



COUNCIL AGENDA: 10/1/24
FILE: 24-197292
ITEM: 8.1

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Nanci Klein

SUBJECT: SEE BELOW

DATE: September 9, 2024

Approved:

Date:

9/17/24

COUNCIL DISTRICT: 7, 8

SUBJECT: Establishment of the Tully Road Eastridge Business Improvement District

RECOMMENDATION

Receive a report and accept public comment on the establishment of the Tully Road Eastridge Business Improvement District.

SUMMARY AND OUTCOME

The City Council may incorporate any input received at the public meeting on October 1, 2024 into its evaluation of the merits of creating the Tully Road Eastridge Business Improvement District (TREBID). The City Council will take formal action on the proposal on November 5, 2024.

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 for district improvement, 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 notice 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 BID.

At the City Council meeting on September 10, 2024, the City Council appointed the Tully Road Eastridge Business Association (TREBA) board as the advisory board for the establishment of the TREBID. At the same meeting, the City Council also adopted resolutions indicating its intention to establish a BID and levy an assessment for Fiscal Year 2024-2025.

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, Japantown, and Willow Glen, highlight the positive long-term impact on residents, businesses, and the City.

Noticing Status

Notifications were posted by the Clerk's Office and sent to all businesses within the TREBID boundary by September 19, 2024 informing them of the City's intention to establish an improvement district. Public comment on this item will be heard in City Council Chambers on October 1, 2024. Additionally, a public hearing will be held on November 5, 2024. Written objections 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.

Remaining Steps in the Creation of a New BID

- 1. Holding Public Meeting and Public Hearing:** The public meeting provides information and an opportunity to comment on the proposed TREBID and the levy of assessment. At the public hearing scheduled for November 5, 2024, City Council will take testimony on the establishment of the TREBID, the boundaries of the BID, the annual budget of the BID, 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 TREBID assessment protest, the City Council cannot initially establish the TREBID.
- 2. Ordinance Reading:** A draft ordinance authorizing the TREBID will be presented to City Council on November 5, 2024, where first reading of the ordinance will take place. Second reading of the Ordinance will take place on November 19, 2024. Ordinances are effective 30 days after the second reading.

The following is a proposed timeline for the creation of the TREBID and initial funding of the district's activities:

Public Meeting	October 1, 2024
Public Hearing	November 5, 2024
Ordinance First Reading	November 5, 2024
Resolution to Approve Budget and Levy Assessment for FY 2024-2025	November 5, 2024
City of San José Agreement with TREBA	November 5, 2024
Ordinance Second Reading	November 19, 2024
Ordinance Becomes Law	December 19, 2024
Assessment Begins	February 15, 2025
First Month's Assessments due to City	March 15, 2025
First Payment from City to BID Corporation	April 15, 2025

EVALUATION AND FOLLOW-UP

The Advisory Board will report annually to the City Council to secure the renewal of the FY 2025-2026.

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 TREBA.

PUBLIC OUTREACH

The BID area was divided into seven zones for public outreach. TREBA Board members and City staff completed all of the scheduled outreach by walking through each zone and interacting with business owners. Each outreach team delivered an informational flier and answered business owner questions on the spot. The TREBA board is currently conducting outreach for the two town hall meetings scheduled for September 23 and September 30, 2024, to field public questions and comments.

Additionally, this memorandum will be posted on the City's Council Agenda website for the October 1, 2024 City Council meeting.

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COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

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.

/s/

NANCI KLEIN

Director of Economic Development and
Cultural Affairs

The principal authors of this memorandum are Jiawei Tang, Executive Analyst, Office of Economic Development and Cultural Affairs, and Victor Farlie, Assistant to the City Manager, Office of Economic Development and Cultural Affairs.

For questions, please contact jiawei.tang@sanjoseca.gov or (408) 535-6884.