



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jen Baker

SUBJECT: See Below

DATE: December 17, 2025

Approved

Date:

12/17/25

COUNCIL DISTRICTS: 3, 5

SUBJECT: Establishment of the Alum Rock Santa Clara Street Business Improvement District

RECOMMENDATION

Accept the report and receive public comment on the establishment of the Alum Rock Santa Clara Street Business Improvement District.

SUMMARY AND OUTCOME

The City Council may incorporate any input from the public meeting on January 13, 2026, into its evaluation of the merits of creating the Alum Rock Santa Clara Street Business Improvement District (ARSCSBID). The City Council will take formal action on the proposal to form the ARSCBID on February 3, 2026.

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 Alum Rock Santa Clara Street Business Association Board as the Advisory Board for the

establishment of the ARSCSBID. 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.

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, highlights the positive long-term impact on residents, businesses, and the City.

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 the ARSCSBID. The letter also states that public comment 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 the ARSCBID 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 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 February 3, 2026, City Council will take testimony on the establishment of the ARSCSBID, 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 the ARSCSBID assessment protest, the City Council cannot initially establish the ARSCSBID.
- 2. Ordinance Reading:** The first and second readings of an ordinance establishing the ARSCBID and the levy of an assessment are the final steps in creating the district. 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:

Public Meeting
Public Hearing

January 13, 2026
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 Alum Rock Santa Clara Street Business Association	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 the ARSCSBID.*

EVALUATION AND FOLLOW-UP

The Advisory Board will report annually to the City Council to secure the renewal of the ARSCBID. The first report is expected in June 2026 and will include a budget report for the FY 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 Board.

PUBLIC OUTREACH

Alum Rock Santa Clara Street Business Association 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. 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 January 13, 2026 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

HONORABLE MAYOR AND CITY COUNCIL

December 17, 2025

Subject: Establishment of The Alum Rock Santa Clara Business Improvement District

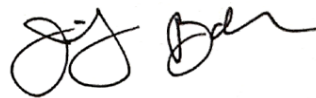
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CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

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.