



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Nanci Klein

SUBJECT: See Below

DATE: October 15, 2024

Approved:

Date:

10/22/24

COUNCIL DISTRICT: 7, 8

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

RECOMMENDATION

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

SUMMARY AND OUTCOME

Approval of this action will result in the formation of the Tully Road Eastridge Business Improvement District (TREBID) and the levy of assessments on assessed businesses for the remainder of Fiscal Year 2024-2025. The City Council may incorporate any input from the public hearing on November 5, 2024 into its evaluation of the merits of creating the TREBID.

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

At the City Council meeting on September 10, 2024, the City Council appointed the Tully Road Eastridge Business Association (TREBA) board as the advisory board for the establishment of the TREBID. At the same meeting, the City Council also adopted resolutions indicating its intention to establish a BID and levy an assessment for Fiscal Year 2024-2025.

On October 1, 2024, the City Council received a report on the establishment of the TREBID and conducted a public meeting to provide an opportunity for public comment. No members of the public spoke regarding the item.

ANALYSIS

BID Law allows for the creation of special benefit assessment districts to raise funds within a specific geographic area. Assessment districts allow business owners to organize their efforts and raise funds exclusively for the district's benefit. 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.

If approved, the TREBID will utilize the assessment funds raised in compliance with BID Law to focus on two key areas: 1) clean and safe initiatives and 2) marketing and branding efforts. A portion of the funds will be dedicated to enhancing public safety and cleanliness by hiring professional sidewalk cleaning services and purchasing security cameras to deter crime and maintain a welcoming environment. Additionally, TREBID will invest in marketing and branding activities, such as organizing local events, installing streetlight banners, and creating other promotional materials to establish a distinct identity for the district. These efforts are intended to increase foot traffic, bolster the visibility of businesses, and promote the area's unique character, benefiting the many immigrant-owned and historically underserved businesses in the district. Ultimately, TREBID's initiatives aim to foster a stronger sense of community, attract more customers, and enhance economic opportunities for local business owners.

The assessment fee for the TREBID will be collected by the City and then passed on to the TREBA board to spend as outlined in the agreement and pursuant to the annual budget submitted to the City Council.

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

Noticing Status

A notification has been sent to all businesses within the TREBID boundary, informing them of the City's desire to form an improvement district. The letter also stated that public comment would be heard at a public meeting on October 1, 2024, a public hearing would be held on November 5, 2024, and that written objections could be submitted at or prior to the public hearing.

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

Remaining Steps in the Creation of a New BID

- 1. Holding Public Hearing.** At the public hearing scheduled for November 5, 2024, City Council will take testimony on the establishment of the TREBID, the boundaries of the district, the annual budget of the district, and the types of activities proposed to be funded from business assessments. Protests may be made orally or in writing. If businesses are responsible for paying a majority of the TREBID assessments protest, the City Council cannot initially establish the TREBID, and no further proceeding shall be taken for a period of one year to establish an improvement district.
- 2. Ordinance Reading.** The first and second readings of an ordinance establishing the BID and levying assessments are the final steps in creating the BID. Ordinances are effective 30 days after the second reading.
- 3. Adoption of a Resolution.** At the conclusion of the public hearing on the levy of the assessments, the City Council may adopt a resolution confirming the budget report prepared by the advisory board, attached hereto as the **Attachment - Initial Tully Road Eastridge Business Improvement District (TREBID) Budget**. The adoption of the resolution constitutes the levy of the assessment for the remainder of Fiscal Year 2024-2025.
- 4. Approval of an Agreement.** An agreement between the City and the TREBA board will provide for the operation and administration of the TREBID. The agreement will be effective until the end of the current fiscal year, and the

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approval of each subsequent annual budget will automatically renew the agreement for that fiscal year.

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

Public Hearing	November 5, 2024
Ordinance First Reading	November 5, 2024
Resolution to Approve Budget and Levy Assessment for Fiscal Year 2024-2024	November 5, 2024
City of San José Agreement with TREBA	November 5, 2024
Ordinance Second Reading	November 19, 2024
Ordinance Becomes Law	December 19, 2024
Assessment Begins	February 15, 2025
First Month's Assessments due to City	March 15, 2025
First Payment to BID Corporation (TREBA)	April 15, 2025

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 2025 and will include a budget report for the 2025-2026 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 TREBA.

PUBLIC OUTREACH

The TREBID area was divided into seven zones for public outreach. TREBA board members and City staff conducted outreach by walking through each zone and interacting with business owners. Each outreach team delivered an informational flier and answered business owner questions.

City staff, in collaboration with the TREBA board, conducted two in-person town hall meetings on September 23 and September 30, 2024. An additional virtual town hall is scheduled for October 21, 2024.

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This memorandum will be posted on the City's Council Agenda website for the November 5, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

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

PUBLIC SUBSIDY REPORTING

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

/s/

NANCI KLEIN

Director of Economic Development and
Cultural Affairs

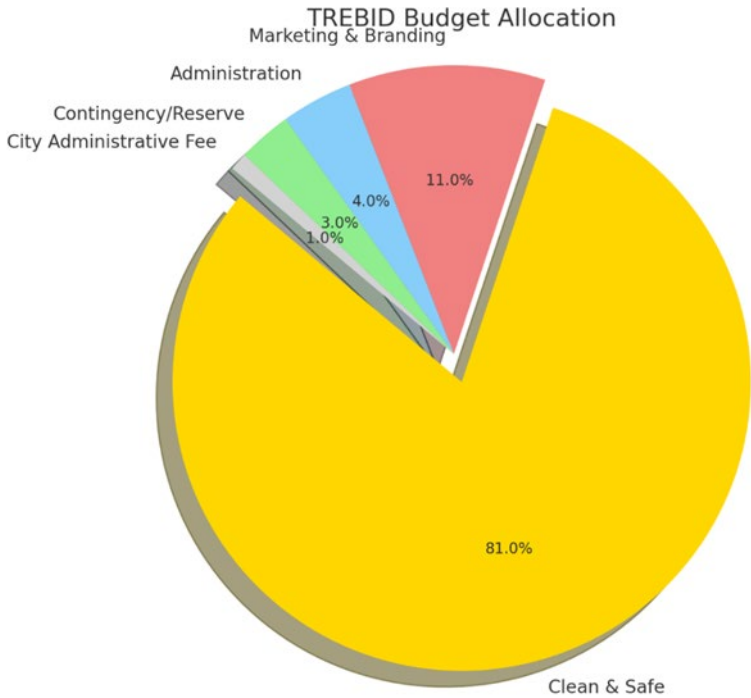
The principal authors of this memorandum are Jiawei Tang, Executive Analyst, City Manager's Office of Economic Development and Cultural Affairs and Victor Farlie, Assistant to the City Manager, City Manager's Office of Economic Development and Cultural Affairs.

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

ATTACHMENT: Initial Tully Road Eastridge Business Improvement District (TREBID) Budget

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The City forecasted that the BID would generate approximately \$120,733 annually, based on estimates from the weighted average collection rate for existing BIDs in San José. However, the TREBA board intends to use a more conservative estimate in the proposed budget report, approximately \$108,000 in its first year.



Proposed 12-month Budget Based on Revenue Projections	
Revenues	\$108,000
Expenses	
Clean and Safe	\$87,480
Marketing and Branding	\$11,880
Administration	\$4,320
Contingency/Reserve	\$3,240
City Administrative Fee	\$1,080
Total Expenses	\$108,000

Proposed BID Services

Clean and Safe

- Contracting with service providers for regular litter clean up, graffiti identification and removal, illegal dumping removal, abandoned shopping cart and car removal, or other bulky items, and related sanitation issues.
- Pressure washing sidewalks and street sweeping adjacent to assessed businesses, as needed.
- Funding the purchase and installation of regular rotational displays of pole banners and other streetlight adornments throughout the TREBID, which serve to celebrate various shopping seasons while presenting a cohesive image of community personality and identity.
- Directional, wayfinding, and gateway signage that establishes a sense of place, promotes patronage and activity, and connects the businesses of the TREBID service area with the larger community.
- Landscape and façade improvement incentive programs to stimulate attention and encourage investment in cosmetic enhancements to the street-facing areas of private businesses, which support safety and encourage customer traffic while beautifying the TREBID and enhancing quality of life.
- Encouraging a coordinated public art program on private property to enliven opportunity spaces and create interest and appreciation.
- Purchasing of trailer cameras to provide extra security measures.

Marketing and Branding

- Conduct research to determine strategic fit for brand development and brand messaging to promote visitation to the corridor and increase assessed businesses' sales.
- Facilitate and execute strategic planning efforts to develop marketing programs and creative executions that reinforce the brand position and support marketing initiatives to promote assessed businesses.
- Engage with a third-party brand development agency to develop brand platform and materials to assist with marketing assessed businesses.
- Identify and leverage consumer messaging that markets the TREBID as a premier, unique destination to attract customers to assessed businesses.
- Provide seasonally targeted marketing to attract visitors to the TREBID in anticipation of seasonal events.
- Offer a range of consumer programs that reach targeted consumers to promote visitation to assessed businesses.
- Develop and execute focused special events to attract customers to assessed businesses.
- Develop education events and programs targeted to consumers, media, and trade to grow awareness and visitation to assessed businesses.
- Advertising across any and all media channels to promote assessed businesses, including but not limited to, digital, print, television, radio, and strategic brand partnerships; Targeted marketing to engage top consumers in key markets for market visits and private experiences to assessed businesses.

- Maximize resources by leveraging partnerships with national brands to attract visitors to the TREBID and increase assessed business sales.

Administration

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

Contingency/Reserve

- The budget includes a contingency/reserve line item to account for annual operating surplus or uncollected assessments, if any. If contingency funds are collected, they may be held in a reserve fund or utilized for other programs, administration, or renewal costs at the discretion of the City Council or advisory board. The City Council or advisory board shall set policies relating to contributions to the reserve fund, the target amount of the reserve fund, and expenditure of the monies from the reserve fund.

City Administrative Fee

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