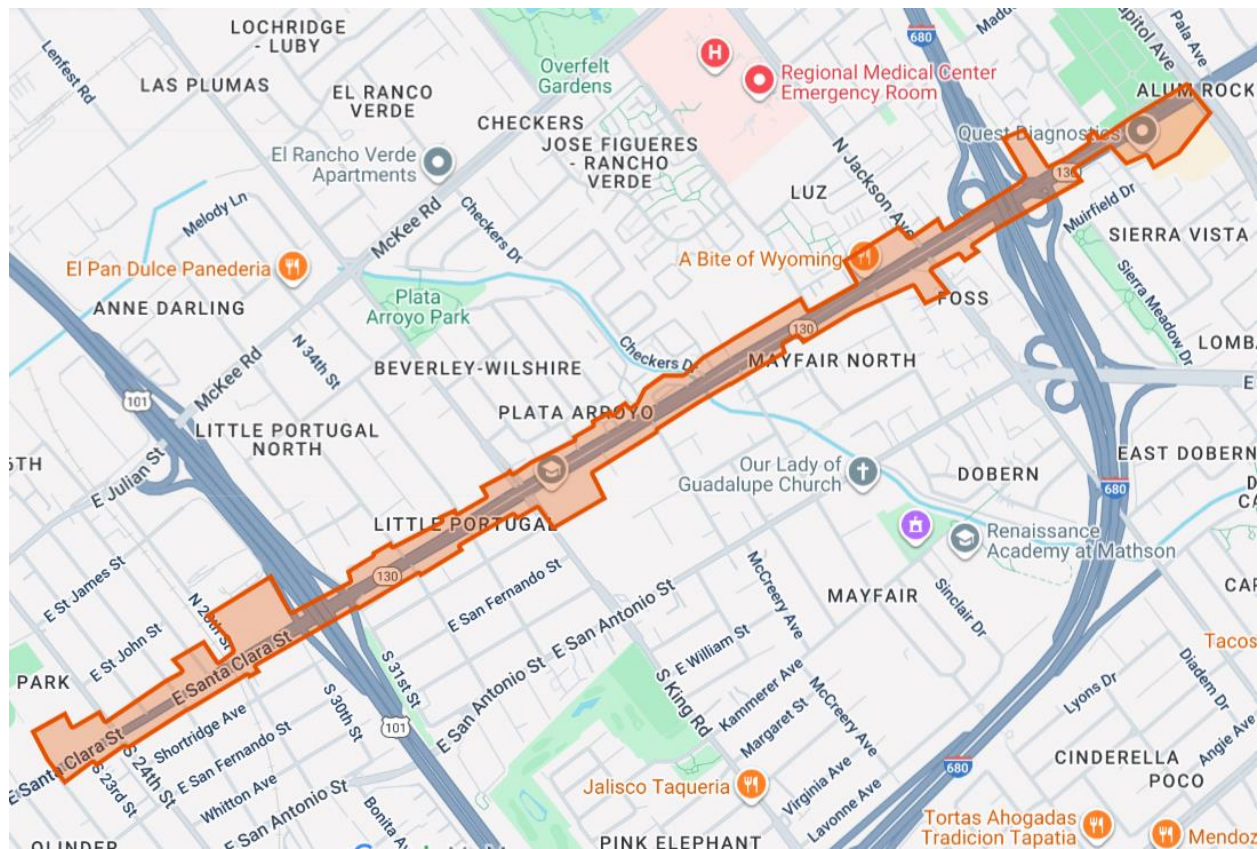


EXHIBIT B

PROPOSED BID SERVICES — ALUM ROCK SANTA CLARA STREET BUSINESS ASSOCIATION

The Alum Rock Santa Clara Street Business Association (ARSCSBA) anticipates generating approximately \$133,035 annually through a flat-rate assessment of \$350 per business, applied to 543 businesses within the district boundary. This estimate reflects a 30% delinquency rate based on historical collection patterns for similar Business Improvement Districts in San José.

The ARSCSBA will allocate funds across three primary service categories as approved by the Board: Safety and Beautification (50%), Marketing and Activation (25%), and Administration and Contingency (25%). These services are designed to directly and

specifically benefit the assessed businesses, enhance the district’s vitality, and foster a clean, safe, and welcoming commercial corridor.

Category	Allocation	Percentage
Marketing and Activation	\$ 33,259	25%
Safety and Beautification	\$ 66,518	50%
Administration/Contingency	\$ 33,259	25%
Total	\$ 133,035	100%

Safety and Beautification (50% — \$66,518.00)

This program will improve corridor cleanliness, safety, and aesthetics, making the Alum Rock corridor more attractive to residents, customers, and investors. Services may include:

- Litter removal and sidewalk sweeping.
- Bulky items and debris removal.
- On-demand graffiti abatement.
- Pressure washing sidewalks on an as-needed basis.
- Coordination with maintenance partners.
- Safety patrols or partnerships with local enforcement to deter illegal dumping, loitering, and vandalism.
- Installation and maintenance of planters, murals, banners, and other beautification elements.
- Implementation of lighting and camera programs to enhance safety.
- Any other identified by the district as necessary to further enhance cleanliness, safety and beautification of the corridor.

These services will be supplemental to baseline City services and will directly improve the business environment within the corridor.

Marketing and Activation (25% — \$33,259.00)

This category funds activities designed to increase foot traffic, highlight local businesses, and promote the corridor as a destination. Services may include:

- Social media management and digital marketing campaigns.
- Design and production of promotional materials such as flyers, maps, and business directories.
- Coordination and hosting community events, mixers, and seasonal activations.

- Website development and maintenance to promote district businesses and activities.
- Partnerships with local artists, cultural groups, and schools to activate public spaces.
- Any other marketing, outreach, or activation services that strengthen the district's visibility, support businesses, and attract more visitors to the corridor.

These initiatives will enhance the visibility of local businesses and foster a sense of community pride along Alum Rock Santa Clara Street.

Administration and Contingency (25% — \$33,259.00)

Administrative funds will cover the costs of managing and delivering the above services. Eligible expenses may include:

- Professional staff support and consultants to manage district operations.
- Office, legal, accounting, and insurance expenses.
- City administrative collection fees (not to exceed actual costs).
- Board development, training, and strategic planning support.
- Reserve funds for contingencies, uncollected assessments, or one-time district renewal costs.
- Any additional administrative or contingency services needed to ensure transparent program management, financial oversight, and responsiveness to emerging district needs.

This category ensures transparency, effective management, and long-term sustainability of the district.

YOU ARE INVITED TO



BUSINESS MIXER



CONNECT WITH FELLOW BUSINESS OWNERS,
MEET CITY STAFF AND BOARD MEMBERS, AND
GET AN INSIDE LOOK AT HOW WE'RE WORKING
TOGETHER TO IMPROVE THE CORRIDOR
THROUGH THE BUSINESS IMPROVEMENT
DISTRICT (BID) FORMATION PROCESS.

**Thursday, 6pm,
September 25, 2025**

Location: Mexican Heritage Plaza



Business Improvement District

They offer a reliable source of funding for enhancements and marketing, crafted and orchestrated by those who pay the assessment.



What are the advantages of a BID?

BIDs are financed through an assessment levied on businesses within the district. The assessment amount is determined by the business owners during the district's formation, adhering to specific legal guidelines. The funds collected must be used within the district to benefit the businesses that contribute. Crucially, BID funds cannot be redirected to other government programs.

What does a BID do?

BIDs have diverse functions, all aimed at boosting business activity. The operations are dictated by the businesses that fund the BID. Activities can include print and online advertising, special event sponsorships, capital improvements, beautification projects, and numerous other initiatives that benefit the businesses within the district.

How is a BID funded?

BIDs serve as a stable funding source for business owner organizations dedicated to enhancing their business district. Business owners within the district collaborate to achieve significant improvements, attract consumers, and develop the area.

Who manages a BID?

Governed by the contributors, these funds are safeguarded against diversion to other government programs and tailored to meet the unique needs of their districts. A broad spectrum of services can be provided.

In challenging economic times, cities and counties have had to cut back on services. Business Improvement Districts (BIDs) offer a dependable financial foundation for business owners, ensuring their districts remain clean, safe, and inviting to visitors. Since BID funds are not general-purpose taxes, they are protected from the budget cuts that municipalities have faced.



Why should I support forming a BID?

The City Council, or an advisory board appointed by it, oversees managing the BID, handling funds, and implementing programs in line with the BID's establishment ordinance.