



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jen Baker

SUBJECT: See Below

DATE: January 12, 2026

Approved

Date:

1/22/26

COUNCIL DISTRICT: 6

SUBJECT: Establishment of The Alameda Business Improvement District and Approval to Levy Assessments in The Alameda Business Improvement District for the Remainder of Fiscal Year 2025-2026

RECOMMENDATION

- (a) Conduct a public hearing and approve an ordinance to establish The Alameda Business Improvement District.
- (b) Conduct a public hearing and adopt a resolution approving the Service Plan and the levy of assessments for The Alameda Business Improvement District for the remainder of Fiscal Year 2025-2026.
- (c) Adopt a resolution authorizing the City Manager or her designee to negotiate and execute an agreement with The Alameda Business Association, Inc. for the administration of The Alameda Business Improvement District.

SUMMARY AND OUTCOME

Approval of this action will result in the formation of The Alameda Business Improvement District (TABID) and the levy of assessments on assessed businesses for the remainder of Fiscal Year 2025-2026. The City Council may incorporate any input from the public hearing on February 3, 2026 into its evaluation of the merits of creating TABID.

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 December 16, 2025, the City Council appointed The Alameda Business Association, Inc. (ABA) Board as the Advisory Board for the establishment of TABID. At the same meeting, the City Council adopted resolutions indicating its intention to establish a BID and levy an assessment for Fiscal Year 2025-2026.

On January 13, 2026, the City Council received a report on the establishment of TABID 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 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 San José, such as those for Downtown and Japantown, highlight the positive long-term impact on residents, businesses, and San José.

If approved, TABID will use the assessment funds raised in compliance with BID Law to strengthen their reputation as a vibrant, welcoming district, which could include, but not be limited to: district promotion (e.g., unified branding, public awareness campaigns, website updates, and social media), events and activations (e.g., seasonal markets, districtwide celebrations, and wine walks), beautification and decoration (e.g., banners, planters, holiday décor, and wayfinding), and business support (e.g., merchant mixers, informational workshops, and shared resources). These efforts are intended to increase foot traffic, enhance business visibility, and promote the area's unique character, benefiting the district's businesses.

Ultimately, TABID's initiatives aim to foster a stronger sense of community, attract more customers, and enhance economic opportunities for local business owners. The City will collect TABID assessment fee and remit it to The ABA Board for use as outlined in the agreement between the City and The ABA, and in accordance with 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 2025-2026 be approved. Annual renewals would then correspond to the City's fiscal year.

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 TABID. The letter also states that public comments regarding the formation of the district will be heard at a public meeting on January 13, 2026, and a public hearing on February 3, 2026, and that written objections to the formation of TABID 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 City Clerk's Office has published the required notices pertaining to the establishment of TABID and the corresponding public hearing.

Remaining Steps in the Creation of a New BID

- 1. Holding a Public Hearing.** At the public hearing scheduled for February 3, 2026, City Council will take testimony on the establishment of TABID, 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 TABID assessment protest, the City Council cannot initially establish TABID.
- 2. Ordinance Reading:** The first and second readings of an ordinance establishing TABID and the levy of an assessment are the final steps in creating the district. 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 Service Plan prepared by The ABA Board, attached hereto as the Attachment – TABID Service Plan. The adoption of the resolution constitutes the levy of the assessment for the remainder of Fiscal Year 2025-2026.

- 4. Approval of an Agreement.** The City Council may direct the City Manager, or her designee, to negotiate and execute an agreement between the City and The ABA which will provide for the operation and administration of TABID. The agreement will be effective until the end of the current fiscal year, and the 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 TABID and initial funding of the district's activities:

Public Hearing	February 3, 2026
Ordinance First Reading	February 3, 2026
Resolution to Approve Budget and Levy Assessment for FY 2025-2026	February 3, 2026
City of San José Agreement with The ABA	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 TABID.*

COST SUMMARY/IMPLICATIONS

As of October 2025, there are 1,731 businesses holding an active business tax certificate within TABID. The ABA recommends a flat-rate assessment fee of \$350 per business. TABID will offer a reduced annual assessment of \$100 for businesses with less than two employees and all non-profit organizations.

If TABID is approved by the City Council on February 3, 2026, the forecasted income for the remainder of Fiscal Year 2025-2026 is \$38,925, based on a 70% collection rate and accounting for exemptions. The Annual Assessment for Fiscal Year 2026-2027 is estimated to be \$233,555. The City will retain a 1% administrative fee from the total assessments collected to cover processing costs. This fee will be deducted prior to disbursement of funds to TABID and will undergo an annual review as part of the annual report submitted by The ABA Board to the City. Assessment revenue will be recognized and appropriated as part of a future budget process to facilitate disbursement to TABID.

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EVALUATION AND FOLLOW-UP

The ABA Board will report annually to the City Council to secure the renewal of TABID. The first report is expected in June 2026 and will include a budget report for the 2026-2027 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 ABA.

PUBLIC OUTREACH

The ABA Board held monthly member meetings from February to October 2025 to discuss the benefits of forming a BID, and a survey was launched in August 2025. Information regarding the formation of the district and the services it would provide was mailed to all prospective BID payors on October 14, 2025, for the October 22, 2025, Town Hall meeting. Additionally, this memorandum will be posted on the City's Council Agenda website for the February 3, 2026 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.

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

The principal author of this memorandum is Sal Alvarez, 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 salvador.alvarez@sanjoseca.gov or (408) 793-6943.

ATTACHMENT: TABID Service Plan

Attachment TABID Service Plan

The Alameda Business Improvement District (TABID)

1) Background and Purpose

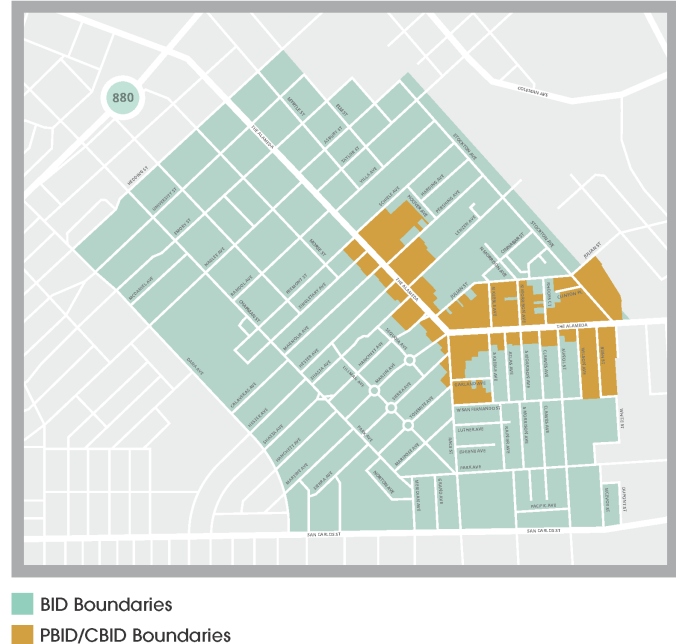
The Alameda District blends a rich past with a bustling present. Once the historic route between downtown San José and Mission Santa Clara de Asís, today it shines as a lively commercial district filled with independent restaurants, specialty shops, and professional services. From neighborhood cafés and locally owned boutiques to creative studios and trusted service providers, businesses in The Alameda District create a welcoming destination for dining, shopping, and everyday needs while keeping its unique character alive. Coordinated marketing, districtwide events, and ongoing beautification will draw more visitors, highlight the area's diverse businesses, and strengthen the district's identity while complementing the TABID's clean, safe, and beautification initiatives to ensure a vibrant and thriving destination for all.

2) Legal Authority

TABID will be formed under California's Parking and Business Improvement Area Law of 1989 (Streets & Highways Code §§36500–36551). This law authorizes cities to levy assessments on businesses for improvements and activities that provide a special benefit and outlines the procedures for formation, notice, and annual reporting.

3) The Alameda District Boundaries

TABID will encompass businesses within the BID Boundaries as described below and shown on the map to the right. The boundaries of the BID shall include all businesses within The Alameda District area including the east side of Stockton Avenue north to Emory Street, Emory Street west to Elm Street, Elm Street north to Hedding Street, Hedding Street west to Dana Avenue, Dana Avenue south to West San Carlos Street, West San Carlos Street east to McEvoy Street, McEvoy Street north to Park Avenue, Park Avenue west to Laurel Grove Lane, Laurel Grove Lane north until it becomes Bush Street, Bush Street north to The Alameda, The Alameda east to Stockton Avenue



Attachment TABID Service Plan

4) Improvements and Activities

TABID will fund services that directly benefit all assessed businesses by strengthening The Alameda District's reputation as a vibrant, welcoming district, which could include but not be limited to:

- **District Promotion** – Unified branding, public awareness campaigns, website updates, and social media highlighting The Alameda District as a destination.
- **Events and Activations** – Including but not limited to seasonal markets, districtwide celebrations, and wine walks that draw visitors and encourage repeat foot traffic.
- **Beautification and Decoration** – Banners, planters, holiday décor, and wayfinding to reinforce the district's visual identity.
- **Business Support** – Merchant mixers, informational workshops, and shared resources to help all businesses participate in district activities.

5) Assessment Method and Fee Schedule

Annual assessments will be collected on the City of San José Business Tax Certificate.

Rates will be applied as follows:

- All Businesses: \$350 annual assessment

Optional Reduced-Rate Category

TABID will offer a reduced annual assessment of \$100 for qualifying solo artists, home-based businesses with no employees, nonprofits, and ride share operators.

- Applicants must demonstrate they are a sole proprietor with no employees in one of the above categories or are a nonprofit entity.
- The City Finance Department will review and approve each application before the reduced rate is applied.

Rates will not be increased by more than 5% annually.

6) Budget and Cost Controls

TABID's first-year budget prioritizes district promotion and events that bring customers to the district while keeping administration lean. Annual budgets can be adjusted as actual assessment revenue becomes clear.

Attachment TABID Service Plan

Illustrative Year-1 TABID Budget Percentages:

- District Promotion – 35%: outreach that positions The Alameda District as a vibrant destination.
- Events and Activations – 35%: districtwide events and programs that bring visitors.
- Beautification and Decorations – 20%: banners, planters, and seasonal décor.
- Administration and Compliance – 15%: staff, insurance, bookkeeping, and annual reporting.

7) Governance and Management

TABID will be managed by the Alameda Business Association (The ABA), a nonprofit founded in 1991 as a 501(c)(6) organization. The ABA's mission is to promote and strengthen the commercial, professional, civic, and general business interests of its members through education, cultural connection, and community involvement. Its goals include advocating for an economically strong and identifiable destination, providing a forum for collaboration between businesses, government, and residents, and strengthening ties between businesses and the community.

- **Owner:** City of San José establishes TABID by ordinance.
- **Manager:** The Alameda Business Association manages daily operations under a City agreement.
- **Board:** A board or advisory committee of assessed businesses meets at least quarterly, with publicly noticed meetings.
- **Transparency:** Quarterly financial statements and an annual report will be available to all assessed businesses.

8) Formation and Renewal

The City will follow state-required procedures to create and maintain TABID, ensuring legality and providing opportunities for business input.

Key steps:

1. City Council adopts a Resolution of Intention describing boundaries, assessments, and activities.
2. The City mails notice and holds a public hearing.

Attachment TABID Service Plan

3. If no majority protest exists, Council adopts an ordinance establishing TABID and levying the assessment.
4. An annual report is submitted each year; any changes to boundaries, activities, or assessments follow the same notice and protest procedures.

9) Coordination

To avoid duplication and maximize impact, TABID will align and coordinate with the property-based TACBID while focusing on unique services such as districtwide promotion and special events. Property-funded services like cleaning and security remain separate, ensuring TABID funds support only activities that provide direct, measurable benefit to assessed businesses.

10) District Promotion Framework

TABID will use a coordinated promotional strategy to maintain The Alameda District's visibility citywide and strengthen its reputation as a destination. This may include but is not limited to the following activities:

- Refresh the district website and maintain a public events calendar.
- Produce visitor guides and visual content that showcase The Alameda District's collective offerings.
- Launch two or three annual anchor events to build tradition and draw visitors.
- Install banners, planters, and seasonal light displays to reinforce district identity.

11) Compliance Checklist

TABID will follow all legal requirements under the 1989 Law to protect participants and maintain transparency. Including:

- Include a clear boundary map in the City's official report and ordinance.
- Limit activities to those listed in the plan and that provide a special benefit to those being assessed.
- Follow all notice, hearing, and majority-protest procedures.
- File an annual report with the City Council.