



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Ristow  
Matt Loesch

**SUBJECT:** See Below

**DATE:** June 1, 2026

Approved

Date:

6/9/26

**COUNCIL DISTRICTS: 3, 6**

**SUBJECT: Downtown San José Property-Based Business Improvement District  
Annual Report for Fiscal Year 2026-2027**

## **RECOMMENDATION**

Adopt a resolution:

- (a) Approving the Downtown San José Property-Based Improvement District Fiscal Year 2026-2027 Work Plan prepared by the San José Downtown Property Owners' Association, as filed or modified by City Council;
- (b) Confirming the individual assessments as proposed by the San José Downtown Property Owners' Association, or as modified by City Council; and
- (c) Directing the Director of Public Works to deliver the assessment roll to the County of Santa Clara for collection with the property taxes.

## **SUMMARY AND OUTCOME**

The Downtown San José Property-Based Improvement District Fiscal Year (FY) 2026-2027 Work Plan (Annual Report) describes the operations and outcomes of activities for the upcoming fiscal year. The Annual Report also details how the Downtown San José Property-Based Business Improvement District (PBID) assessment rate is calculated, the percentage increase in the assessment rate, and justification for the increase. The Downtown San José PBID is recommending an assessment increase of 2.75% on all parcels for FY 2026-2027 to keep pace with cost increases, such as the living wage. Acceptance of the Annual Report ensures that there is no disruption of PBID services and allows the Department of Public Works to authorize the County of Santa Clara to continue the collection of district assessments on the County of Santa Clara tax rolls.

## **BACKGROUND**

The Downtown San José PBID was originally approved by property owners and adopted by the City Council on August 7, 2007, for an initial five-year period to raise funds for enhanced services and improvements for the district area above those provided by the City of San José (City) from generally available funds. The district was expanded and renewed on June 19, 2012, for a 10-year term, which ended on December 31, 2022, and again on June 14, 2022, for a second 10-year term, which began January 1, 2023, and will run through December 31, 2032.

Since the enhanced services directly benefit individual parcels within the district rather than the city as a whole, the costs are assessed only to those parcels. The current voter-approved assessment formula provides for an annual rate increase not to exceed 5% for all parcels and an additional 5% on Commercial and Enterprise Government parcels per year to keep pace with inflation and/or other changes in program costs.

## **ANALYSIS**

As required by Part 7 of Division 18 of the California Streets and Highways Code “Property and Business Improvement District Law of 1994” for reporting, and in accordance with the agreement between the City and the San José Downtown Property Owners’ Association (POA), the San José Downtown POA has submitted the Annual Report to the City Council, dated April 24, 2026 (Attachment A). This report will be on file in the City Clerk’s Office prior to the City Council meeting. The Annual Report contains the following information:

1. Declaration of no material changes to the district;
2. FY 2026-2027 improvements and activities;
3. Cost estimates for FY 2026-2027 improvements and activities;
4. Method and basis of levying FY 2026-2027 assessments;
5. Amount of surplus revenue to be carried over; and
6. Non-assessment revenue.

## **Proposed Downtown San José PBID Activities**

Highlights of services that will be provided by the Downtown San José PBID in FY 2026-2027 are described in the table (Proposed PBID Activities for FY 2026-2027) below, which summarizes planned district activities for the upcoming year. The services being proposed are consistent with what was envisioned in the Management Plan and the Engineer’s Report during district renewal.

**Table 1 – Proposed PBID Activities for FY 2026-2027**

<u>Environment Services</u>	<u>Management Plan</u>	<u>Proposed FY 2026-2027</u>
Maintenance Full-Time Equivalent*	25 to 28	25 to 28
Average Weekly Coverage	Seven Days	Seven Days
Pan and Broom	20 Hours/Day	20 Hours/Day
All-Terrain Litter Vacuum	Daily and As Needed	Daily and As Needed
Special Projects	As Needed	As Needed
Bus Stop Litter Maintenance/Graffiti Removal	Not Quantified	Daily and As Needed
Steam Cleaning/Pressure Wash	Six to 12 Times Per Year	Six to 12 Times Per Year
Graffiti Reporting/Cleaning	Daily as Needed	Daily as Needed
Light Landscape/Weed Removal	As Needed	As Needed
Maintenance of PBID Beautification Elements	Landscape/Watering five Days/Week	Landscape/Watering five Days/Week
SWAT Patrol or “Emergency Cleaning”	As Needed	As Needed
Tree Maintenance	Approx 25% of Street Trees/Year	Approx 25% of Street Trees/Year
Safe (Information and Safety Ambassadors)	Seven Days/Week	Seven Days/Week
Safe Ambassadors Full-Time Equivalent**	Nine to 14	Nine to 14
Coverage In All Areas	24 to 32 Hours	24 to 32 Hours
Social Impact Team Full-Time Equivalent	Approximately five	Four
Outreach	Not Quantified	16 to 22 Hours/Day
SEU Officers	Five Shifts/Week	Five Shifts/Week

\* For FY 2026-2027, this includes one full-time painter to mitigate graffiti within the PBID.

\*\* Under the current service deployment model, there are nine regular ambassadors. This number may vary as a result of changes in district needs. The implementation of new programs could also potentially impact the Full-Time Equivalent range for ambassadors.

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San José Downtown Association staff is evaluating all aspects of the Environment Services program and will likely make recommendations to the San José Downtown POA Board of Directors to restructure and enhance existing services and programs delivered by Groundwerx. They recognize that the proposals may require a reallocation of funding and/or raising additional funds to cover expenses.

### **Proposed Downtown San José PBID Assessment for FY 2026-2027**

The San José Downtown POA Board of Directors recommends a 2.75% increase for all parcels for FY 2026-2027 and estimates that this assessment will generate approximately \$143,760 in additional revenue for the programs mentioned above.

The San José Downtown POA is projecting a total assessment levy for FY 2026-2027, including assessments on City properties, to be approximately \$5,313,410, net of fees. It is possible that the entire assessment amount is not collected due to delinquencies, property transfers, and other non-payments. The City is the largest property owner within the district and its portion of the PBID assessments is \$847,334.

The FY 2026-2027 boundary map that will be recorded with the County of Santa Clara (Attachment B) and the assessment roll will be on file with the City Clerk's Office prior to the City Council meeting for public review.

### **EVALUATION AND FOLLOW-UP**

The attached Annual Report by the San José Downtown POA sets the budget and proposed assessments for FY 2026-2027 and is consistent with the approved PBID Management Plan and Engineer's Report. The current agreement between the City and the San José Downtown POA also requires the San José Downtown POA to submit an Annual Financial Report containing an independent Certified Public Accountant Review Report in October of each year after the close of the fiscal year.

### **FISCAL IMPACTS**

The City is the largest property owner in the PBID, and its assessments will be \$847,334 if this Annual Report is accepted.

The City also pays the Downtown San José PBID \$501,382 for baseline services from generally available funds. Baseline services are provided by the PBID to ensure cleaning in key downtown locations, including the transit mall, San Pedro Square, and other key entertainment zones. Assessment dollars are used to supplement the PBID services because downtown requires a higher level of service, given its role as a central

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activity hub for the city. The baseline services amount is currently adjusted annually by the Consumer Price Index.

Downtown San José PBID assessments are charged only to parcels in the district because those parcels directly benefit from the higher level of enhanced services. State law requires the PBID to quantify the costs associated with special and general benefits of the district. The City also contributes \$53,508 to help cover 50% of these ancillary benefits of the district. The general benefit contribution amount is currently adjusted annually by the Consumer Price Index.

### **COORDINATION**

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

### **PUBLIC OUTREACH**

This memorandum will be posted on the City Council Agenda website for the June 23, 2026 City Council meeting. The Annual Report, boundary map, and assessment roll are filed in the City Clerk's Office for public review and will also be made available to the property owners within the districts upon request.

### **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 physical 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.

/s/

JOHN RISTOW

Director of Transportation

/s/

MATT LOESCH

Director of Public Works

For questions, please contact Eric Hon, Division Manager, Department of Transportation, at [eric.hon@sanjoseca.gov](mailto:eric.hon@sanjoseca.gov) or (408) 794-1987.

**ATTACHMENTS:**

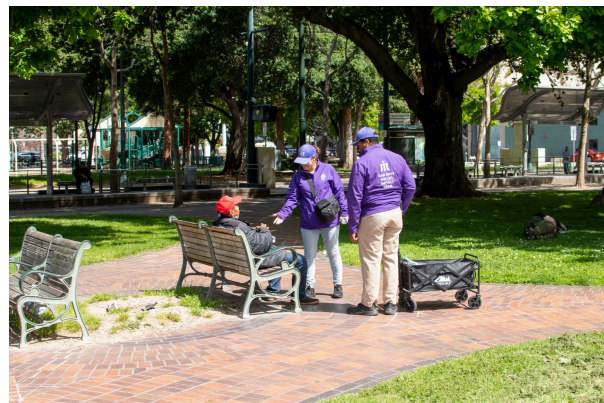
Attachment A – Annual Report

Attachment B – District Map

**Downtown San Jose Property Based Improvement District  
Fiscal Year 2026-2027 Work Plan**



**Annual Work Plan Report submitted by San Jose Downtown Association  
on behalf of the San Jose Downtown Commercial Property Owners' Association (PBID)**



## A. Background & Overview

The Downtown San Jose Property-Based Improvement District (PBID) is a special benefit assessment district that provides enhanced maintenance, public safety, beautification and economic development programs to the properties located within the District boundaries. These services improve the overall viability of business districts, resulting in higher property values, sales and tax revenues.

Managed by the San José Downtown Association (SJDA) the PBID delivers services organized around two complementary activity centers: Environment Services and Economic Vitality. The PBID's governing body, the San Jose Downtown Commercial Property Owners' Association, provides guidance, direction, and implementation oversight of services provided and funded through PBID resources. The current PBID term began on January 1, 2023 and runs through December 31, 2032.

Four principles guided the District Management Plan Renewal in 2022 and remain relevant today:

***Clean and safe is fundamental***

We deliver and continuously strengthen clean and safe services as the core of Downtown's success. Through Groundwerx, we fully resource, deploy, and evolve these operations to meet stakeholder expectations to deliver a clean, welcoming, and functional environment.

***Lead boldly and innovate***

We expand the PBID's role beyond traditional boundaries. We pursue bold strategies, test new approaches, and invest in solutions that address Downtown's most pressing challenges. We position the PBID as a leader in innovative, results-driven place management.

***Be adaptable, responsive, and flexible***

We allocate resources dynamically and adapt to changing conditions. We remain nimble in the face of economic, environmental, and social shifts, ensuring our services stay effective, relevant, and forward-looking over time.

***Broaden our Services & Impact***

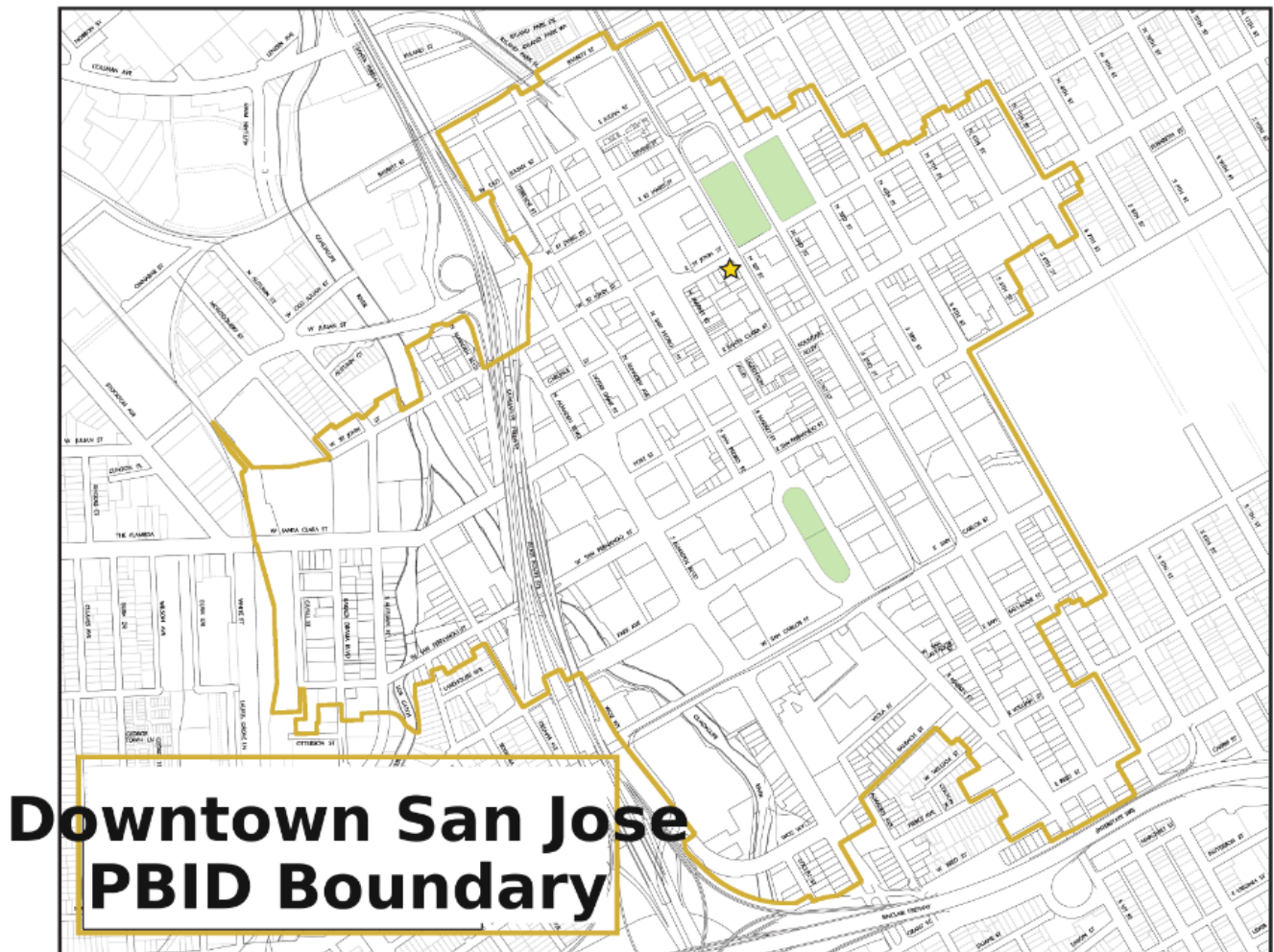
We extend our work beyond clean and safe to advance Downtown's overall vitality

## B. PBID Board of Directors

Chair Chris Freise, <i>REDCO Development</i>	Joshua Burroughs, <i>Urban Catalyst</i>
Vice Chair Blage Zelalich, <i>City of San Jose</i>	Benjamin Egge, <i>Essex Property Trust</i> Julie Garcia, <i>Jay Paul</i>
Treasurer Ted McMahon, <i>Bayview Development</i>	Kris Herrera, <i>Adobe</i> John Ristow, <i>City of San Jose</i>
Secretary Dan Phan, <i>MO Hospitality</i>	John Southwell, <i>Marriott San Jose</i>

## C. PBID Boundaries

The District Management Plan adopted in 2022 established the set boundaries for PBID. The PBID encompasses the core of the Downtown area bounded approximately by Fourth Street and Seventh Street to the east, St. James, Devine and Julian streets to the north, Highway 87 and the SAP Center to the west and Market and First streets south to Reed Street. For FY26-27, no changes of the PBID boundaries have been proposed for consideration.



## D. Stakeholder Survey Feedback & Perceptions

The PBID team continued to adapt and innovate in FY25-26, applying lessons from prior years to deliver higher-impact services and programs. FY26-27 builds on that momentum with expanded programming, data-driven deployment, and deepened community partnerships.

In an early 2026 survey sent to stakeholders seeking feedback on conditions and services. When asked to compare current Downtown conditions to the prior year, respondents offered a mixed but telling picture. Cleanliness emerged as the most improved characteristic, with 61% of respondents noting it was either "Much Better" or "Slightly Better", a positive reflection of ongoing investment in our services and partnerships. . Safety and economic climate, however, generated more concern, with roughly one in three respondents feeling conditions had worsened in both areas.

Respondents were generally positive about the Groundwerx cleaning team, with 82% rating them "Excellent" and "Good" meaning respondents were satisfied with cleaning services overall. When asked where the team should focus their efforts more, graffiti removal drew strong demand, with 51% requesting increased attention.

The Safety Ambassador program received similarly strong marks with 85% of respondents rating ambassadors "Excellent" and "Good". When asked where ambassadors should focus their efforts, respondents were clear: 63% wanted more emphasis on reporting misdemeanor crimes, and 56% called for greater overall visibility in the district.

Beautification efforts earned strong marks overall, with 81% of respondents rating them "Excellent" or "Good." Lighting was the top priority for increased investment at 69%, followed by public gathering spaces (59%) and temporary artwork on vacant storefronts (54%).

On business development, reducing storefront vacancy was the overwhelming priority at 86% "Most Important," followed by retaining and recruiting small businesses (81%) and streamlining the business opening process (78%). Permitting assistance and improving Downtown's business climate perception rounded out the top five at 63% and 62% respectively.

Respondents identified cleanliness, security, and unhoused services as the leading priorities for Downtown San Jose in 2026. Cleanliness remained a top concern across the district, reinforcing the continued importance of the Groundwerx cleaning program and respondents' calls for greater emphasis on graffiti removal and litter pickup. Security ranked equally high, ranging from desire for greater presence of safety officials and additional lighting cited as a related need. These reflect respondents' desire for a safer, more visible environment.

# E. Proposed FY26-27 Activities & Improvements

FY26-27 activities and improvements are proposed in alignment with the District Management Plan and incorporating feedback from the survey and Board. The following outline of activities follows the District Management Plan’s category breakdown of Environmental Services, Economic Vitality, and Management & Administration.

## Environmental Services - Field Operations

The Groundwerx cleaning program will maintain its current service levels in FY26-27 consistent with the benchmarks identified in the PBID management plan. Daily deployment may vary throughout the year to accommodate special events and evolving district needs. Groundwerx will continue:

- Proactive graffiti abatement and removal
- Regular sidewalk cleaning/pressure washing and stain removal
- Maintaining appx 75 PLCs along Paseos and 1st and 2nd Street Transit Corridor, San Pedro Square, Post Street, and Fountain Alley
- Sidewalk debris management and curblines

Safety Ambassadors provide a wide range of services within the district such as disseminating information to visitors, reporting issues to property owners and serving as the “eyes and ears” of the district by reporting safety issues to SJPd and partners. Ambassadors assist the clean team by abating small graffiti and reporting messes to their cleaning counterparts. Ambassadors utilize information kiosks to establish a presence at hot spot locations. Locations are determined in partnership with stakeholders and based on data and observations to achieve positive experiences in the public realm. Outreach with homeless individuals and service providers through SIT will continue in partnership with the City of San Jose.

The PBID has budgeted for a five-day a week Enhanced Security program that provides 50 hours of weekly deployment hiring off-duty San Jose police officers for patrol. At this time, the PBID has a pool of ten off-duty officers to staff shifts, with eight alternate officers. For FY 2026-27, the budget for this program is \$200,000.

The following table reflects proposed Environmental Services for FY26-27 provided through Groundwerx and Landscaping teams as compared to the District Management Plan.

Environment Services	Proposed FY26-27	
Maintenance F.T.E.*	25 to 28	25 to 28
Average weekly coverage	7 days	7 days
Pan & Broom	20 hours/day	20 hours/day
All-Terrain Litter Vacuum (ATLV)	Daily and As Needed	Daily and As Needed
Special Projects	As Needed	As Needed
Bus Stop Litter Maintenance/Graffiti Removal	Not Quantified	Daily and As Needed
Steam Cleaning/Pressure Wash	Six to Twelve times per year	Six to Twelve times per year

Graffiti Reporting/Cleaning	Daily as Needed	Daily as Needed
Light Landscape/Weed Removal	As Needed	As Needed
Maintenance of PBID Beautification elements	Landscape/Watering 5 days/week	Landscape/Watering 5 days/week
SWAT Patrol or “emergency cleaning”	As Needed	As Needed
Tree Maintenance	Approx ¼ of street trees/year	Approx ¼ of street trees/year
Safe (Information and Safety Ambassadors)	7 Days/Week	7 Days/Week
Safe Ambassadors F.T.E.**	9-14	9-14
Coverage in all areas	24-32 hours	24-32 hours
Social Impact Team F.T.E.	Approx 5	4
Outreach	Not quantified	16-22 hours/day
SEU Officers	5 shifts/week	5 shifts/week

*\*For FY26-27 this includes one full time painter to mitigate graffiti within the PBID.*

*\*\*Under the current service deployment model there are 9 regular ambassadors. This number may vary as a result of changes in District needs. The implementation of new programs could also potentially impact the FTE range for ambassadors.*

## Additional metrics

### Cleaning & Maintenance:

- Lbs debris removed
- Calls for services
- Trash cans emptied
- ALTV lbs debris removed

### Safety/Hospitality

- Business contacts
- Sitting/Laying compliance
- Personal safety escorts
- Kiosk handouts
- Calls to 911 for assistance

### Outreach

- SIT requests
- Direct contacts
- Referral to partner agency
- Kits distributed
- MVPresolution

Staff are currently evaluating all aspects of the program and expect to make recommendations to restructure and enhance existing services and programs delivered by Groundwerx. These changes would require approval of the PBID Board and potentially a reallocation of funding and/or raising additional funds to cover expenses.

## Environmental Services - Beautification & Street Life

In FY26-27, we are refining our landscape program to improve efficiency and focus resources where they have the greatest impact. Using Placer.ai pedestrian data, we are concentrating maintenance in 11 priority corridors with the highest foot traffic, including approximately 435 planters and landscape features under active care. We also maintain 87 hanging baskets, including 20 new installations.

Landscaping resources will be refined to focus resources where they have the greatest impact, using Placer.ai pedestrian data to prioritize landscaping in 11 high-traffic corridors, including maintenance of

approximately 435 planters and landscape features and 87 hanging baskets. Removal of damaged planters will conserve water and redirect labor toward higher-value horticultural care.

We will also continue our lighting initiative, expanding installations along the Paseo and upgrading festoon lighting on 1st and 2nd streets to improve connectivity, support activation, and enhance nighttime vibrancy and safety.

Will continue trimming of at least a quarter of street trees next year. Our data-driven urban forest management will focus on addressing key insights from the TreePlotter inventory. We will prioritize targeted monitoring and intervention for the 88 trees in poor condition. The highest priority corridors for FY 26-27 intervention are South Second Street, North Almaden Boulevard, and Terraine Street. These areas represent the greatest concentration of poor condition trees and should be the first focus for targeted monitoring, treatment, or replacement.

## Additional Metrics

- Number trees trimmed
- Number trees receiving treatment and special care
- Number new trees planted

## Economic Vitality

Through business development and community engagement, the PBID works to fill vacant storefronts, support small businesses through the permitting process, and connect property owners with resources. The Economic Development Director and Community Engagement Manager work closely with the City's Planning, Building and Code Department and Office of Economic Development to support businesses through the permitting and development process through opening and ribbon cuttings. In FY 2025–26, the PBID assisted more than 100 small businesses with permitting, site identification, market assessment, and regulatory guidance and FY26-27 is expected to surpass that number along with the following focus areas:

- Continue providing technical permit assistance to small businesses
- Provide feedback from small businesses to streamline the Outdoor Sidewalk Seating permit process with CSJ departments
- Pilot a grant program to provide ID scanners for Downtown nightlife businesses
- Streamline process for Downtown Grand Opening Ribbon Cuttings

## Management & Administration

PBID administrative costs account for 12% percent of expenses as approved by the POA Board of Directors and are reflected in the District Management Plan. Management and administrative expenses include the management fee paid to SJDA for staffing, including the Operations Manager, PBID Coordinator, Street Life Manager, Economic Development Director, and part of the Community Engagement Manager, and additional overhead expenses such as office costs, professional services, IT computer equipment, and other miscellaneous costs.

## F. FY26-27 Proposed Budget of Activities

The PBID Board of Directors approved a total budget of \$6,468,964 in income and expenses. This reflects a 2.75% increase in assessment rates and a PI Increase on additional services.

Revenue growth is modest and largely CPI-driven with a proposed 2.75% increase of the PBID assessments across all property categories. The City has provided a 2.29% CPI increase for the City-funded general benefit, baseline, and additional services.

**San Jose Downtown Property Based Improvement District  
Fiscal Year 2026-2027 Proposed Budget**

**INCOME**

Assessments	5,375,813
CSJ Baseline Funding	501,382
CSJ General Benefit	53,508
CSJ Additional Services	25,761
Fee for Service Contracts	37,500
Grants & Contracts	475,000

<b>Total Income</b>	<b>6,468,964</b>
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**EXPENSES**

Environment	
Cleaning & Maintenance Services	2,413,434
Safety & Security Services	1,409,042
Social Impact & Outreach	456,707
Landscaping & Street Trees	636,500
Maintenance & Enhancements	427,000
Economic Vitality	
Business Development	227,000
Communications & Engagement	45,000
Management	
Management & Administration	791,879

<b>Subtotal Expenses</b>	<b>6,406,562</b>
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SCC Collection Fee	42,402
CSJ Collection Fee	20,000

<b>Total Expenses</b>	<b>6,468,964</b>
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Operating Surplus/Deficit	0
Projected Fund Balance	762,043

## Fund Balance

PBID is projected to carry a fund balance of \$762,043 into FY26-27 that is overseen by the Board of Directors. This reserve may be used to fund unanticipated program costs, repair or replacement of capital

*\*Image enhancement assessment not included*

equipment, and other district enhancement projects as approved by the Board of Directors. With equal income and expenses planned for FY26-27, the fund balance is projected to remain flat for FY26-27.

## Non-Assessment Revenue

The City of San Jose will contribute funding in the amount of \$580,615 for baseline services, general benefit, and additional services within the paseos in FY26-27. Each of these contributions represent a 2.29% CPI increase the fiscal year.

Fee for service work on private property on a regular and as-needed basis is expected to generate \$37,500.

The budget also represents \$250,000 in funds directed in the Mayor’s Budget Message for Stitching Districts 3.0 centered on the Paseo near 1st and 2nd Streets. This would be supported by a PBID match and additional grant/sponsorship funds (\$225,000) to be raised over the course of the year by broadening our targeted reach for fundraising.

## G. FY26-27 Assessment Levy

The methodology for levying district assessments within the single benefit zone will remain the same for FY26-27. Service benefits are distributed to the lot and building square footage through a “cost allocation” approach. The costs of specific services are allocated to the assessment variables that benefit most from services.

The sum of lot and building square footage are the primary assessment variables for cleaning, ambassador and beautification/image enhancement costs. Benefits from all District activities are designed to improve ease of use, image, occupancy, and sales and are distributed to all properties and those using and occupying those buildings. The inclusion of lot square footage in the calculation acknowledges the greater benefits of these services to the ground level of property. The table below reflects the proposed 2.75% assessment increase and rate for FY26-27 applied to Residential, Government-Traditional and Non-Commercial parcels.

Assessment Rate PSF Lot		
Commercial, Enterprise Government	\$ 0.151010999	\$ 0.151010999
Residential, Traditional Gov’t, Other Non-Commercial*	\$ 0.119794320	\$ 0.119794320



