



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Councilmember Ortiz
Councilmember Tordillos
Councilmember Kamei
Councilmember Cohen
Councilmember Mulcahy

SUBJECT: SEE BELOW

DATE: 3/12/2026

Approved

Date: 3/12/2026

Anthony Tordillos
Rosemary Kamei David Cohen Michael Mulcahy

SUBJECT: AI Fresco 2.0

RECOMMENDATION:

- 1) Direct the City Manager's Office to:
 - a) explore permanently re-establishing the AI Fresco outdoor dining program in the City of San José, for supporting economic development and small businesses in designated growth areas, including Greater Downtown San José, Urban Villages, and Business Improvement Districts (BIDs).
 - i) evaluate opportunities to modernize and expand the program beyond basic table-and-chair setups by establishing a clear, predictable permitting pathway for more complex outdoor dining configurations: such as patios, railings, pergolas, and semi-permanent structures, while maintaining a low-barrier, by-right process for simpler installations, and review best practices from peer cities, including San Francisco's Shared Spaces Manual, to inform the development of clear design standards and streamlined administrative processes.
 - b) Designate Public Works staff to serve as a coordinator for AI Fresco and outdoor dining applications, responsible for facilitating interdepartmental review and ensuring timely coordination among Public Works, PBCE, Fire, DOT, and any other relevant departments, to reduce duplicative review, minimize delays, and provide applicants with an understandable and consistent permitting pathway.

BACKGROUND:

The City of San José's Al Fresco outdoor dining program, implemented during the COVID-19 pandemic, served as a vital economic lifeline for small businesses while activating public spaces and encouraging safe, pedestrian-oriented activity. For many locally owned restaurants and cafés, outdoor dining provided a critical opportunity to stabilize revenues, retain employees, and remain operational during a period of significant economic disruption.

As the City continues its economic recovery and advances its long-term growth strategies, there is an opportunity to transition the temporary Al Fresco program into a more permanent, streamlined permitting framework that supports small-business sustainability and neighborhood-level economic activity. Peer cities, including San Francisco, have formalized similar programs through clear design standards and administrative manuals, such as the Shared Spaces Manual, which provide predictability for businesses while maintaining safety and accessibility standards.

As outdoor dining has evolved to include railings, shade structures, and other semi-permanent improvements, applications increasingly require review across multiple departments, including Public Works, PBCE, and Fire. While each review serves a legitimate regulatory purpose, the absence of a designated coordinator can result in sequential routing, extended timelines, and uncertainty for applicants.

ANALYSIS:

Small businesses, particularly restaurants and food-serving establishments, play a significant role in San José's local economy, cultural vitality, and community identity. However, these businesses often face disproportionate challenges navigating complex and costly permitting processes.

Designated growth areas such as the Greater Downtown Area, Urban Villages like Five Wounds and Alum Rock, and areas with established Business Improvement Districts are well-positioned to benefit from a modernized Al Fresco framework, aligning with the City's goals of increasing foot traffic, supporting mixed-use development, encouraging placemaking, and strengthening commercial activity.

By restoring a low-barrier, by-right pathway for simple installations while establishing clear design standards and coordinated interdepartmental review for more complex improvements, the City can reduce uncertainty, shorten timelines, and provide businesses with a predictable pathway to invest in long-term outdoor dining. Peer models, including San Francisco's Shared Spaces program, demonstrate how unified application processes and published guidance can maintain safety and accessibility standards while improving coordination and clarity in the permitting process.

These changes would help maintain the accessibility that defined Al Fresco's success while providing businesses with a predictable, efficient pathway to invest in long-term outdoor dining improvements.