

8.2 Downtown San José Office Incentives.

Recommendation:

(a) Approve an ordinance amending Chapter 4.76 of Title 4 of the San José Municipal Code to add a new Section 4.76.749 to temporarily exempt from the City's Business Tax new tenants executing leases for office space, or new property owners engaging in owner-occupied office uses, in the Downtown Business Improvement District when certain requirements are satisfied.

(b) Adopt a resolution amending the Master Parking Rate Schedule to establish a Downtown Office Lease Incentive Parking Program at City-owned and operated facilities and update various parking programs and rates.

CEQA: Not a Project, File No. PP17-008, General Procedure and Policy Making resulting in no changes to the physical environment. Council Districts 3 and 6. (Economic Development and Cultural Affairs/Transportation/Finance)



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Nanci Klein
John Ristow
Drew Corbett

SUBJECT: Downtown San José
Office Incentives

DATE: September 9, 2024

Approved

Date

9/19/24

COUNCIL DISTRICTS: 3, 6

RECOMMENDATION

- a) Approve an ordinance amending Chapter 4.76 of Title 4 of the San José Municipal Code to add a new Section 4.76.749 to temporarily exempt from the City's Business Tax new tenants executing leases for office space or new property owners engaging in owner-occupied office uses in the Downtown Business Improvement District when certain requirements are satisfied.
- b) Adopt a resolution amending the Master Parking Rate Schedule to establish a Downtown Office Lease Incentive Parking Program at City-owned and operated facilities and update various parking programs and rates.

SUMMARY AND OUTCOME

This memorandum proposes a Business Tax and Parking Incentive Program to boost Downtown San José's office market. The recommendation includes a two-year Business Tax exemption and free parking for two years for office tenants new to Downtown. These incentives aim to attract new businesses, reduce vacancy rates, and stimulate economic growth.

BACKGROUND

At roughly 11 million square feet, Downtown San José's office market is a key regional job center with a diverse mix of professional services, government agencies, and technology firms anchored by major companies such as Adobe and Zoom. The

presence of these office workers has traditionally stimulated ancillary sectors, including retail, dining, entertainment, hospitality, and meeting spaces. However, Downtown's office market has faced significant challenges in recent years based on a combination of hybrid work policies, shrinking corporate real estate appetites, and increased competition from other office submarkets. As a result, Downtown's office vacancy rate rose from around 12% in early 2019 to 31% in midyear 2024. While this partially reflects additional new office space becoming available, overall office-leasing activity has slowed significantly, deal sizes have shrunk, and sublease availabilities are rising.

While Downtown has made post-pandemic progress in nightlife, housing, and restaurants, its daytime economy remains weak, partly due to fewer office workers. Fewer and smaller office tenants mean fewer workers at desks and, by extension, fewer people walking the streets at lunchtime, running errands, or meeting friends after work. Cell phone data and studies indicate that nighttime and weekend activity Downtown has exceeded 2019 levels; however, weekday activity is still 15% below pre-pandemic numbers.

The Mayor's June Budget Message for Fiscal Year (FY) 2024-2025 as approved by the City Council directed staff to explore strategies to reinvigorate the office sector, including considering targeted incentives. This memorandum proposes a Business Tax and Parking Incentive Program designed to address these challenges by encouraging new office tenants to lease Downtown office space to increase foot traffic, support additional jobs, and generate tax revenue.

ANALYSIS

How Cities Support Office Leasing

Cities have limited ability to directly impact office leasing decisions, but municipal policies and initiatives can create more favorable environments for overall business activity. Over the last six months, staff met with office brokers and major office tenants to better understand needs and concerns about Downtown. These interviews underscored three strategies to support Downtown leasing: make Downtown consistently safer and cleaner, enhance the "cool factor", and improve the business climate. Of these, a positive perception of safety and cleanliness is the most crucial first step in enabling further leasing or renewal discussions. Without addressing these fundamental issues, attracting and retaining business, regardless of other factors, including incentives, becomes challenging.

To address these needs, City Council designated Downtown Vibrancy as a key part of the Attracting investment in Jobs and Housing City Focus Area¹, supporting enhanced

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<https://www.sanjoseca.gov/home/showpublisheddocument/98918/638212376484130000>

interdepartmental coordination, data tracking, and collaboration along with providing additional resources for this area. The FY 2024-2025 Downtown Action Plan, presented to the Community and Economic Development Committee on June 24, 2024,² focuses multi-departmental resources within four functional domains outlined below.

- **Clean, Safe, and Housed:** Ensure Downtown San José is clean and safe for residents, visitors, and employees while supporting the most vulnerable populations.
- **Public Realm and Activation:** Enhance and activate shared public spaces to support a more consistently positive visitor and resident experience.
- **Arts, Entertainment, and Culture:** Support and grow our cultural anchors in arts, entertainment, and events along with San José State University.
- **Business Development and Investment:** Enhance broker, tenant, and investor engagement through proactive marketing, communications, and strategic incentives.

The FY 2024-2025 Adopted Budget³ contains additional investments in several of these areas, including beautifying Santa Clara Street, enhancing San Pedro Square, cleaning downtown freeway offramps, new marketing initiatives and partnerships, and continuing Downtown events, such as block parties and the holiday ice rink. These initiatives build upon recent investments, including the San José Police Department's Downtown foot patrol, the addition of a new Community Service Officer detail for Downtown, and the San José Downtown Association's Social Impact Team focused on outreach to the unhoused. Staff is engaged in communicating these investments to the commercial real estate community to highlight City leaders' commitment to improving both the perception and reality of Downtown.

Incentives

While safety and cleanliness are essential prerequisites for leasing discussions, financial incentives can play an important supporting role. Incentives can also send a clear message that the agency offering the incentives is committed to fostering a thriving business environment. At the local level⁴, there are two primary types of incentives to consider when it comes to attracting new business: 1) direct financial support and 2) elimination of taxes or fees.

Direct financial support provides immediate funding to businesses to help with expenses, such as capital equipment or other operational or startup needs. The City's Storefronts Grant program is one such example. For several years, the City has funded

² <https://sanjose.legistar.com/gateway.aspx?M=F&ID=8140ab1d-e675-4f3c-a4f1-57fcf55a54e.pdf>

³ <https://www.sanjoseca.gov/home/showpublisheddocument/111497/638525773679170000>

⁴ The State of California offers several statewide incentive programs for businesses creating jobs in California, including the California Competes Tax Credit program, sales and use tax rebates for manufacturing equipment, and a research and development tax credit program. Economic Development staff regularly communicates such programs to the business community.

grants of \$10,000 and \$15,000 to help small, ground-floor retail businesses citywide improve interior and exterior spaces and fill empty storefronts. This program has resulted in dozens of businesses filling difficult to lease spaces. The FY 2024-2025 Adopted Budget includes⁵ \$650,000 for the Storefronts Grants program, which is enough funding to support roughly 40 grants.

On the other end of the spectrum, eliminating local taxes or fees reduces costs that a business would otherwise pay to the City. This may temporarily result in foregone revenue for the City, but can be offset by the long-term economic benefit of new businesses.

As part of a Downtown office incentive initiative, staff recommends a targeted program to attract new business to Downtown focused on reducing costs in two areas: 1) Business Tax and 2) monthly parking in City-owned lots and garages. Staff recommends the following considerations and criteria for both programs.

Geography: Follow the existing Business Improvement District boundaries for this incentive program. A map of the Business Improvement District boundaries is included in the **Attachment**.

New Business: Focus on attracting new businesses. The programs would be available to office tenants and owner-occupiers new to Downtown. The incentive would not be available for existing businesses in the Downtown that are expanding or relocating to another building within it. Since these incentives target businesses that are not currently contributing to Downtown's tax base, any revenue generated is additional and does not require backfilling through the City's budget.

Program Duration: Set a two-year application window for both programs, from January 1, 2025 to December 31, 2026. This window is long enough to generate interest and participation, but short enough to create a sense of urgency.

Qualifying Uses: Target the following enumerated uses in the Downtown Commercial zoning district (Chapter 20.70, Title 20 of the San José Municipal Code⁶) to define eligible office-using businesses: research and development, business and administrative offices, and financial services. These uses capture the vast majority of Downtown's office tenants.

Threshold Size: Set a minimum threshold lease size of 2,500 square feet to balance the administrative burden of running these programs while ensuring economic impact and still attracting startups. The same threshold will apply to owner-occupiers.

⁵ <https://www.sanjoseca.gov/home/showpublisheddocument/111497/638525773679170000>

⁶ https://library.municode.com/ca/san_jose/codes/code_of_ordinances?nodeId=TIT20ZO_CH20.70DOZO_RE_PT2USAL_20.70.100ALUSPERE

Lessees or Owner-Occupiers: Include both new tenants and new owner-occupiers, ensuring that companies investing in Downtown real estate for office use are eligible, whether they lease or own their spaces.

Additional considerations specific to each incentive type are described below.

Business Tax

As required under Chapter 4.76 of the San José Municipal Code⁷, all companies conducting business in San José must register and obtain a Business Tax Certificate, which is evidence of having paid the City's Business Tax or having qualified for an exemption. Administered by the Finance Department, the tax is calculated on a per-employee basis for operating businesses, with rates varying based on the size of the business⁸. A 90-person office, for instance, pays about \$4,000 per year, while a 500-person operation would pay roughly \$30,000. Exemptions exist for financial hardship and certain business types, such as residential daycare facilities.

Staff recommends a two-year, 100% Business Tax exemption for qualified new office tenants or owner-occupiers in the Downtown. This would make the district more competitive relative to other areas and encourage qualifying businesses to lease office space.

City-Owned Parking

The availability and usage of City-owned parking garages play a key role in supporting Downtown's office market. The City owns garages and parking lots in Downtown San José and offers monthly parking permits at many of them, currently ranging from \$100 to \$125 per permit per month. Office buildings Downtown may offer a limited number of on-site parking spaces for tenants, who often look to supplement their parking needs at nearby City-owned garages and lots and private parking facilities. Some office buildings in Downtown do not have any on-site parking, meaning tenants must satisfy 100% of their parking needs off-site.

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https://library.municode.com/ca/san_jose/codes/code_of_ordinances?nodeId=TIT4REFIBUTA_CH4.76BUTA

⁸ <https://www.sanjoseca.gov/your-government/departments-offices/finance/business-tax-registration/business-tax-rates>

Regarding the four parking garages included in the Downtown incentive program (Market Street, Second and San Carlos Street, Third Street, and Fourth San Fernando Streets), the average daily peak parking occupancy was around 40% during FY 2023-2024. Based on current parking demand trends, the Department of Transportation does not anticipate a significant increase in Downtown parking occupancy in the foreseeable future.

In response to periods of high office vacancy, the City Council has implemented parking incentives to support leasing activity, most recently in 2010. The new parking incentive program would offer free parking for up to two years. After the two years free, tenants could continue to pay for parking at the then-current market rate. The major recommended provisions are outlined below.

- **Discount:** Free parking for two years with a minimum four-year lease or, in the case of owner-occupiers, a minimum four-year occupancy commitment.
- **Parking Permits per Tenant:** No more than two parking permits per 1,000 square feet of gross leasable area of office space occupied.
- **Garages:** “Global” parking permit access to Market Street, Second and San Carlos Streets, Third Street, and Fourth and San Fernando Streets garages. This provides flexibility for permit holders and simplifies City implementation.
- **Available Passes in Program:** A maximum of 500 passes available under the program, better setting parameters for revenue management, and supporting a sense of urgency within the commercial real estate market.

By offering up to two years of free parking, the City directly lowers significant overhead costs for qualifying new office tenants, making Downtown a more financially viable option for tenants in a competitive office market. Providing additional, flexible parking options also solves a “pain point” for prospective tenants in Downtown, supporting employee recruitment efforts. At the same time, the program develops a pipeline of future paying customers for the City-owned garages once the free period ends, as businesses may sign up for monthly passes at the full cost.

Modeling Impact

The table below summarizes the potential value of eliminating Business Tax and parking costs over two years for three businesses of different size points.

Example A – small	Example B – medium	Example C – large
<ul style="list-style-type: none"> 6,500 sq. ft. tenant, estimated 43 employees, four-year lease, 13 parking permits. Business Tax exemption for first two years of lease. Free parking for two years. 	<ul style="list-style-type: none"> 20,000 sq. ft. tenant, estimated 130 employees, four-year lease, 40 parking permits. Business Tax exemption for first two years of lease. Free parking for two years. 	<ul style="list-style-type: none"> 100,000 sq. ft. tenant, estimated 667 employees, four-year lease, 200 parking permits. Business Tax exemption for first two years of lease. Free parking for two years.
<ul style="list-style-type: none"> Business Tax Incentive to business: \$3,600 Parking Incentive to business: \$31,200 	<ul style="list-style-type: none"> Business Tax Incentive to Business: \$12,634 Parking Incentive to business: \$96,000 	<ul style="list-style-type: none"> Business Tax Incentive to business: \$81,300 Parking Incentive to Business: \$480,000

The table shows how the Downtown Office Leasing Incentive Program offers substantial benefits across different business sizes. For smaller tenants, the Business Tax exemptions and parking incentives can significantly reduce operating costs, making Downtown a more appealing choice. As the size of the tenant increases, so do the savings. A larger tenant, for example, could benefit from over \$81,000 in Business Tax exemptions and nearly \$500,000 in parking incentives over the lease term. This demonstrates that the program is designed to be flexible and supportive for companies of varying sizes.

Implementing the proposed Business Tax and parking incentives for Downtown San José would result in some foregone revenue for the City. Still, the exact amount is difficult to estimate and depends on the market's utilization of the program. Based on recent leasing data, the potential uptake of both programs in Downtown San José could be moderate, with room for growth as market conditions improve and as City staff and brokers partner to market the incentive to prospective tenants. Roughly 22 new Downtown office leases of 2,500 square feet or larger were recorded by Cushman & Wakefield since July 1, 2023, with no lease larger than 36,000 square feet.

Given current leasing trends, it is reasonable to expect 20 to 30 qualifying leases per year. Conservatively, 20 leases per year averaging 10,000 square feet would cover 400,000 square feet and add 2,600 employees, resulting in approximately \$120,000 in foregone Business Tax over the two years. Optimistically, 30 leases averaging 12,500 square feet would cover 750,000 square feet, add 5,000 employees, and result in \$220,000 in foregone Business Tax over the two years. Both scenarios would fully utilize the available parking passes, valued at \$1.2 million over the two years.

Exempting a taxpayer from the Business Tax will also exempt them from paying into the Downtown Business Improvement District. This is expected to result in foregone revenue for the Downtown Business Improvement District in the range of approximately \$26,000 to \$48,000 per year, until those businesses convert into paying Downtown Business Improvement District members at the conclusion of the free period.

While these projections represent an attempt to model based on recent activity levels, it is important to consider the potential impact of securing a new, large-scale tenant. Downtown that has several move-in-ready options for a major headquarters relocation, including 488 Almaden Boulevard (390,000 square feet) and 200 Park Avenue (one million square feet). Leases fully occupying these opportunities would likely result in foregone Business Tax that reaches the cap (currently approximately \$181,000) and quicker exhaustion of the available parking permits.

While the incentive program would result in some foregone revenue, the presence of additional office workers would generate economic activity that supports ancillary businesses, which in turn drives City revenues. An exact accounting is difficult, but professional and technology workers have a high job-creation impact, with each job attracted within these sectors creating an additional job in the region. Office workers also spend money – historically, an average of \$195 per week on goods and services within the vicinity of their office building, according to a 2012 study from the International Council of Shopping Centers. Even just two-thirds of that level of spending would result in more than \$17 million in new spending in Downtown, using the conservative estimate of job creation cited above. Also, once the free period ends, businesses staying through the end of their lease term would begin paying the Business Tax and are likely to convert into paid-parking customers.

Existing Office Tenants and Renewals

While this program primarily focuses on attracting new businesses, it is crucial to recognize the significant turnover risk Downtown faces with existing office tenants over the next 12 to 18 months. Securing these tenants' continued presence is just as important as bringing in new ones. The FY 2024-2025 Downtown Action Plan referenced earlier is designed to improve the overall quality of life in the area, making it a more appealing place for employees to commute to, spend time in after work, and ultimately stay for the long term. Enhancements like these not only support employee attraction and retention, but also make Downtown a more vibrant and desirable business district.

It is important to note that attracting new businesses goes beyond filling vacant office space. The influx of new office workers would create a positive feedback loop, stimulating the local economy and benefiting all Downtown occupants – office workers, retail businesses, residents, and visitors. To support this, staff actively engage with Downtown's top 20 existing employers to highlight the City's current and upcoming

investments and improvements, reinforcing the commitment to making Downtown an attractive place to do business.

Next Steps

To maximize the impact of the Downtown Office Leasing Incentive Program, the City Manager's Office of Economic Development and Cultural Affairs staff will implement a targeted marketing and outreach strategy. This will involve actively engaging with commercial real estate brokers, developers, and potential tenants through a series of presentations and direct outreach efforts. Staff will collaborate closely with industry associations and local business groups to ensure that the incentives are well-publicized and understood by key decision makers. Additionally, staff will develop tailored marketing materials, including brochures and digital content, to highlight the benefits of relocating to Downtown San José.

To implement the Business Tax exemption for new tenants, the Finance Department staff would create a new Business Tax registration form and a new exemption form that eligible businesses would complete and submit for review and approval. Once the applicant is approved for the Business Tax incentive and requests parking, as outlined in the Downtown Office Lease Incentive Parking Program, the Department of Transportation would execute a parking agreement as authorized in the Master Parking Rate Schedule.

It is important to note that the eventual beneficiaries of the incentive program would need to go through a formal approval process under state law if the value of the incentive meets or exceeds \$100,000. The City Council would review the proposed specific incentive(s) for the business, assess the economic impact, and provide an opportunity for public input before granting approval. Any proposed incentive for a specific business meeting this criteria must be disclosed at least 28 days prior to the public hearing date. An outline of the incentive as well as the estimated economic impact, including jobs created, for all approved incentives would be posted on the City's website.

Policy Alternatives

Alternative #1: Business Tax Incentive Only

Pros: Reduces the impact on the City's revenue compared to offering both Business Tax and parking incentives. It would be easier to implement the Business Tax Incentive compared to a dual-incentive program.

Cons: Less attractive to businesses that also need parking solutions, potentially limiting the overall effectiveness.

Reason for not recommending: While less costly in terms of foregone revenue, this alternative may not be sufficient to reduce vacancy rates or drive tenant interest.

Alternative #2: Parking Incentive Only

Pros: Focuses on reducing costs associated with parking, a significant expense for many businesses; easier to implement than a dual-incentive program.

Cons: Limited in scope, potentially attracting fewer businesses overall, including those who do not need a parking solution.

Reason for not recommending: Lacks the comprehensive appeal of addressing both Business Tax and parking costs.

EVALUATION AND FOLLOW-UP

An update on the program will be brought to Community and Economic Development Committee as part of the annual Downtown Progress Report in June 2025.

COST SUMMARY/IMPLICATIONS

As described above, the potential foregone revenue impact from the Business Tax Incentive Program could range from approximately \$120,000 to \$220,000 in the General Fund and from the Parking Incentive Program up to \$1.2 million in the General Purpose Parking Fund if all 500 permits available under the program were allocated. However, because these potential revenues would be from new businesses in the Downtown area that are not currently paying taxes or fees, they have not been assumed in the development of the annual budget and program implementation would not have any immediate budgetary impact.

COORDINATION

This memorandum was coordinated with the City Attorney's Office and City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the October 1, 2024 City Council meeting. In addition to the agenda posting, staff has briefed members of the commercial real estate community who are active in Downtown, the San José Chamber of Commerce, and the San José Downtown Association.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-008, General Procedure and Policy Making resulting in no changes to the physical environment.

PUBLIC SUBSIDY REPORTING

This item itself does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code, nor the City's Open Government Resolution.

/s/
Nanci Klein
Director of Economic Development
and Cultural Affairs

/s/
John Ristow
Director of Transportation

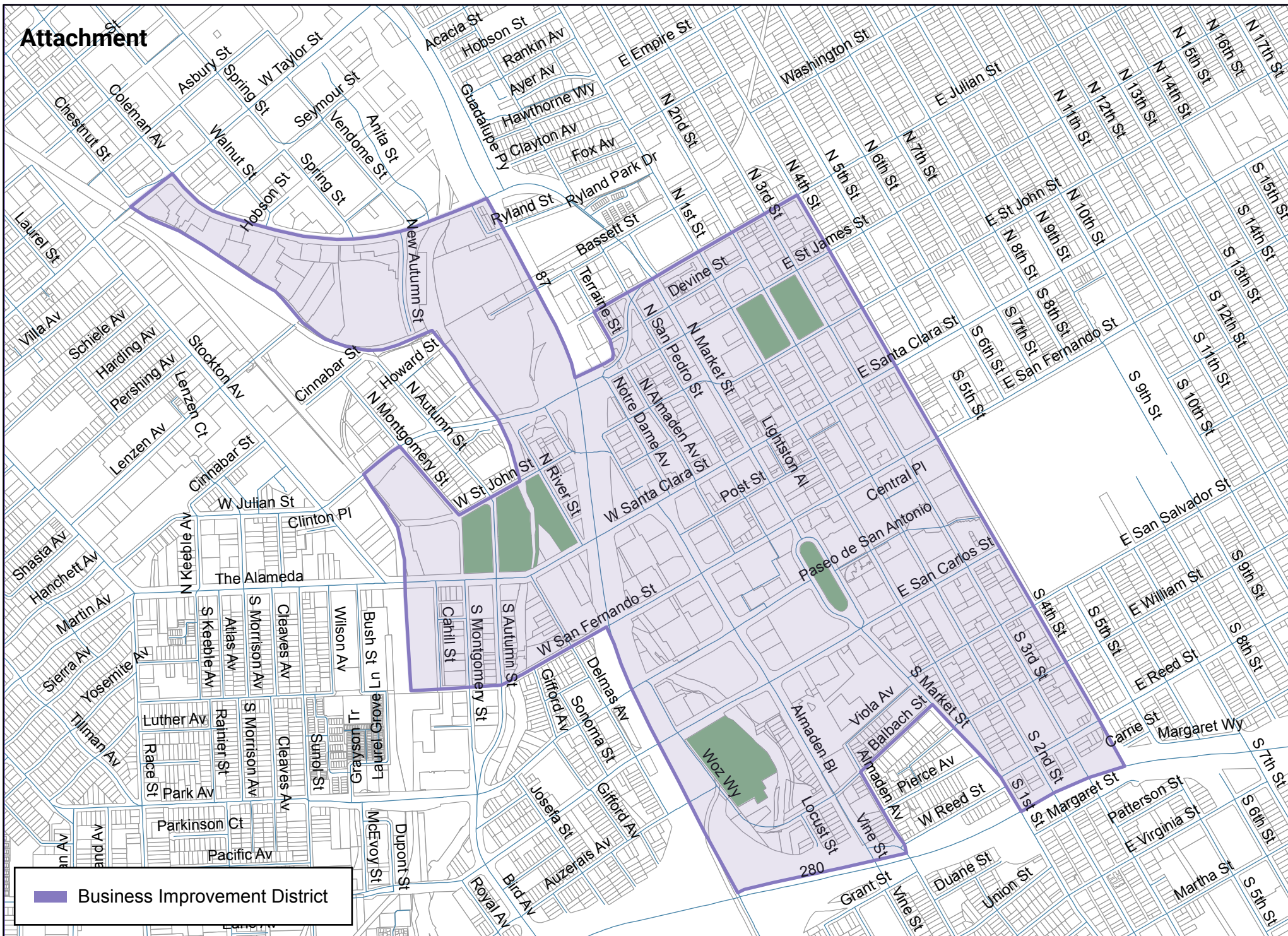
/s/
Drew Corbett
Acting Director of Finance

For questions, please contact Nathan Donato-Weinstein, Assistant to the City Manager, at Nathan.Donato-Weinstein@sanjoseca.gov or (408) 535-8178.

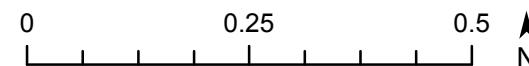
ATTACHMENT

Attachment: Map of the BID Boundaries 2024

Attachment



BID Boundaries 2024





COUNCIL AGENDA: 10/01/2024

FILE: 24-197293

ITEM: 8.2

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Mayor Mahan, Councilmember
Torres, Councilmember Davis &
Councilmember Jimenez

SUBJECT: SEE BELOW

DATE: 9/27/24

Approved

Date: 9/27/24

SUBJECT: DOWNTOWN SAN JOSE OFFICE INCENTIVES

RECOMMENDATION

Accept staff recommendation with the following modification:

Direct staff to return to the Community and Economic Development Committee at least three months before the program expires with a report on the program's effectiveness.

Based on the health of the downtown office market, the report should analyze extending the program.

DISCUSSION

We thank City staff for bringing the Downtown Office Incentive Program forward. The program attracts new office tenants to downtown by offering incentives like free parking and waived business taxes, driving increased foot traffic, supporting jobs, and boosting tax revenue.

While Downtown San José has seen increased activity on evenings and weekends, weekday foot traffic remains below pre-pandemic levels; largely due to fewer workers returning to the office. Due to remote work, local businesses remain negatively impacted by the lack of daytime foot traffic. Many restaurants struggle to maintain consistent lunch service. On Mondays, numerous eateries are closed altogether.

The program makes downtown more competitive with other cities that offer a high-quality experience. Success of the program depends on how much we reduce the downtown vacancy rate. As we offer incentives, we can retain downtown employers by making downtown safer, cleaner, and more vibrant. If this endeavor is successful, the downtown ecosystem will thrive.

The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.

ORDINANCE NO.

AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING CHAPTER 4.76 OF TITLE 4 OF THE SAN JOSE MUNICIPAL CODE TO ADD A NEW SECTION 4.76.749 TO TEMPORARILY EXEMPT FROM THE CITY'S BUSINESS TAX NEW TENANTS EXECUTING LEASES FOR OFFICE SPACE OR NEW PROPERTY OWNERS ENGAGED IN BUSINESS IN OWNER-OCCUPIED OFFICE SPACE IN THE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT WHEN CERTAIN REQUIREMENTS ARE SATISFIED

WHEREAS, Downtown San José is a critical economic hub for the City of San José ("City"), home to a diverse range of businesses, cultural institutions, and residential population, contributing significantly to the City's overall economic vitality; and

WHEREAS, the COVID-19 pandemic has had a profound impact on downtown areas, leading to increased office vacancies, reduced foot traffic, and economic challenges for local businesses, necessitating targeted efforts to stimulate economic recovery and growth; and

WHEREAS, attracting new office businesses to Downtown San José is essential for revitalizing the area, creating jobs, and fostering a vibrant community that supports local commerce, arts, and culture; and

WHEREAS, providing a business tax exemption for qualifying office tenants, or new property owners engaging in owner-occupied office uses, will incentivize companies to establish their offices in Downtown San José, thereby enhancing the economic base and generating additional revenues in the long term; and

WHEREAS, pursuant to the provisions and requirements of the California Environmental Quality Act of 1970, together with related State CEQA Guidelines and

Title 21 of the San José Municipal Code (collectively, "CEQA"), the Director of Planning, Building and Code Enforcement has determined that the provisions of this Ordinance do not constitute a project, under File No. PP17-008 (General Procedure & Policy Making resulting in no changes to the physical environment); and

WHEREAS, the City Council of the City of San José is the decision-making body for this Ordinance; and

WHEREAS, this Council has reviewed and considered the "not a project" determination under CEQA prior to taking any approval actions on this Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. A new Section 4.76.749 is added to Chapter 4.76 of Title 4 of the San José Municipal Code, to be numbered, entitled, and to read as follows:

4.76.749 Temporary Exemption for New Tenants Executing Leases for Office Space or New Property Owners Engaged in Business in Owner-Occupied Office Space in the Downtown Business Improvement District When Certain Requirements are Satisfied

A. A new tenant or new property owner shall be exempt from the payment of any business tax imposed under the provisions of this Chapter for two (2) years where:

1. The tenant executes a lease between January 1, 2025 - December 31, 2026, for space in the Downtown Business Improvement District where the primary use of the space is for office space for a minimum term of

forty-eight (48) consecutive months, and commences occupancy prior to January 1, 2027; or

2. The property owner purchases a building between January 1, 2025 – December 31, 2026 in the Downtown Business Improvement District and engages in business in owner-occupied space where the primary use of the space is for office space and provides a statement satisfactory to the Director of owner's intention to occupy for a minimum of forty-eight (48) consecutive months, and commences occupancy prior to January 1, 2027.

B. For the purposes of this Section:

1. The term "office space" means space of not less than 2,500 square feet where the primary use is one of the following enumerated uses in Table 20-140 of Chapter 20.70 of the Code: research and development; offices, business and administrative; or financial services (excluding retail banking).
2. The term "Downtown Business Improvement District" means that business improvement district in the City established by Ordinance No. 22960, as may be amended, with boundaries as follows: I-280 at Fourth Street west along Reed Street to west side of Market Street to south side of Balbach Street to east side of Almaden Boulevard to continue on West Reed Street to Highway 87, Highway 87 north to West San Fernando Street, south side of West Fernando Street to CalTrain tracks, CalTrain tracks to West Julian Street, south side of West Julian Street east to Montgomery Street, west side of Montgomery Street south to south side of West St. John Street to the Guadalupe River, north along east side of the Guadalupe River to the western most set of Union Pacific Railroad

tracks, north side of the Union Pacific Railroad tracks north to West Taylor Street, south side of West Taylor Street east to Coleman Avenue, southwest side of Coleman Avenue east to Highway 87, Highway 87 south to West Julian Street, both sides of West Julian Street east to First Street, south side of East Julian Street east to Fourth Street, both sides of Fourth Street south back to I-280 (but does not include the Almaden Neighborhood between Market Street and Almaden Boulevard).

3. The term “new tenant” means a tenant that is not currently leasing office space (or engaged in business in owner-occupied office space) in the Downtown Business Improvement District.
4. The term “new property owner” means a property owner that is not currently engaged in business in owner-occupied office space (or leasing office space) in the Downtown Business Improvement District.

SECTION 2. All other provisions of Chapter 4.76 of Title 4 of the San José Municipal Code not modified by this Ordinance shall remain in full force and effect.

PASSED FOR PUBLICATION of title this _____ day of _____, 2024, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, MMC
City Clerk

RESOLUTION NO. _____

**A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN JOSE SETTING FORTH THE MASTER PARKING
RATE SCHEDULE FOR MUNICIPAL ON AND OFF-
STREET PARKING FACILITIES TO ESTABLISH A
DOWNTOWN OFFICE LEASE PARKING INCENTIVE
PROGRAM, AND TO REPEAL RESOLUTION NO. 80565**

WHEREAS, the City of San José ("City") operates and maintains on and off-street parking facilities; and

WHEREAS, on May 18, 2021, the City Council adopted Resolution No. 80001, repealing Resolution No. 79618 and amending the Master Parking Rate Schedule for Municipal On and Off-Street Parking Facilities; and

WHEREAS, on June 14, 2022, the City Council adopted Resolution No. 80565, repealing Resolution No. 80001 and amending the Master Parking Rate Schedule for Municipal On- and Off-Street Parking Facilities; and

WHEREAS, the City desires to further amend the Master Parking Rate Schedule to establish a Downtown Office Lease Incentive Parking Program; and

WHEREAS, this new Master Parking Rate Schedule repeals Resolution No. 80565, subject to the provision of Section 9 of this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

SECTION 1. DEFINITIONS

A. Municipal Off-Street Parking Facility(ies) means the following off-street parking facilities owned and/or operated by City:

1. The Almaden/Woz Lot, consisting of the off-street surface parking facility owned by BP Almaden Associates, LLP, situated in the block bounded by Almaden Boulevard, San Carlos Street, Woz Way and the Guadalupe River.
2. The City Hall Parking Garage, consisting of the off-street parking facility situated in the block bounded by East Santa Clara Street, South Fourth Street, East San Fernando Street and South Sixth Street.
3. The Convention Center Garage, consisting of the off-street parking facility situated in the block bounded by Almaden Boulevard, Viola Avenue, Market Street and San Carlos Street.
4. The Environmental Innovation Center Lot, consisting of the off-street surface parking facilities located at 1608 Las Plumas Avenue and bounded by Las Plumas Avenue and Nipper Avenue.
5. The Fourth Street Garage, consisting of the off-street parking facility at the corner of East San Fernando Street and Fourth Street, which also contains retail space at street level and a Banquet Center on the top level.
6. The Fourth/St. John Garage (The Employee Garage), consisting of the off-street parking facility situated in the block bounded by East Santa Clara Street, North Fourth Street, St. John Street and North Fifth Street.
7. The I-280/First Street Lot, consisting of the off-street surface parking facility owned by Caltrans, situated in the block bounded by First Street, Second Street, Reed Street and William Street.
8. The Market/San Pedro Square Garage, consisting of the off-street parking facility situated in the block bounded by Santa Clara Street, Market Street, St. John Street and San Pedro Street.
9. The Second/San Carlos Garage, consisting of the off-street parking facility situated in the block bounded by Second Street, San Carlos Street, Third Street and the McAlister State Office Building.
10. The South Hall Lot, consisting of the off-street parking facility situated in the block bounded by Market Street, Balbach Street, South Almaden Avenue and Viola Avenue.
11. The Third/Santa Clara Garage (The Globe), consisting of the off-street parking facility located south of East Santa Clara Street between Second Street and Third Street.

12. The Third Street Garage, consisting of the off-street parking facility situated in the block bounded by St. John Street, Second Street, Santa Clara Street and Third Street.
 13. The Woz/87 Lot, consisting of the off-street surface parking facility owned by Caltrans, situated on the southwest corner of Woz Way and Route 87 (Guadalupe Expressway) off-ramp.
- B. The Arena A, B, C, & D Lots consists of the Municipal Off-Street surface parking facilities located adjacent to the HP Pavilion in San José (“Arena”). The parking rates set forth in this Resolution shall apply only when the City has the right to utilize these facilities pursuant to the Arena Management Agreement, which are days when there are no Arena events scheduled. The Arena Management Agreement expires June 30, 2025 and has one (1) fifteen-year option to extend. The City’s authority to set and charge parking rates at these facilities shall be subject to the terms and conditions of any such parking agreement.
- C. Vehicle Sharing Program is a City program that, among other things, authorizes Vehicle Sharing Organizations to reserve public parking spaces, as approved by the Director, to provide car sharing services, as further set forth in Section 6 of this Resolution.
- D. Vehicle Sharing Organization is an organization that provides members with access to shared-use vehicles at geographically distributed locations with hourly, daily, and/or weekly rates (or fractions thereof) that include insurance, and maintenance.
- E. Vehicle Sharing Designated Parking Permit is the revocable permit issued by the Director authorizing a Vehicle Sharing Organization to park its vehicles in designated and reserved car sharing On-Street and Off-Street spaces. Individual permits are issued by the City by vehicle sharing space. Permit(s) must be displayed as directed by the Director.
- F. Shared Vehicle means a two axle motor vehicle holding no more than seven (7) passengers or a motor-driven two- or three-wheeled vehicle with or without pedals, a maximum speed of less than 30 mph on level ground, and a capacity of no more than two (2) passengers that is operated by a Vehicle Sharing Organization as part of a regional fleet. Shared Vehicle shall not include any recreational vehicles, commercial trucks, buses, limousines or other vehicles designed to accommodate more than seven (7) persons, or vehicles having more than two (2) axles, or trailers.

- G. Class "A" Buildings are those buildings in the Downtown that provide on-site parking and meet their own parking needs based on the current parking requirements set forth in Title 20 of the San José Municipal Code.
- H. Class "B" Buildings are those buildings in the Downtown that do not have their own dedicated on-site or off-site parking to meet their parking needs based on the current parking requirements set forth in Title 20 of the San José Municipal Code.
- I. Class "C" Buildings are those historic buildings in the Downtown which have been renovated and do not have their own dedicated on-site or off-site parking to meet their parking needs based on the current parking requirements set forth in Title 20 of the San José Municipal Code.
- J. Clean-Air Vehicle means either one of the following types of vehicles: (1) Zero Emission Electric; (2) Plug in Hybrid; (3) other leading technology vehicles that are eligible to receive a Green or White State of California Carpool lane sticker for a single occupancy vehicle; or (4) any vehicle to which the City of San José has issued a tag identifying it as a Neighborhood Electric Vehicle ("NEV"). Effective July 1, 2011, hybrid vehicles will no longer qualify as a Clean Air Vehicle, unless it meets one of the criteria set forth above.
- K. Clean-Air Vehicle Program means the parking program which offers free parking at designated Municipal Off-Street Parking Facilities and On-Street Parking Meters throughout the City for Zero Emission Electric, Plug in Hybrid, and other leading technology vehicles as identified by the California Air Resources Board as eligible for the Green or White State of California Carpool lane sticker, Neighborhood Electric Vehicles (NEV) registered in or purchased from a licensed auto dealership in the City of San José; and established and operated as follows:
- The Clean-Air Vehicle Program commenced in April 2001 and shall expire on June 30, 2022.
- L. Commercial Real Estate means property that is used exclusively for business related purposes or to provide a workspace rather than a living/hotel space.
- M. Commercial Real Estate Parking Program means the parking program which offers Commercial Real Estate owners or developers a parking agreement when meeting specific eligibility requirements, terms, and rates as set forth below.
- N. Director means the Director or designee, of the Department of Transportation, or the subsequent Director of the Department responsible for the City's Parking Program.
- O. Downtown and Downtown Core refer to the areas highlighted on **Exhibit I**.

- P. Downtown Employee Discounted Permit Parking Program means the discounted monthly permit program providing a 50% discount off the regular monthly rate for employees working at businesses located within the City's Meter Districts and earning a wage no greater than 30% over the City's current minimum wage.
- Q. Downtown Office Lease Incentive Parking Program means the discounted monthly permit program which offers new tenants entering the Downtown and Downtown Core office space with a parking agreement when meeting specific eligibility requirements, terms, and rates as set forth below.
- R. Electric Vehicle (EV) Charging Station(s) means a municipal On-Street or Off-Street Parking space that is served by battery charging station equipment that has as its primary purpose the transfer of electric energy (by conductive or inductive means) to a battery or other energy storage device in a plug-in electric vehicle.
- S. Free Parking Period means the initial incremental period of parking at eligible off-street garages which is free of charge, and after which the daily incremental and maximum rates apply.
- Effective July 1, 2020, the Free Parking Period shall be set at 90 minutes.
 - Director has the authority to set the Free Parking Period between 60-90 minutes and shall consider the fiscal status of the General Purpose Parking Fund and the economic need for the incentive program in the Downtown when considering an adjustment to the Free Parking Period.
 - An advisory review by the Downtown Parking Board is required before any adjustment of the Free Parking Period. The Director's decision shall be final. The Director shall prepare an informational memo to the City Council before implementation of any adjustments.
 - Free Parking Period is not applicable at facilities when a Special Event and/or a Flat Rate is in effect.
- T. Major Holidays include New Year's Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.
- U. Neighborhood Electric Vehicle (NEV) means an electric, zero emission vehicle that is allowed on roads with posted speed limits of 35 MPH or less.

- V. Off-Street Parking means public parking in facilities, not on the public right-of-way, which are owned, leased, or otherwise controlled by the City of San José and/or the Redevelopment Agency.
- W. On-Street Parking means designated metered parking in the public right-of-way within parking meter districts established by the City Council.
- X. Parking Administrator means the City staff person responsible for supervising and administering the City's parking program.
- Y. Pavilion Garage refers to a privately owned and operated parking facility that is required through an agreement with the Redevelopment Agency or SARA to participate in any public parking program in effect by the City of San José, including the Downtown Cinema Validation Program.
- Z. Reservation Service Fee means the cost recovery fee of up to \$1.00 added to each reservation transaction.
- AA. Special Event means a group activity including, but not limited to, a performance, meeting, assembly, contest, exhibit, ceremony, parade, festival or athletic competition.
- BB. Under-Utilized Municipal Off-Street Parking Facility means a Municipal off-street facility with excess monthly parking capacity when the Director determines that fifty percent (50%) or more of the parking spaces allocated for monthly parking are vacant according to City guidelines, and are reasonably expected by the Director to remain vacant for six (6) months. Once a facility no longer meets the criteria for being under-utilized, it shall automatically cease to be an Under-Utilized Municipal Off-Street Parking Facility.

SECTION 2. RATES

- A. Off-Street Parking. The rates for off-street parking at the Facilities described above in Section 1 are set forth in Exhibit II, attached hereto, and incorporated and made a part hereof as if fully set forth at length in this Resolution.
 - 1. The Director shall have the authority to adjust the maximum daily and monthly rates within the specified ranges shown on Exhibit II, unless explicitly stated otherwise. An advisory review by the Downtown Parking Board is required before any adjustment of these rates. The Director's decision shall be final. The Director shall prepare an informational memo to the City Council before implementation of rate adjustments.

- a. The maximum daily and monthly parking rates may be adjusted downward to the lowest level in the rate range at a facility where occupancy during the weekday peak is less than seventy percent (70%) for an approximate three (3) month period.
 - b. The maximum daily and monthly parking rates may be adjusted upward to the highest level in the rate range at a facility where occupancy during the weekday peak hours is greater than ninety percent (85%) for an approximate three (3) month period.
 - c. The maximum daily and monthly parking rates may be set at mid-point of the rate range at a facility where occupancy during the weekday peak hours is between seventy percent (70%) and ninety percent (85%) for an approximate three (3) month period.
 - d. The maximum daily rate, the daily flat rate or evening flat rate may be set at zero during the hours and on the days where the City determines that the operating costs for a particular facility are more than the potential revenue.
2. The Premium Monthly Rate shall be computed by multiplying 1.5 times the Monthly Rate, and the Reserved Monthly Rate shall be computed by multiplying 2.0 times the Monthly Rate at each Specific Garage.
3. Under the Clean-Air Vehicle Program, Clean-Air Vehicles shall be entitled to free parking at designated Municipal Off-Street Parking Facilities as shown in **Exhibit II**. Each Clean-Air Vehicle must display a Clean-Air Vehicle permit provided by the Director signifying that it is a Clean Air Vehicle. All Clean-Air Vehicles parking at Municipal Off-street Parking Facilities shall adhere to the posted parking rules and regulations. The Clean-Air Vehicle Program shall terminate effective July 1, 2022.
4. The Director is authorized to charge the following discounted monthly and semester parking rates to San José State University ("SJSU") students. SJSU students shall be eligible for these reduced parking rates only upon providing proof, sufficient to the Director, that they are currently enrolled in six (6) or more units at SJSU.
 - a. Fifty percent (50%) of the Regular Monthly Parking Rate at any facility that the Director determines is an Under-Utilized Municipal Parking Facility according to the definition in Section 1. These discounted rates are offered on a month-to-month basis only and are based on occupancy. The Director is authorized to suspend the program for any facility that is no longer an Under-Utilized Municipal

Parking Facility or if the Director determines the program should be suspended because of parking occupancy, office occupancy, and other related financial or parking indicators.

- b. Semester Permit Parking rate at the Second/San Carlos Garage or Fourth Street Garage. The discounted semester permit parking rate would be offered in the \$150 to \$300 range as determined by the Director prior to the beginning of each semester. The Director is authorized to suspend the program system wide or by facility if occupancy reaches 80% (system wide or by facility) or if the Director determines the program should be suspended because of parking occupancy, office occupancy, and other related financial or parking indicators.
5. The Director is authorized to charge fifty percent (50%) of the Regular Monthly Parking Rate to Downtown employees desiring to purchase monthly parking permits at any facility that the Director determines is an Under-Utilized Municipal Parking Facility according to the definition in Section 1. Employees shall be eligible for this reduced parking rate only upon providing proof, sufficient to the Director, that their business or place of employment meets the criteria for the Downtown Employee Discount Parking Permit Program. These discounted rates are offered on a month-to-month basis only and are based on occupancy availability. After acceptance of employee's permit application there will be ongoing required bi-annual renewal verifications (June & December). These rates are terminable with thirty (30) days' notice by the Director.
6. The Director shall publish a schedule of discounted rates for the programs in Sections 2.A.4 and 2.A.5 for those facilities meeting the definition of Under-Utilized Municipal Parking Facility. The schedule shall state the program under which the discount is being offered, the amount of spaces available at the discounted rate, the location of the parking spaces and the period of time the rate is valid; and that the discount will not be applicable to any facility that no longer qualifies as an Under-Utilized Municipal Parking Facility according to the definition in Section 1.
7. The Director shall have the authority to add and/or remove parking facilities from the Master Parking Rate Schedule shown on **Exhibit II** as facilities are added or removed from the City's parking inventory. The rates charged at new parking facilities shall be similar to the prevailing rate for other City-owned parking facilities
8. The Director shall have the authority to adjust the Special Event Rate within the ranges shown on **Exhibit II** at the designated off-street parking facilities

on a daily basis according to anticipated special event attendance, date of event, proximity of facility to event, and the area's general parking supply and demands.

9. The Director or Team San José, as applicable and in accordance with the written agreement between the City and Team San José executed on June 17, 2014, may set, reduce or increase the parking rates at the Convention Center Garage, including the Special Event Rate, Event In-Out Day Pass, Reserved Daily Parking Rate, and the Incremental Maximum Daily Rate within the specified ranges as shown on **Exhibit II** for events if it is determined that a reduction or increase is necessary to:
 - a. optimize use of spaces in the Convention Center Garage; and/or
 - b. attract events that contribute to the economic vitality of San José.

When the Director or Team San José, as applicable, considers a reduction of the Special Event Rate, Reserved Daily Rate, and the Incremental Maximum Daily Rates from the normal rate, the Director or Team San José shall assess the event's economic benefit, the projected number of parking spaces needed, and the demand for parking spaces at the Convention Center Garage.

10. Commercial Real Estate Parking Permit Program – Director shall accept applications from owners or developers of Commercial Real Estate property in the Downtown to participate in the Commercial Real Estate Parking Permit Program. Applications will be evaluated against the program qualifications as detailed in **Exhibit IV**.
11. Downtown Office Lease Incentive Parking Program – Director shall have the authority to execute parking agreements consistent with the eligibility requirements and terms outlined in **Exhibit V**.

- B. **On-Street Parking.** The rates for on-street parking as defined in Section 1 are shown on **Exhibit III**, attached hereto and incorporated and made a part hereof as if fully set forth at length in this Resolution. Within the range of charges authorized for each Parking Meter Zone, the Director of Transportation is authorized to determine the rate to be charged at any particular meter at any particular time. Factors the director will consider in setting meter rates will include on-street occupancy levels, posted time restrictions, and proximity of off-street parking facilities and associated off-street parking rates.

Under the Clean-Air Vehicle Program, Clean-Air Vehicles registered or purchased in San José from a licensed auto dealership shall be entitled to free parking at all

On-Street Parking Meters throughout the City. Each Clean-Air Vehicle must display a Clean-Air Vehicle permit provided by the Director signifying that it is a Clean-Air Vehicle. All Clean-Air Vehicles parking at On-Street Parking Meters shall adhere to the posted time restrictions.

The Director is authorized to set the on-street parking rates at zero dollars or at rates specified in this resolution during the proclamation of an emergency. This authorization shall end when the City Council terminates the emergency.

- C. EV Charging Stations. The City Manager is hereby authorized to set and adjust rates for the use of EV Charging Stations as defined in Section 1 within the range of zero dollars (\$0.00) up to five dollars (\$5.00) per kWh. The City Manager shall consider the following factors in setting the rates: the City's cost in providing, operating, and maintaining the EV Charging Stations, the number of monthly users and level of use of the EV Charging Stations, and the rate charged by other municipalities and third-party operators of EV Charging Stations.

SECTION 3. OFF-STREET RESIDENTIAL PARKING PROGRAM

- A. The "Off-Street Residential Parking Program," shall be administered by the Director pursuant to the requirements set forth herein.
- B. Upon proper application of an owner or tenant of a legal, residential unit that is located Downtown, the Director shall, subject to the requirements set forth herein, sell such person a Residential Parking Permit. The Residential Parking Permit shall authorize the permit holder to access the participating Municipal Off-Street Parking Facilities as follows: (1) between the hours of 5:00 p.m. to 8:00 a.m. weekdays, (2) all day on weekends and official government holidays, and (3) up to twenty (20) weekdays per year from the hours of 8:00 a.m. to 5:00 p.m.
- C. The Director is authorized to determine which Municipal Off-Street Parking Facilities will participate in the Off-Street Residential Parking Program. For each Municipal Off-Street Parking Facility, the Director shall make this determination based upon the demand for the Off-Street Residential Parking Program at that Facility, the availability of parking spaces to accommodate the Off-Street Residential Parking Program, and the appropriateness of this type of parking at the Facility.
- D. For each Municipal Off-Street Parking Facility participating in the Off-Street Residential Parking Program, the Director shall make available only the number of Residential Parking Permits that can be accommodated at the Facility without impacting other parking uses.

1. The Director shall sell only one (1) Residential Parking Permit for each residential unit. The Director shall sell the Residential Parking Permits on a first-come, first-served basis.
 2. Notwithstanding the foregoing, if the Director determines that the number of Residential Parking Permits available at a participating Municipal Off-Street Parking Facility exceeds the number of residential units for which permits are sought, the Director may sell multiple permits to each residential unit. However, any Residential Parking Permits in excess of one permit shall be subject to immediate termination and revocation by the Director in the event the Director determines such termination and revocation is necessary to accommodate a subsequent increase in demand.
- E. The cost of the Residential Parking Permits for the participating Municipal Off-Street Parking Facilities is set forth in **Exhibit II**, attached and incorporated herein. The monthly rate for the Off-Street Residential Parking Permit Program shall be 50% of the Monthly Specific Garage Rate for the Municipal Parking Facility.
- F. The Director may terminate or revoke a Residential Parking Permit for any reason upon ninety (90) days' notice. The Director may terminate or revoke a Residential Parking Permit for cause upon thirty (30) days' notice. Notwithstanding the foregoing, the Director may terminate or revoke a Residential Parking Permit immediately for failure to pay or for the reason set forth in Section 3.D.2 of this Resolution. Residential Parking Permits shall be subject to renewal at the times specified by the Director, provided that such renewals shall occur within a maximum period of three (3) years after permit issuance.
- G. The Director is authorized to promulgate reasonable rules and regulations with regard to the administration of the Off-Street Residential Parking Program.

SECTION 4. VALIDATION PROGRAMS

- A. The Director shall administer the following parking validation programs:
1. Downtown Cinema Validation Program. The Downtown Cinema Validation Program provides a maximum of three (3) hours and thirty (30) minutes of free parking to patrons of cinemas in the Downtown Core area and cannot be combined with any other discounted parking rate or program.
 - a. Downtown Cinema Validations may be redeemed at participating parking facilities after the starting time of the first scheduled cinema/movie at any Downtown cinema as determined by the Director.

- b. Downtown Cinema Validations are limited to redemption at parking facilities determined by the Director to serve the patron needs of the Downtown cinemas. The Director may add parking facilities to this list as they open and serve cinema/movie patron needs. Currently, the following parking facilities have been determined to serve cinema patron needs, based on ease of access and capability to accommodate present usage by patrons of cinemas/movies:

- Fourth Street Garage
- Market/San Pedro Square Garage
- Pavilion Garage
- Second/San Carlos Street Garage
- Third/Santa Clara Garage (The Globe)
- Third Street Garage

The Director may remove any of the above facilities from the Downtown Cinema Validation Program if they close, are developed into non-parking facilities, or no longer meet cinema/movie patron needs.

- c. Downtown Cinema Validations are to be provided to patrons of Downtown cinemas/movies for scheduled showings at no charge.
- d. Downtown Cinema Validations shall not be distributed to cinema employees, secondary uses within a cinema (such as café or restaurant patronage, or live theater performances), or sold and/or distributed to any third party.

2. Technology Museum Validation Program. The Technology Museum Validation Program enables patrons of the Technology Museum to park at the incremental rate at the Second/San Carlos Garage and the Convention Center Garage up to a maximum of \$5.00 a day. The Director is authorized to suspend acceptance of the Technology Museum Validation at the Convention Center Garage during times when a special event flat rate is being charged to event attendees.

3. Market Rate Validation Program. Any individual or business may purchase validation at the then current market rate for their customers or employees in either time or value increments as requested by the purchasing individual or business.

- B. The City, through the Director, may enter into written agreements with any person, corporation, association, organization or entity for the validation of customer or

client parking so long as such agreements are pursuant to at least one of the above-mentioned validation programs.

- C. The Director is authorized to promulgate reasonable rules and regulations with regard to the administration of each of the validation programs.

SECTION 5. ALTERNATE USE OF PARKING FACILITIES

Pursuant to the “Guidelines for Events Held on City-Owned and City-Operated Parking Facilities, adopted by the City Council on September 4, 2001 (hereinafter, “Guidelines”), events approved by the City via the execution of a Property Use Agreement may be authorized on certain City-owned and/or operated parking facilities. The daily rates for use of the parking facilities made available for events in accordance with the Guidelines are as follows:

- A. For all parking facilities the daily fee will be twice the daily rate per space used.

SECTION 6. VEHICLE SHARING PROGRAM

- A. The Director may designate On-Street and Off-Street parking spaces City-wide for the exclusive parking privilege of Vehicle Sharing Organization vehicles. The designation of On-Street parking spaces shall comply with California Vehicle Code Section 22507.1 including the requirement for the placement of signs and markings giving adequate notice of the exclusive parking privilege for the Shared Vehicles.
- B. Criteria for Participation: The Shared Vehicle shall be owned and operated by the Vehicle Sharing Organization in a manner that features all of the following characteristics:
1. Member-based service, where such service is available to members only. Demonstration of membership may include daily, monthly, or annual membership fees, or issuance of membership card to each member, or Vehicle Sharing Organization member account.
 2. Shared Vehicles are accessible to members at all times, 24 hours per day, seven days per week, on a self-service basis.
 3. Shared Vehicles are available by reservation only. Reservations may be made by automated systems, such as by telephone, on the Internet, or on smart phone applications.
 4. Vehicle Sharing Organization must provide insurance and vehicle maintenance as part of the company's standard membership or usage fees.

5. Shared Vehicles must be available for rental or rented at least 75% of the month.

City may require supporting information or documents from applicant to demonstrate that applicant meets the criteria set forth above to City's satisfaction.

- C. As of March 14, 2016, interested and qualified Vehicle Sharing Organizations may apply for an On- or Off-Street Parking Permit, on a form approved by Director, to reserve public parking spaces in the City. The applicant shall specify on the application the number and proposed location of the requested On-Street or Off-Street parking spaces for exclusive parking privilege. The requested locations shall not include any red, green, white, yellow or blue curb zones, or otherwise currently restricted zones. The City will not reopen previously designated spaces for application, unless the current occupant elects to relinquish the space. Additionally, the following facilities will not be a part of the Vehicle Sharing Program: City Hall, Convention Center, Fourth Street, and Fourth/St. John. The Director shall have the final determination of where Shared Vehicle parking spaces will be located, which spaces, and how many will be allocated to each Vehicle Sharing Organization.
- D. If the Director approves the application, the Director will require each Vehicle Sharing Organization to enter into a written agreement with the City setting forth the terms and conditions of the program, including, but not limited to, (1) authorizing the issuance of a parking permit for each Shared Vehicle parking space approved by the Director for each Vehicle Sharing Organization; (2) requiring applicant to maintain general liability and automobile insurance coverage in amounts approved by City's Risk Manager for the duration of the agreement; (3) requiring indemnification of the City for any loss or damages arising out of or occurring from applicant's participation in the car share program, (4) maintenance responsibilities of applicant; (5) rules and regulations on the use of City parking garages and On-Street parking spaces; (6) requiring applicant to provide data to the City, in the Mobility Data Specification (MDS) format, to monitor performance of shared vehicles stationed in permitted parking spaces and to periodically evaluate the public utility of shared vehicle permits; and (7) other terms and conditions deemed relevant by Director for the use of City property. The Director is authorized to negotiate and execute any written agreements or amendments with each Vehicle Sharing Organization for their participation in the program, and execution of the agreement will be required prior to the City's distribution of parking permits under the program. The Director shall also have the authority to terminate the agreement at the Director's discretion. If the agreement is terminated during a period that has already been paid for by a Vehicle Sharing Organization, the City will refund an appropriate amount to the Vehicle Sharing Organization.

- E. The Vehicle Sharing Organization will be required to pay a parking permit fee, based on the location of the designated parking space, as well as a one-time set-up and sign installation fee as follows:

Parking Permit	• \$100 per month per Shared Vehicle parking space.
Signs/Markings	• \$225 per sign installation and parking space markings for each location.

All required payments shall be made to the City prior to the final approval of any application and issuance of parking permits.

- F. Each parking space will be allocated for a two-year term. To include any new Vehicle Sharing Organizations in the City and to accommodate new street uses over time, after two years all spaces will be reviewed and reallocated if necessary. The City will not reopen previously designated spaces for application until two years after the commencement of this program, unless the current occupant elects to relinquish the space.
- G. Any signs installed as part of this pilot program shall comply with California Vehicle Code Section 22507.1, City's Sign Ordinance and applicable City Council policies, including but not limited to Council Policy 9-2, entitled "Off-Site Directional Signs for Public or Quasi-Public Facilities" and subject to the approval of the Director. The Director shall have the authority to remove any signs at the Director's discretion.
- H. Each Shared Vehicle shall prominently display the issued parking permit on the front windshield, or the rear of the vehicle above the license plate for vehicles without windshields, at all times while parked in their designated parking space. The parking permits are non-transferable and shall not be sub-leased, transferred, or assigned in any manner to any other company, organization, entity or individual, and shall only be used for the Car Share Vehicle to which it has been assigned to park in the specific assigned space. Failure to comply with the requirements of this provision may be subject to a parking citation and immediate termination of the written agreement with the City.
- I. The Director is authorized to promulgate reasonable rules and regulations with regard to the administration of the Vehicle Sharing Parking Program.

SECTION 7. RULES AND REGULATIONS

The Director is authorized to promulgate reasonable rules and regulations for operation of the parking facilities described in Section 1, including, but not limited to, collection procedures.

SECTION 8. PRIOR AGREEMENTS

Agreements which the City entered into pursuant to the terms of any prior Resolution establishing rates and charges for the use of parking facilities mentioned above shall remain in full force and effect until expiration or hereafter amended or terminated by the City.

SECTION 9. REPEAL

Resolution No. 80565 is hereby repealed. Any other resolution containing terms and conditions inconsistent with those contained herein are hereby repealed.

ADOPTED this _____ day of _____, 2024, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

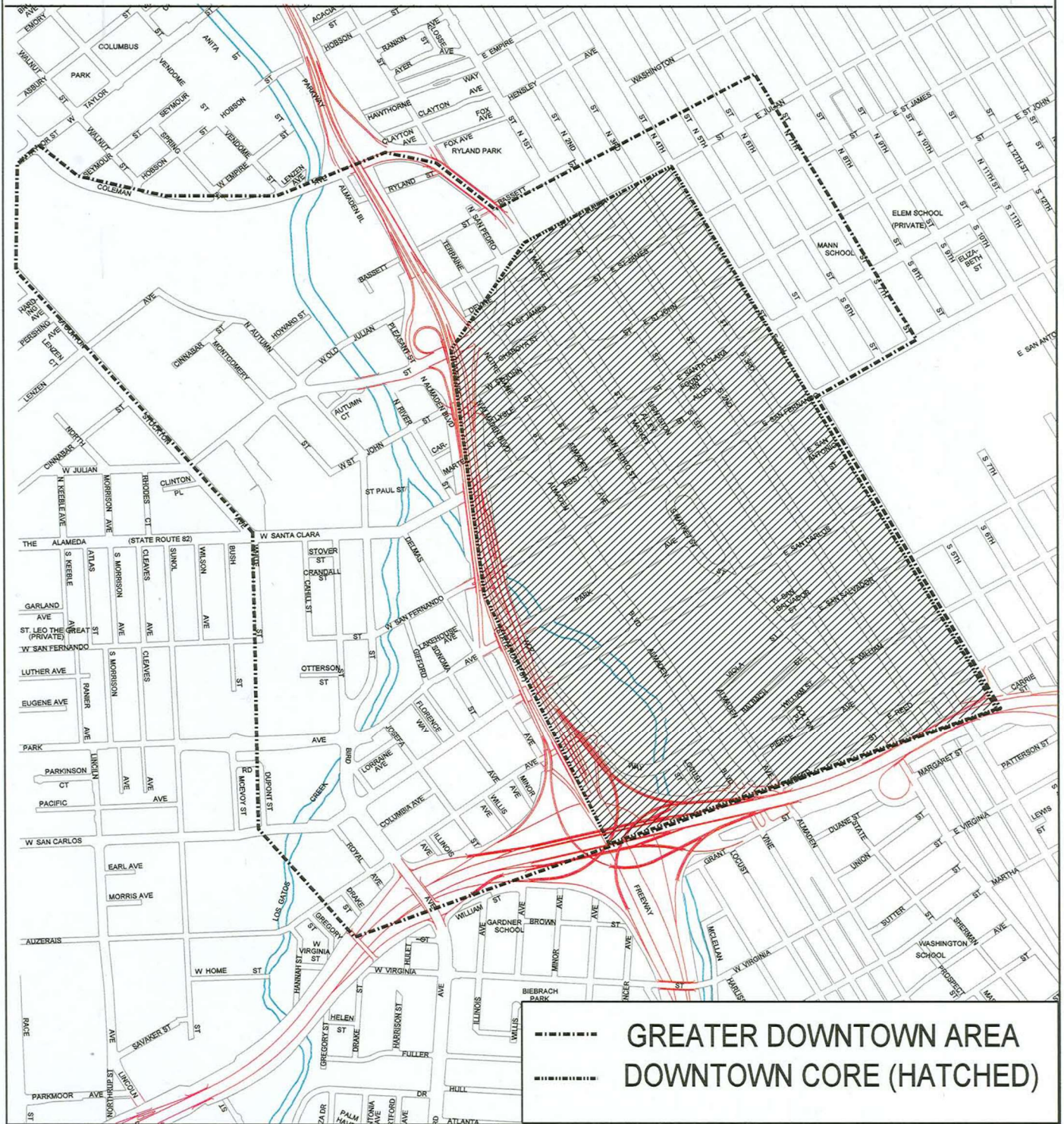
MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, MMC
City Clerk

EXHIBIT I – DOWNTOWN AND DOWNTOWN CORE

EXHIBIT I - DOWNTOWN AND DOWNTOWN CORE



...Downtown 2.dgn Sep. 29, 2009 16:12:37

EXHIBIT II – MASTER PARKING RATE SCHEDULE – OFF-STREET

PARKING PROGRAMS	GARAGES								LOTS			
	Market/San Pedro Square Garage	3rd Street Garage	2nd/San Carlos Garage	Fourth Street Garage	Convention Center Garage	3rd/Santa Clara Garage (The Globe)	4th/St. John Garage	City Hall Garage	Almaden/Woz Lot	South Hall Lot	Woz/87 Lot	I-280/First Lot
Global Monthly Permit	\$100 (Range: \$100-125)				NA	NA	NA	NA	NA	NA	NA	NA
Specific Lot/Garage Monthly Permit	\$125 (Range: \$125-150)						NA	NA	Range: \$50-100	Range: \$50-100	Range: \$15-60	Range: \$15-60
Specific Garage (Premium)	1.5 x Specific Garage Monthly Permit						NA	NA	NA	NA	NA	NA
Specific Garage (Reserved)	2 x Specific Garage Monthly Permit						NA	NA	NA	NA	NA	NA
Residential Monthly Parking Program	50% of Specific Garage Monthly Permit				NA	50% of Specific Garage Monthly	NA	NA	NA	NA	NA	NA
Daily Incremental	\$1 per 15min	\$1 per 15min	\$1 per 15min	\$1 per 15min	\$1 per 15min	NA	NA	\$1 per 15min	NA	NA	NA	NA
Daily Max Incremental	\$25 (Range: \$15-25)	\$25 (Range: \$15-25)	\$25 (Range: \$15-25)	\$25 (Range: \$15-25)	\$30 (Range: \$15-35)	NA	NA	\$25 (Range: \$15-25)	NA	NA	NA	NA
Max Incremental Evening Entry After 6pm	\$10	\$10	\$10	\$10	NA	NA	NA	NA	NA	NA	NA	NA
Sat/Sun/ Major Holiday Max Incremental Rate	\$10	\$10	\$10	\$10	NA	NA	NA	NA	NA	NA	NA	NA
Special Event Flat Rate	\$10-15	\$10-15	\$10-15	\$10-25	\$0-35	\$10-15	NA	\$3-25	\$3-25	\$3-25	\$3-25	NA
Event In-Out Day Pass	NA	NA	NA	NA	\$10-40 \$10 (Range: \$10-20)	NA	NA	NA	NA	NA	NA	NA
Non-Event Evening Flat Rate	NA	NA	NA	NA	(Range: \$10-20)	NA	NA	NA	NA	NA	NA	NA
Daily Flat Rate for Reserved Space	NA	NA	NA	NA	\$0-50	NA	NA	NA	\$3-50	\$3-50	NA	NA
Daily Flat Rate	NA	NA	NA	NA	NA	\$10-15	NA	NA	\$3-10	\$3-10	\$3-10	\$3-10
Weekend & Evening After 6pm Flat Rate	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	FREE
Non-Parking Use Flat Rate (per Space)	NA	NA	NA	NA	NA	NA	NA	NA	\$20	\$20	NA	NA
Banquet Center Visitor Rate	NA	NA	NA	Up to 2hrs: \$3 (Range: \$3-4) 2-4 hours: \$6 (Range: \$6-8) 4-6 hours: \$9 (Range: \$9-12) 6-8 hours: \$12 (Range: \$12-16) 8-10 hours: \$15 (Range: \$15-18)	NA	NA	NA	NA	NA	NA	NA	NA
Evening Flat Rate after 6pm (Sun-Thur)	NA	NA	NA	NA	NA	NA	FREE	NA	NA	NA	NA	NA
Evening Flat Rate after 6pm (Fri-Sat)	NA	NA	NA	NA	NA	NA	\$0 (Range: \$0-5)	NA	NA	NA	NA	NA

- The Director of Transportation, following a review by the Downtown Parking Board, may modify the monthly rates within the specified ranges
- The City Hall Garage is not included in the programs described in Section 2.A.10 through 2.A.15
- Free Parking Period available at the Market/San Pedro, 3rd Street, 2nd/San Carlos, and Fourth Street Garages
- 90 minutes free parking is not available at participating garages when a Special Event Flat Rate is in effect

EXHIBIT III – MASTER PARKING RATE SCHEDULE – ON-STREET

<u>Area</u>	<u>Rates</u>
Parking Meter District 1a – Downtown (as defined in Municipal Code Section 11.40.200B)	\$2.00 per hour As specified at Meter 9:00 AM – 6:00 PM Monday – Saturday Except Sundays and Holidays
Parking Meter District 1b – South First Street/University (as defined in Municipal Code Section 11.40.210B)	\$0.00-\$25.00 Flat Rate or \$ 2.00 per hour As specified at Meter
Parking Meter District 2 – East Santa Clara Neighborhood (as defined in Municipal Code Section 11.40.220B)	\$2.00 per hour As specified at Meter 9:00 AM – 6:00 PM Monday – Saturday Except Sundays and Holidays
Parking Meter District 3 – Japantown Neighborhood (as defined in Municipal Code Section 11.40.230B)	\$2.00 per hour As specified at Meter 9:00 AM – 6:00 PM Monday – Saturday Except Sundays and Holidays
Parking Meter District 4 - First and Younger Neighborhood (as defined in Municipal Code Section 11.40.240B)	\$2.00 per hour As specified at Meter 9:00 AM – 6:00 PM Monday – Saturday Except Sundays and Holidays
Parking Meter District 5 - Arena/Diridon Area (as defined in Municipal Code Section 11.40.250B)	\$0.00-\$25.00 Flat Rate or \$2.00 per hour As specified at Meter

EXHIBIT IV – COMMERCIAL REAL ESTATE PARKING PERMIT PROGRAM

- Program:** Long term parking agreements with existing and proposed Commercial Real Estate properties located Downtown
- Qualification:** Existing or proposed Commercial Real Estate property as defined in this Resolution, with priority given in the following order:
- Existing Commercial Real Estate Property with no on-site parking
 - Existing Commercial Real Estate Property with on-site parking
 - Commercial Real Estate Property currently under construction
 - Approved Building Permit for Commercial Real Estate Property
 - Entitled Commercial Real Estate Property
 - Proposed or Conceptual Project
- Parking Ratio:** The number of parking permits available under each Commercial Real Estate Parking Permit Program Agreement would be capped at 1.5 permits per 1,000 square feet of leasable building space, and further limited based upon the following parking conditions at the property:
- Developments with zero onsite parking would be eligible for 1.5 parking permits per 1,000 square feet
 - Developments with an existing or proposed parking ratio between zero and 1.5 would be eligible for a combined total of 1.5 parking permits per 1,000 square feet when considering both existing/proposed spaces and any permits provided by the City under the program.
 - Developments with an existing or proposed parking ratio over 1.5 parking spaces per 1,000 square feet are not eligible as they exceed the program cap of 1.5 permits per 1,000 square feet.
- Parking Term:** The term of agreements would be structured into two phases (Hold & Active) and based on the type of property associated with the agreement (Existing & Proposed), with total term lengths ranging from seven (7) to sixteen (16) years.

EXHIBIT IV – COMMERCIAL REAL ESTATE PARKING PERMIT PROGRAM

HOLD PERIOD: The amount of time existing properties may hold permits while they market their properties and proposed projects move through the development process.

- Existing Property: Two (2) Years
- Proposed Project: Six (6) Years

For proposed projects, the Holding term length would contain the following project milestone requirements:

- *Planning Approval: within 18 months of agreement execution*
- *Submittal for Building Permit: within 12 months of Planning Approval*
- *Building Permit Issued: within 12 months of Planning submittal date*
- *Breaking Ground: within 6 months of Building Permit issuance*
- *Certificate of Occupancy Issued: within 24 months of Breaking Ground*

ACTIVE PERIOD: The amount of time where parking permits issued under the agreement may be used for parking access in City parking facilities.

- Existing Property: Five (5) Years
- Proposed Project: Ten (10) Years

Parking Rates: During the Hold period, permits will be charged at the rate of \$100/permit/month.

During the Active period, the following rates will be charged for each permit based upon the following access type:

- Global Permit: Higher of Market Rate or \$125/permit/month
- Specific Garage Permit: Higher of Market Rate or \$165/permit/month
- Specific Garage (Premium): 1.5 times the Specific Garage Permit rate
- Specific Garage (Reserved): 2 times the Specific Garage Permit rate

Transfers: Parking agreement and parking permits are non-assignable and non-transferrable.

EXHIBIT IV – COMMERCIAL REAL ESTATE PARKING PERMIT PROGRAM

Eligible Parking: All Municipal Off-Street Parking Facility are eligible at the discretion of Director.

Approval: Director shall review all applications and approve all businesses eligible for the program and administer the program as set forth in this Resolution.

EXHIBIT V – DOWNTOWN OFFICE LEASE INCENTIVE PARKING PROGRAM

- Program:** Downtown Office Lease Incentive Parking Program
- Qualification:** Businesses must meet all of the following to be eligible for the Downtown Office Lease Incentive Parking Program:
- New office tenants or owner-occupiers new to the Downtown or Downtown Core (not relocating from within Downtown/Downtown Core)
 - Eligible office uses include:
 - Research and Development
 - Business and Administrative Offices
 - Financial Services
 - Must lease a minimum of 2,500 square feet
 - Minimum of 4 year lease or similar commitment from owner-occupiers
- Parking Ratio:** The number of parking permits available under each Downtown Office Lease Incentive Parking Program agreement shall not exceed two (2) permits per 1,000 square feet of leasable building space
- Application Term:** Businesses must apply between January 1, 2025 and December 31, 2026 documenting a signed lease or documented commitment to occupy by owner-occupiers.
- Parking Term:** The term of agreements will be structured with total term length of 2 years. After the agreement term, businesses may elect to continue to pay for monthly permits at the then current prevailing monthly permit rate(s).
- Parking Rates:** During the term of the Downtown Office Incentive Parking Program agreement, permits would be free of charge (\$0/permit/month).
- Transfers:** Parking agreement and parking permits are non-assignable and non-transferrable.
- Eligible Garages:** Permits issued under the Downtown Office Incentive Parking Program will be “Global” permits providing access to the following garages, but shall not guarantee access to any particular garage which may be unavailable from time to time due to special events or occupancy constraints.

EXHIBIT V – DOWNTOWN OFFICE LEASE INCENTIVE PARKING PROGRAM

- Market Street Garage
- 3rd Street Garage
- Fourth Street Garage
- Second/San Carlos Garage

Permits Available: A total of 500 permits will be made available under this program and available on a first come first served basis.

Approval: Director shall review all applications and approve all businesses eligible for the program and administer agreements in the program as set forth in this Resolution.

FW: Letter of Support for the San Jose Downtown Office Incentive Program to be heard at 10.1.2024 Council Meeting

From City Clerk <city.clerk@sanjoseca.gov>
Date Tue 9/24/2024 10:06 AM
To Agendadesk <Agendadesk@sanjoseca.gov>

 1 attachments (43 KB)

SJDA Letter of Support_Downtown Incentive Program.docx;

From: Lomio, Michael <Michael.Lomio@sanjoseca.gov>
Sent: Tuesday, September 24, 2024 10:03 AM
To: City Clerk <city.clerk@sanjoseca.gov>
Subject: Fw: Letter of Support for the San Jose Downtown Office Incentive Program to be heard at 10.1.2024 Council Meeting

Letter for October 1, RE: Downtown Office Incentive Program.

SAN JOSÉ
MAYOR
MATT
MAHAN

Michael Lomio (he/him)

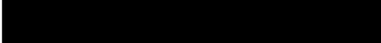

Sr. Land Use & Economic Development Policy Advisor

Office of Mayor Matt Mahan

 e: Michael.Lomio@sanjoseca.gov

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From: Allie Hughes 
Sent: Monday, September 23, 2024 2:50 PM
To: Mahan, Matt <Matt.Mahan@sanjoseca.gov>; Reed, Jim <Jim.Reed@sanjoseca.gov>; Lomio, Michael <Michael.Lomio@sanjoseca.gov>
Cc: Leslee Guardino 
Subject: Fwd: Letter of Support for the San Jose Downtown Office Incentive Program to be heard at 10.1.2024 Council Meeting

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Good afternoon,

On behalf of the San Jose Downtown Association, please see the letter of support re the San Jose Downtown Office Incentive Program (item 8.2 on the October 1st City Council agenda) attached below.

All my best,

Allie

--

Allie Hughes, MPA
Government Affairs Manager
Canyon Snow Consulting, LLC

www.canyonsnow.com



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San Jose Downtown Association
28 N. First Street, Suite 1000
San Jose, CA 95113

sjdowntown.com
408.279.1775



Honorable Mayor and Members of the San Jose City Council
City of San Jose
200 East Santa Clara Street
San Jose, CA 95113

Dear Mayor and Council,

On behalf of the San Jose Downtown Association, we are writing to express our enthusiastic support for the San Jose Downtown Incentive Program. As representatives of downtown businesses who are deeply invested in the economic and community development of San Jose, we recognize the transformative potential of this program for our downtown area.

The San Jose Downtown Incentive Program represents a strategic initiative to invigorate our city's core, drive economic growth, and enhance the quality of life for our residents. By providing targeted incentives, this program will attract new businesses, foster innovation, and create job opportunities, while also expanding the number of greatly-needed residential units. The resulting economic vitality will benefit not only the businesses themselves but also the broader community by boosting local spending, increasing property values, opening up viable pathways for more residential housing and enhancing the downtown's appeal as a vibrant, thriving hub.

In particular, the program's focus on attracting new downtown office tenants aligns with our organization's mission and values. We believe that these incentives will spur significant investments in our downtown area, elevate our current residents, and bring new people into the area to experience all San Jose has to offer, both night and day.

We urge the City Council to fully support and prioritize the San Jose Downtown Incentive Program and continue to move it forward. Its successful implementation will undoubtedly contribute to the long-term success and prosperity of San Jose, making it a more dynamic and attractive place for residents, businesses, and visitors alike.

Thank you for considering our perspective. We look forward to continuing to collaborate with the City, and local stakeholders to support the passage and implementation of this program.

Sincerely,

A solid black rectangular box used to redact the signature of Alex Stettinski.

Alex Stettinski
CEO of the San Jose Downtown Association

FW: Support for Council Agenda Item 8.2 on October 1, 2024 - Business Incentive Program

From City Clerk <city.clerk@sanjoseca.gov>
Date Thu 9/26/2024 8:06 AM
To Agendadesk <Agendadesk@sanjoseca.gov>

 1 attachments (77 KB)

Advocacy Committee - Letter of Support - Downtown Incentive Program Sep 22 24.pdf;

From: Chris Shay <[REDACTED]>
Sent: Wednesday, September 25, 2024 9:49 PM
To: City Clerk <city.clerk@sanjoseca.gov>; The Office of Mayor Matt Mahan <mayor@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>
Cc: Alex Stettinski <[REDACTED]>; Anjee Helstrup-Alvarez <[REDACTED]>; Klein, Nanci <Nanci.Klein@sanjoseca.gov>; Donato-Weinstein, Nathan <Nathan.Donato-Weinstein@sanjoseca.gov>
Subject: Support for Council Agenda Item 8.2 on October 1, 2024 - Business Incentive Program

[**External Email.** Do not open links or attachments from untrusted sources.]

You don't often get email from [REDACTED] [Learn why this is important](#)
Honorable Mayor, Distinguished Council Members, City Clerk,

As the Co-Chair for the SJDA Advocacy Committee (Arts, Sports, and Destination Economy Committee), I am submitting my support for the Business Incentive Program in downtown San Jose. This is associated with item 8.2 on the agenda being heard on October 1, 2024 at City Council. Thank you for your consideration.

Best,

Chris Shay | Senior Vice President Government Affairs
Sharks Sports & Entertainment
(408) 999 5726



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Honorable Mayor and Members of the San Jose City Council
City of San Jose
200 East Santa Clara Street
San Jose, CA 95113

Dear Mayor and Council,

On behalf of Sharks Sports and Entertainment, I am writing to express our enthusiastic support for the San Jose Downtown Incentive Program. As a supporter of the San Jose Downtown Association (SJDA) and their mission to support our downtown, we recognize the transformative potential of this program for our community.

The San Jose Downtown Incentive Program represents a strategic initiative to invigorate our city's core, drive economic growth, and enhance the quality of life for our residents. By providing targeted incentives, this program will attract new businesses, foster innovation, and create job opportunities, while also expanding the number of greatly-needed residential units.

In particular, the program's focus on attracting new downtown office tenants aligns with our organization and SJDA's mission and values. We believe that these incentives will spur significant investments in our downtown area, elevate our current residents, and bring new people into the area to experience all San Jose has to offer, both night and day. A more vibrant downtown office community spurs growth in entertainment, arts, sports, housing, and general sense of safety in the community.

We urge the City Council to fully support and prioritize the San Jose Downtown Incentive Program and continue to move it forward. Its successful implementation will undoubtedly contribute to the long-term success and prosperity of San Jose, making it a more dynamic and attractive place for residents, businesses, and visitors alike.

Thank you for considering our perspective. We look forward to continuing to collaborate with the City, and local stakeholders to support the passage and implementation of this program.

Sincerely,

Chris Shay
Sr. Vice President for Government Affairs
Sharks Sports and Entertainment