



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jen Baker

SUBJECT: See Below

DATE: May 11, 2026

Approved

Date:

5/19/26

COUNCIL DISTRICT: 3

SUBJECT: Establishment of the East Village Business Improvement District and Approval to Levy Assessments in the East Village Business Improvement District for Fiscal Year 2026-2027

RECOMMENDATION

- (a) Conduct a public hearing and approve an ordinance to establish the East Village Business Improvement District.
- (b) Conduct a public hearing and adopt a resolution approving the Business Improvement District Management Plan and the levy of assessments for the East Village Business Improvement District for Fiscal Year 2026-2027.
- (c) Adopt a resolution authorizing the City Manager or her designee to negotiate and execute an agreement with East Village Business Association, Inc. for the administration of the East Village Business Improvement District.

SUMMARY AND OUTCOME

Approval of this action will result in the formation of the East Village Business Improvement District (EVBID) and the levy of assessments on assessed businesses for Fiscal Year 2026-2027. The City Council may incorporate any input from the public hearing on June 2, 2026, into its evaluation of the merits of creating the EVBID.

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 February 3, 2026, City Council Meeting, the City Council appointed the East Village Business Association (EVBA) Board as the Advisory Board for the establishment of the EVBID. At the same meeting, the City Council adopted resolutions indicating its intention to establish a BID and levy an assessment for Fiscal Year 2026-2027.

On April 21, 2026, the City Council received a report on the establishment of the EVBID 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 the city, such as those for Downtown and Japantown, highlights the positive long-term impact on residents, businesses, and San José.

If approved, the EVBID will use the assessment funds raised in compliance with BID Law to focus on marketing and branding, clean and safe, and beautification efforts. These efforts are intended to increase foot traffic, enhance business visibility and safety, and promote the area's unique character, benefiting the district's many immigrant-owned and historically underserved businesses.

Ultimately, the EVBID'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 the EVBID assessment fee and remit it to the EVBA Board for use as outlined in the agreement between the City and the EVBA, and in accordance with the annual budget submitted to the City Council.

Noticing Status

A notification letter has been sent to all businesses within the proposed assessment district boundary, informing them that the City is considering the establishment of the EVBID. The letter also states that public comment regarding the formation of the district would be heard at a public meeting on April 21, 2026, and a public hearing on May 12, 2026 (subsequently deferred to June 2, 2026), and that written objections to the formation of the EVBID may be submitted at or prior to the public hearing. If there is a majority protest, no further proceedings 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 the EVBID and the corresponding public hearing.

Remaining Steps in the Creation of the EVBID

- 1. Holding a Public Hearing.** At the public hearing scheduled for June 2, 2026, City Council will take testimony on the establishment of the EVBID, 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 EVBID assessment protest, the City Council cannot initially establish the EVBID.
- 2. Ordinance Reading:** The first and second readings of an ordinance establishing the EVBID 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 BID Management Plan prepared by the Advisory Board, attached hereto as the Attachment – East Village BID Management Plan. The adoption of the resolution constitutes the levy of the assessment for Fiscal Year 2026-2027.
- 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 EVBA that will provide for the operation and administration of the EVBID. The agreement will be effective until the end of Fiscal Year 2026-2027, 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 the EVBID and initial funding of the district's activities:

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Public Hearing	June 2, 2026
Ordinance First Reading	June 2, 2026
Resolution to Approve Budget and Levy Assessment for Fiscal Year 2026-2027	June 2, 2026
City of San José Agreement with the EVBA	June 2, 2026
Ordinance Second Reading	June 9, 2026
Ordinance Becomes Law	July 10, 2026
Assessment Begins*	July 10, 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 EVBID.*

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 2027 and will include a proposed budget for Fiscal Year 2027-2028.

FISCAL IMPACTS

As of February 2026, there are 356 businesses holding an active business tax certificate within the EVBID. Assessment fees will vary between the two zones. The two zones are distinguished by their locations: one along Santa Clara Street (Zone 1) and the other encompassing the remaining area within the district (Zone 2).

Businesses located within Zone 1 will be assessed at an annual rate of \$250 and will receive the full range of BID-funded services. These services include enhanced cleanliness, safety initiatives, marketing, activation, and beautification efforts intended to increase foot traffic, improve the business environment, and strengthen overall district vitality.

Businesses located within Zone 2 will be assessed at a reduced annual rate of \$125. Zone 2 businesses will receive marketing and beautification services but will not receive the same level of enhanced clean and safe services provided within Zone 1.

District Zone	Assessment Fee	Number of Businesses	Assessment Revenue
Zone 1	\$250	227	\$56,750
Zone 2	\$125	129	\$16,125
Totals		356	\$72,875

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If the EVBID is approved by the City Council on June 2, 2026, the annual forecasted income, based on collection rates for comparable BIDs and accounting for exemptions, is \$51,013.

All collected assessment revenue, less the City's administrative fee, will be forwarded to the EVBID. This annual assessment will be invoiced simultaneously and in the same manner as the City's annual business tax at the time of renewal. The City will retain an administrative fee to recover costs associated with collecting the EVBID assessment. The proposed administrative charge is one percent of the assessment revenue collected by the City and will be deducted from the assessment revenue prior to disbursement to the EVBID. The assessment revenue will be recognized and appropriated as part of the Fiscal Year 2026-2027 Adopted Operating Budget.

The Attachment - East Village BID Management Plan outlines the proposed EVBID budget for Fiscal Year 2026-2027. The budget's most significant expenditure is for clean and safe services, which account for approximately 85% of total expenditures.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, City Clerk's Office, City Manager's Budget Office, and the Planning, Building, and Code Enforcement Department. This memorandum has also been coordinated with the EVBA Board.

PUBLIC OUTREACH

EVBA Board members and City staff conducted outreach walks in the district on July 28, 2025. Each outreach team delivered an informational flier and answered business owner questions. Beginning in October 2025, the EVBA consistently advanced discussion of the formation of the BID by making it a standing agenda item at EVBA public meetings. A town hall meeting was held on November 13, 2025, to address public questions and comments. Additionally, the EVBA Board will mail the BID informational flier to all businesses in the proposed district to ensure comprehensive notification.

This memorandum will be posted on the City Council Agenda website for the June 2, 2026 City Council meeting.

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BOARD, COMMISSION, RECOMMENDATION AND INPUT

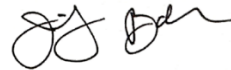
No board, commission, or committee recommendation or input is associated with this action.

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

For questions, please contact Jessica Munoz, Senior Executive Analyst, City Manager's Office of Economic Development and Cultural Affairs, at jessica.munoz@sanjoseca.gov or (408) 535-8181.

ATTACHMENT:

East Village BID Management Plan

Businesses located within Zone 1 will be assessed at the full annual rate of \$250 per business and will receive the full range of BID-funded services. These services include enhanced cleanliness, safety initiatives, marketing, activation, and beautification efforts intended to increase foot traffic, improve the business environment, and strengthen overall district vitality.

Businesses located within Zone 2 will be assessed at a reduced annual rate of \$125 per business (50% of the Zone 1 rate). Zone 2 businesses will receive marketing and beautification services but will not receive the same level of enhanced clean and safe services provided within Zone 1.

The EVBA BID will allocate funds across three primary service categories as approved by the Board: Clean and Safe (72%), Marketing and Beautification (18%), and Administration and Contingency (10%). These services are designed to directly and specifically benefit the assessed businesses, enhance the district’s vitality, and foster a clean, safe, and welcoming commercial corridor.

Category	Allocation	Percentage
Clean and Safe	\$ 36,728.64	72%
Marketing and Beautification	\$ 9,182.16	18%
Administration/Contingency	\$ 5,101.20	10%
Total	\$ 51,012.00	100%

Clean and Safe (72% — \$36,728.64)

The Clean and Safe category is intended to improve the overall condition and appearance of the EVBA corridor by providing supplemental services that address cleanliness, safety, and physical infrastructure conditions. These services are designed to enhance the day-to-day environment for businesses and customers, reduce negative impacts on commercial activity, and support a well maintained and welcoming corridor. Services may include, but are not limited to:

- Regular litter removal, sidewalk sweeping, and targeted corridor cleanups focused on high need areas and priority blocks.
- Removal of bulky items from abandoned materials, and illegal dumping debris to improve sidewalk accessibility, storefront visibility, and pedestrian circulation.
- On demand, graffiti abatement on public facing surfaces within the district.
- Pressure washing of sidewalks and removal of gum, stains, and surface buildup in priority locations.

- Installation, upgrade, and maintenance of lighting infrastructure, including additional light fixtures or enhanced lighting elements, to improve nighttime visibility and public safety.
- Capital improvements related to cleanliness and safety, such as trash receptacles, lighting hardware, or other corridor infrastructure improvements that support ongoing maintenance and safety objectives.
- Coordination with maintenance vendors, City departments, and partner organizations to address recurring cleanliness, safety, and infrastructure related concerns.
- Safety patrols or partnerships with local enforcement, outreach teams, and service providers to deter loitering, vandalism, and illegal dumping while supporting a safer corridor environment.
- Implementation of camera or monitoring programs, where feasible, to support corridor safety efforts and incident response.

These services will be supplemental to baseline City services and will directly improve the business environment within the corridor.

Marketing and Beautification (18% — 9,182.16)

The Marketing and Beautification category is intended to promote the East Village corridor as a cohesive destination by increasing awareness of local businesses while supporting a cleaner, more visually consistent, and welcoming streetscape. Through coordinated marketing efforts and modest beautification initiatives, this program supports business visibility, reinforces corridor identity, and contributes to an improved corridor appearance. Services may include, but are not limited to:

- Social media management and digital outreach to highlight EVBA businesses, corridor updates, and district wide improvements.
- Design and production of corridor marketing materials, including digital flyers, maps, and business listings that reinforce corridor identity.
- Website content updates and maintenance to promote district businesses, available resources, and corridor enhancements.
- Beautification elements that improve the visual appearance of the corridor, such as window decals, wayfinding signage, coordinated storefront enhancements, or identity-based design features.
- Coordination with local artists, cultural organizations, schools, or community groups on beautification or identity related initiatives that enhance the corridor's look and feel.

- District branding and promotional efforts that support a cohesive visual identity and contribute to a more welcoming commercial environment.

These initiatives will enhance the visibility of local businesses and foster a sense of community pride along Alum Rock Santa Clara Street.

Administration and Contingency (10% — \$5,101.20)

The Administration and Contingency category supports the effective management and delivery of district services in alignment with the approved service plan. These funds provide the oversight, compliance, coordination, and financial stability necessary to maintain district operations and ensure the long-term sustainability of the Business Improvement District. Services may include, but are not limited to:

- Professional staff support and consultants to manage district operations.
- Office, legal, accounting, and insurance expenses.
- City administrative collection fees (not to exceed actual costs).
- Board development, training, and strategic planning support.
- Reserve funds for contingencies, uncollected assessments, or one-time district renewal costs.

This category ensures transparent, effective management, and long-term sustainability of the district.