



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jen Baker

SUBJECT: See Below

DATE: January 12, 2026

Approved

Date:

1/22/26

COUNCIL DISTRICTS: 3, 5

SUBJECT: Establishment of the Alum Rock Santa Clara Street Business Improvement District and Approval to Levy Assessments in the Alum Rock Santa Clara Street Business Improvement District for the Remainder of Fiscal Year 2025-2026

RECOMMENDATION

- (a) Conduct a public hearing and approve an ordinance to establish the Alum Rock Santa Clara Street 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 Alum Rock Santa Clara Street 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 Alum Rock Santa Clara Street Business Association, Inc. for the administration of the Alum Rock Santa Clara Street Business Improvement District.

SUMMARY AND OUTCOME

Approval of this action will result in the formation of the Alum Rock Santa Clara Street Business Improvement District (ARSCSBID) 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 the ARSCSBID.

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 (ARSCSBA) 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.

On January 13, 2026, the City Council received a report on the establishment of the ARSCSBID 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, the ARSCSBID will use the assessment funds raised in compliance with BID Law to focus on marketing and activation, safety and beautification, and administration/contingency. 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 ARSCSBID'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 ARSCSBID assessment fee and remit it to the ARSCSBA Board

for use as outlined in the agreement between the City and the ARSCSBA Board 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 the ARSCSBID. 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 the ARSCSBID 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 the ARSCSBID 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 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 ARSCSBID 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 ARSCSBA Board, attached hereto as the Attachment – ARSCSBID BID Management 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 ARSCSBA Board that will provide for the operation and administration of the

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ARSCSBID. 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 the ARSCSBID 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 ARSCSBA	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.*

COST SUMMARY/IMPLICATIONS

As of November 2025, there are 543 businesses holding an active business tax certificate within the ARSCSBID. The ARSCSBA Board recommends a flat-rate assessment fee of \$350 per business. If the ARSCSBID is approved by the City Council on February 3, 2026, the forecasted income for the remainder of Fiscal Year 2025-2026 is \$33,258.75, based on a 70% collection rate and accounting for exemptions. Annual assessments are estimated to total \$133,035.

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 the ARSCSBID and will undergo an annual review as part of the annual report submitted by the ARSCSBA Board to the City. Assessment revenue will be formally recognized and appropriated as part of a future budget process to facilitate disbursement to the ARSCSBID.

EVALUATION AND FOLLOW-UP

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

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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 ARSCSBA Board.

PUBLIC OUTREACH

The ARSCSBA Board members and City staff conducted outreach walks in the business district on August 13, September 11, and September 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 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.

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

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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 at jessica.munoz@sanjoseca.gov or (408) 535-8181.

ATTACHMENT: ARSCSBID BID Management Plan

BID Management Plan

EXHIBIT A

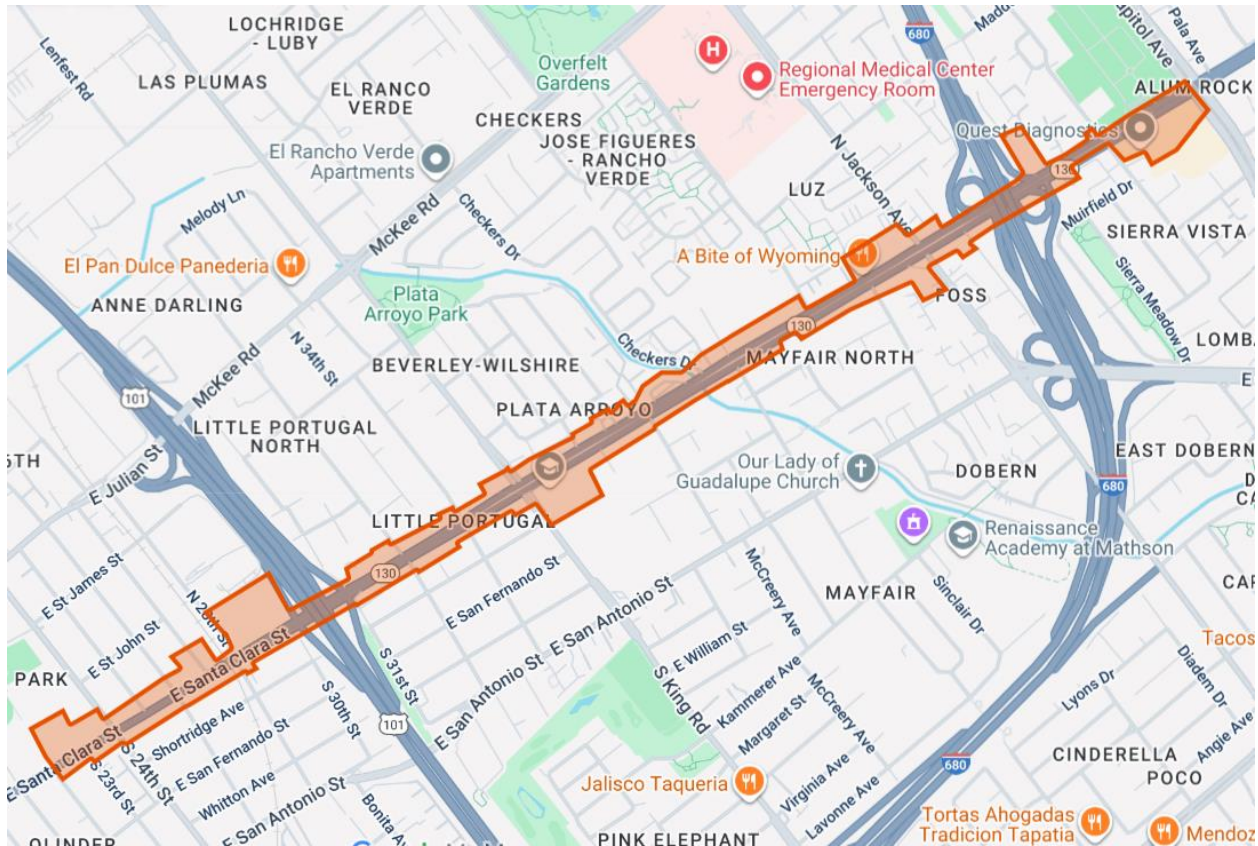


EXHIBIT B

PROPOSED BID SERVICES — ALUM ROCK SANTA CLARA STREET BUSINESS ASSOCIATION

The Alum Rock Santa Clara Street Business Association (ARSCSBA) anticipates generating approximately \$133,035 annually through a flat-rate assessment of \$350 per business, applied to 543 businesses within the district boundary. This estimate reflects a 30% delinquency rate based on historical collection patterns for similar Business Improvement Districts in San José.

The ARSCSBA will allocate funds across three primary service categories as approved by the Board: Safety and Beautification (50%), Marketing and Activation (25%), and Administration and Contingency (25%). 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
Marketing and Activation	\$ 33,259	25%
Safety and Beautification	\$ 66,518	50%
Administration/Contingency	\$ 33,259	25%
Total	\$ 133,035	100%

Safety and Beautification (50% — \$66,518.00)

This program will improve corridor cleanliness, safety, and aesthetics, making the Alum Rock corridor more attractive to residents, customers, and investors. Services may include:

- Litter removal and sidewalk sweeping.
- Bulky items and debris removal.
- On-demand graffiti abatement.
- Pressure washing sidewalks on an as-needed basis.
- Coordination with maintenance partners.
- Safety patrols or partnerships with local enforcement to deter illegal dumping, loitering, and vandalism.
- Installation and maintenance of planters, murals, banners, and other beautification elements.
- Implementation of lighting and camera programs to enhance safety.
- Any other identified by the district as necessary to further enhance cleanliness, safety and beautification of the corridor.

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

Marketing and Activation (25% — \$33,259.00)

This category funds activities designed to increase foot traffic, highlight local businesses, and promote the corridor as a destination. Services may include:

- Social media management and digital marketing campaigns.
- Design and production of promotional materials such as flyers, maps, and business directories.
- Coordination and hosting community events, mixers, and seasonal activations.

- Website development and maintenance to promote district businesses and activities.
- Partnerships with local artists, cultural groups, and schools to activate public spaces.
- Any other marketing, outreach, or activation services that strengthen the district's visibility, support businesses, and attract more visitors to the corridor.

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 (25% — \$33,259.00)

Administrative funds will cover the costs of managing and delivering the above services. Eligible expenses may include:

- 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.
- Any additional administrative or contingency services needed to ensure transparent program management, financial oversight, and responsiveness to emerging district needs.

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