CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Jen Baker

SUBJECT: **See Below**

DATE: May 11, 2026

Approved

Date: 5/17/26

COUNCIL DISTRICT: 3

SUBJECT: Actions Related to the Downtown Business Improvement District Fiscal Year 2026-2027 Budget Report, Fiscal Year 2026-2027 Annual Assessments, and Setting a Public Hearing on the Levy of Assessments

RECOMMENDATION

(a) Preliminarily approve the Fiscal Year 2026-2027 Budget Report as filed by the Downtown Business Improvement District Advisory Board, or as modified by City Council.

(b) Adopt a resolution of intention to levy the annual assessment for Fiscal Year 2026-2027, and set Tuesday, June 16, 2026, at 1:30 p.m. as the date and time for the public hearing on the levy of the proposed assessments.

SUMMARY AND OUTCOME

Approval of this action will result in a resolution of intention to levy assessments for the upcoming fiscal year of the Downtown Business Improvement District and set the time and date for the public hearing.

BACKGROUND

The Downtown Business Improvement District (Downtown BID) was established by City Council in 1988 pursuant to the California Parking and Business Improvement Area Law of 1979 (BID Law) to promote the economic revitalization and physical maintenance of the Downtown San José business district. In 1989, City Council appointed the San Jose Downtown Association as the Advisory Board for the Downtown BID, to advise City

Council on the levy of assessments in the Downtown BID and the expenditure of revenues derived from the assessments for the benefit of the Downtown BID. The Downtown BID service area is shown in Attachment A – Downtown Business Improvement District Boundary Map.

Pursuant to BID Law, the Advisory Board must come before City Council on an annual basis to present a report as shown in Attachment B – Downtown BID Budget for FY 2026-2027 (Budget Report). The Budget Report proposes a budget for the upcoming fiscal year, advises the City Council on the levy of assessments in the Downtown BID and the expenditure of revenues derived from the assessments for the benefit of the Downtown BID.

City Council is required to: 1) review the Budget Report and preliminarily approve it as proposed or as changed by City Council; 2) adopt a resolution of intention to levy the assessments for the upcoming fiscal year; and 3) set a date and time for the public hearing on Downtown BID-related actions. Absent a majority protest at the public hearing, at the conclusion of the public hearing, City Council may approve the budget for FY 2026-2027 as filed or as modified by City Council and levy the Downtown BID assessments for FY 2026-2027.

ANALYSIS

The Advisory Board prepared a budget as shown in the Budget Report (Attachment B) for City Council's consideration as the proposed budget for the Downtown BID for FY 2026-2027. As required by BID Law, the Budget Report has been filed with the City Clerk and contains, among other things, a list of the improvements and activities proposed to be provided in the Downtown BID in FY 2026-2027, and an estimate of the cost of providing improvements and activities. There are currently 1,756 active businesses with a tax certificate located within the boundaries of the Downtown BID and the Advisory Board recommends no change in the method and basis for levying assessments.

City Council may approve the Budget Report as filed or modify the Budget Report and approve it as modified. After approval of the Budget Report, City Council must adopt a resolution of intention to levy the annual assessment for the 2026-2027 fiscal year and fix a time and place for a public hearing to be held on the levy of the proposed assessment.

EVALUATION AND FOLLOW-UP

The Advisory Board will come before City Council next year to present a report that proposes a budget for the 2027-2028 fiscal year.

FISCAL IMPACTS

Adoption of the proposed Downtown BID budget does not directly impact City revenue. It is anticipated that a healthy Downtown BID will encourage growth in the city's urban core, which indirectly generates additional business tax and sales tax revenue for the City. The Downtown BID assessments are restricted for use exclusively by the Downtown BID and are estimated at $539,630 in FY 2026-2027. The FY 2026-2027 Proposed Operating Budget, subject to City Council approval, includes projected assessment revenue and corresponding expenses totaling $625,000, as detailed in the Source and Use Statement for the Business Improvement District Fund (351). To align budgeted FY 2026-2027 revenues and expenses with estimated assessment amounts, an adjustment will be brought forward as part of the budget process to amend the FY 2026-2027 Proposed Operating Budget.

The City will charge an administrative fee for its costs to collect the Downtown BID assessment. The City's administrative fee 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 fee will be made to the City as a deduction from the assessments the City will forward to the Downtown BID.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, City Clerk's Office, City Manager's Budget Office, Finance Department, Planning, Building and Code Enforcement Department, and the San Jose Downtown Association.

PUBLIC OUTREACH

The budget for FY 2026-2027 was reviewed and approved by the Advisory Board on May 7, 2026, as shown in Attachment C – San Jose Downtown Association Board of Directors Resolution. This memorandum will be posted on the City Council Agenda website for the June 2, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee 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

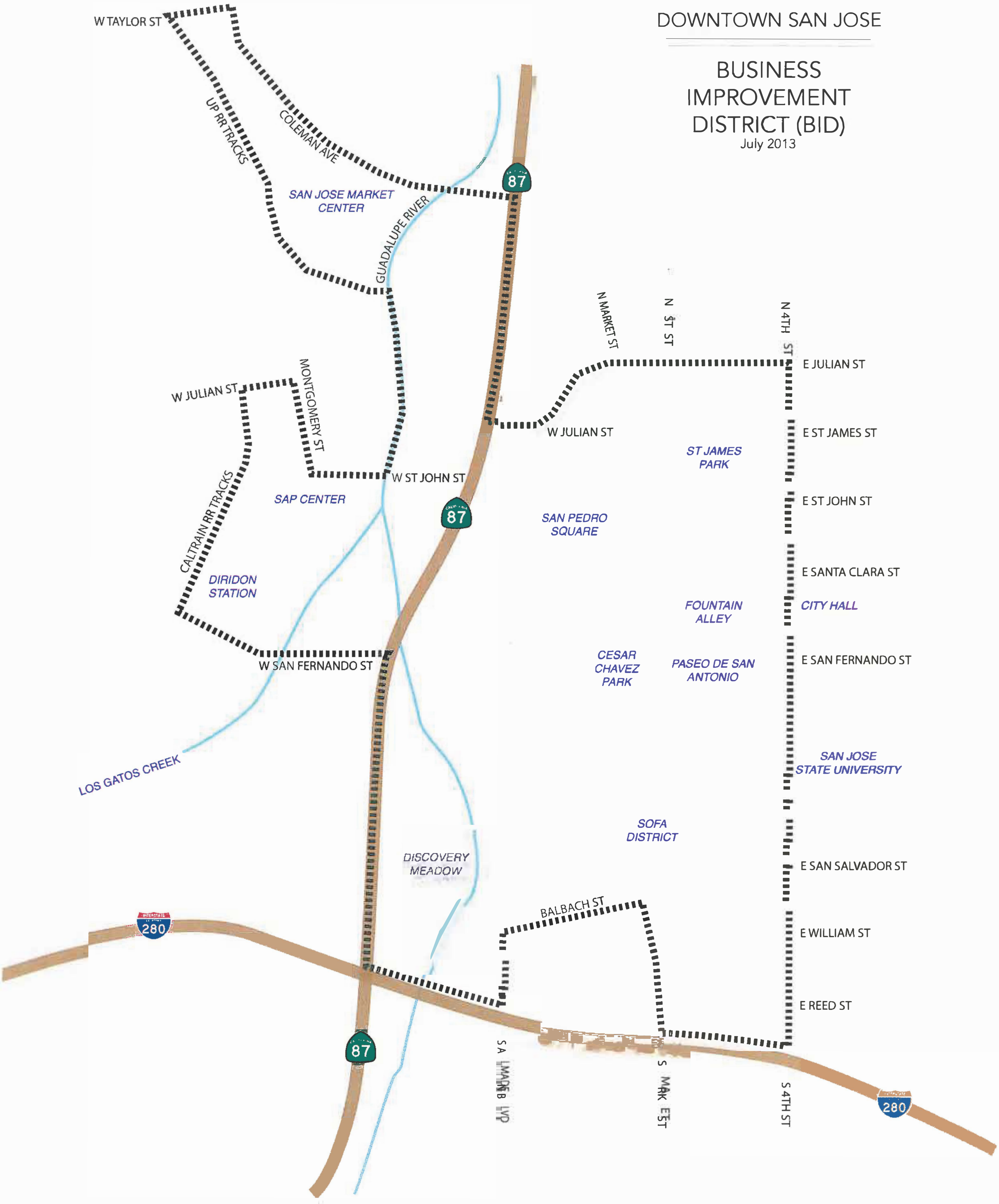
This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

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

For questions, please contact Salvador Alvarez, Senior Executive Analyst, City Manager's Office of Economic Development and Cultural Affairs, at salvador.alvarez@sanjoseca.gov or (408) 793-6943.

ATTACHMENTS:
Attachment A - Downtown Business Improvement District Boundary Map
Attachment B - Downtown BID Budget for FY 2026-2027
Attachment C - San Jose Downtown Association Board of Directors Resolution

Attachment A
Downtown Business Improvement District Boundary Map



Attachment B
Downtown BID Budget for FY 2026-2027

Downtown San Jose Business Improvement District Fiscal Year 2026-2027 Report

Submitted by San Jose Downtown Association

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1. The boundaries of the Downtown BID are as follows: I-280 at Fourth Street west along Reed Street to west side of Market Street to south side of Balbach Street to east side of Almaden Boulevard to continue on West Reed Street to Highway 87, Highway 87 north to West San Fernando Street, south side of West San Fernando Street to CalTrain tracks, CalTrain tracks to West Julian Street, south side of West Julian Street east to Montgomery Street, west side of Montgomery Street south to south side of West St. John Street to the Guadalupe River, north along east side of the Guadalupe River to the western most set of Union Pacific Railroad tracks, north side of the Union Pacific Railroad tracks north to West Taylor Street, south side of West Taylor Street east to Coleman Avenue, southwest side of Coleman Avenue east to Highway 87, Highway 87 south to West Julian Street, both sides of West Julian Street east to First Street, south side of East Julian Street east to Fourth Street, both sides of Fourth Street south back to I-280. See Attachment A.

2. As of July 1, 2014, businesses that are exempt from paying the City's Business Tax under Chapter 4.76 of the San Jose Municipal Code no longer pay the Downtown Business Improvement District assessment fee. If the business qualifies for the hardship exemption for the City of San Jose Business License Tax, the business will automatically qualify for the BID assessment fee waiver.

3. The Downtown BID will assess current year BID charges only when a business within the Downtown BID already in possession of a Business License and already assessed the Business License Tax is discovered to have not been assessed the BID in previous years.

4. An estimate of the total cost of providing the improvements and activities for fiscal year 2026-2027 is approximately $3,596,617. Estimated BID funds of $539,630 contribute to total program and management costs. Additional costs estimated at $3,056,987 (after 1% collection fee of $5,396) are paid through Downtown Association revenue raised through programs and activities, project City of San Jose contract services, Property Based Improvement District, grants, and other sources.

Attachment B

5. The current method and basis for levying the annual assessment are as follows:

CATEGORY	PROPOSED RATE
I. Retail	$29.04 per FTE / $264 min.
II. Non-Retail	$19.35 per FTE / $185 min.
III. Apartments & Hotels	$7.92 per room / $264 min.
(residential landlords of 1–2 units)	$7.92 per room / $150 min.
(residential landlords of 3 or more units)	$7.92 per room / $264 min.
IV. Parking Lots	see commercial landlord
V. Non-profits	$100
VI. Independent Contractors/Rolling Vendors	$55
VII. Commercial Landlords/Parking Lots	
Less than 10,000 square feet	$440
10,001 to 50,000 square feet	$990
50,001 to 100,000 square feet	$1,540
More than 100,000 square feet	$2,200

Maximum annual charge in all categories is $6,000. If any single business falls into more than one category, charges are assessed based upon the category producing the highest revenue for the BID.

6. Total Downtown Association program and staffing costs are funded by the following sources of revenue, in addition to assessment district revenue of $539,630: Downtown Association revenue raised through programs and activities, project City of San Jose contract services, Property Based Improvement District, grants, and other sources (estimated): $3,062,383.

Attachment C -
San José Downtown Association Board of Directors Resolution

San Jose Downtown Association
28 N. First Street, Suite 1000
San Jose, CA 95113

sjdowntown.com
408.279.1775

SAN JOSE DOWNTOWN

Corporate Resolution
for
Approval of SJDA fiscal year 2026-2027 budget

In accordance with the California Nonprofit Corporation Law, the Executive Committee of San Jose Downtown Association (SJDA), a California nonprofit corporation, hereby consents to and adopts the following resolution.

WHEREAS, SJDA is submitting its fiscal year 2026-2027 budget to the City of San Jose;

BE IT RESOLVED, and this Executive Committee of the SJDA does hereby authorize and accept, that the SJDA fiscal year 2026-2027 budget was reviewed and approved at a regular meeting of the SJDA Executive Committee on the 7th day of May, 2026 and that SJDA CEO Brian Kurtz is authorized to submit the budget to the City of San Jose for City Council approval..

I, Adolfo Gomez, Chair of the San Jose Downtown Association, a corporation created and existing under the laws of the state of California, do hereby certify and declare that the foregoing is a full, true and correct copy of the resolutions duly passed and adopted by the Executive Committee of said corporation and voted in favor of said resolutions; that said resolutions are now in full force and effect in accordance with the Articles of Incorporation and Bylaws.

IN WITNESS WHEREOF, I have hereunto set my hand as secretary of said corporation and affixed the corporate seal this 7th day of May, 2026.

Adolfo Gomez, Chair