COUNCIL AGENDA: 06-7-05
ITEM: 2.7(a)

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Paul Krutko

SUBJECT: See below

DATE: May 16, 2005

Approved

Date May 23, 2005

COUNCIL DISTRICT: 3
SNI AREA: 13th Street

SUBJECT: PRELIMINARY APPROVAL OF 2005-2006 BUDGET REPORT, ADOPTION OF RESOLUTION OF INTENTION TO LEVY 2005-2006 ASSESSMENTS IN THE JAPANTOWN BUSINESS IMPROVEMENT DISTRICT AND SETTING OF A DATE AND TIME FOR THE PUBLIC HEARING ON THE LEVY OF ASSESSMENTS

RECOMMENDATION

Preliminary approval of the report as filed by the Japantown Business Improvement District Advisory Board or as modified by Council, and adoption of a resolution of intention to levy the annual assessment for 2005-06, and set June 28, 2005 at 1:30 p.m. as the date and time for the public hearing on the levy of the proposed assessments.

BACKGROUND

The Jackson-Taylor Business Improvement District ("The BID") was established by the Council in 1990 pursuant to the California Parking and Business Improvement Area Law ("BID Law") to promote the economic revitalization and physical maintenance of the Jackson-Taylor business district. The Council appointed the Jackson-Taylor Business Association (who have since changed their name to the Japantown Business Association to correspond with the neighborhood name) as the Advisory Board ("Advisory Board") for the BID, to advise the Council on the levy of assessments in the BID and the expenditure of revenues derived from the assessments. In 1993, the BID's name was changed, with Council approval, to the Japantown BID.

Pursuant to BID Law, the Advisory Board must come before the Council on an annual basis to present a report to the Council that proposes a budget for the upcoming fiscal year for the BID. The Council must then: 1) review the report and preliminarily approve it as proposed or as changed by the Council; 2) adopt a resolution of intention to levy the assessments for the upcoming fiscal year; and 3) set a date and time for the public hearing on the levy of assessments in the BID. Absent a majority protest at the public hearing, at the conclusion of the public hearing the Council may adopt a resolution approving the budget for Fiscal Year 2005-06 as filed or as modified by the Council. The adoption of the resolution constitutes the levying of the BID assessments for Fiscal-Year 2005-06.

ANALYSIS

The Advisory Board has prepared a budget report (the "report") attached as Exhibit 1, for the Council's consideration as the budget for the Japantown BID for Fiscal Year 2005-06. As required by BID Law, the report has been filed with the City Clerk and contains a list of the improvements, activities, and associated costs proposed in the BID in Fiscal Year 2005-06. The Advisory Board has recommended no change in the BID boundaries or the method and basis for levying assessments. The proposed assessments in the BID for Fiscal Year 2005-06 are the same as the assessments in Fiscal Year 2004-05.

OUTCOMES

This action is consistent with the Economic Development Strategy approved by the Council, specifically Initiative No. 5, "Support Start up and Growth of Local Businesses, in Tech as well as Non-Tech fields;" and Initiative No. 13, "Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Livability." A healthy Business Improvement District will encourage growth of the retail community and consequently result in additional sales tax revenue for the City.

PUBLIC OUTREACH

The budget for Fiscal-Year 2005-2006 was reviewed and approved by the Japantown Business and Professional Association at their board meeting on April 7, 2005.

COORDINATION

This memorandum has been coordinated with the Redevelopment Agency General Counsel's Office, Finance-Treasury, the Japantown Business Association and the City Clerk's Office.

COST IMPLICATIONS

Adoption of the proposed BID budget does not impact City revenue. BID assessments are restricted for use exclusively by the BID.

CEQA

CEQA: Exempt, PP03-05-165

Paul Krutko

PAUL KRUTKO
Director of Economic Development

Attachment

JAPANTOWN BID REPORT
FOR FISCAL YEAR 2005-2006

1. There are no proposed changes in the boundaries of the BID. Zone 1 and Zone 2 remain the same. See attached BID address range sheet and map.

2. Proposed budget & improvements:

Estimated non-BID membership		500.00
Estimated BID Carryover	$	0
Estimated BID Income		28,500.00
	$	29,000.00

3. Improvements and activities funded by BID:

Advertising	$	2,000.00
Banner Changing		950.00
Communications (newsletter, website hosting, phone)		1050.00
Office Expenses (includes rent)		3,000.00
Executive Director's Salary		20,000.00
Events (Farmers' Market, festivals Fundraising & cultural events)		2,000.00
	$	29,000.00

All figures are estimates. Any additional or unused BID receipts will be used for advertising, events, office expenses or area beautification.

4. There are no proposed changes in the assessment rates. The following is a list of the current (2004/2005) assessment rates.

Zone 1

Financial Institutions	$	550.00
Retail (Over 10 employees)		375.00
Restaurants		275.00
Professional Services		200.00
(e.g. accountants, attorneys, dentists, doctors, optometrists, realtors, insurance agents and brokers)		
Retail (10 employees or less)		200.00
Commercial Property Owners		175.00
(Those who receive income from other persons or entities for the use of that commercial property.)		
Non-retail		100.00
(e.g. artists, beauticians, dry cleaners, industrial, manufacturing, repair and wholesale)		

Zone 2

Any business	$	75.00

5. The association also expects $500 in membership income from members outside the BID boundaries. Other funding from possible upcoming sources

6. (i.e., Redevelopment Agency of San Jose, other grants submitted, events and Business Association activities) may augment the 2005-2006 budget.

Membership income outside BID	$500
BID income	$28,500
Total	**$29,000**

Breakdown of Japantown BID Assessments

There are no proposed changes to the assessment rates. The following is a list of the current (2005-2006)

Assessment rates.

Zone 1		
Financial Institutions	$	550
Retail (over 10 employees)	$	375
Restaurants	$	275
Professional Services (e.g. accountants, attorneys, dentists, doctors, optometrists, realtors, insurance agents and brokers)	$	200
Retail (10 employees or less)	$	200
Commercial property owners (Those who receive income from other persons or entities for the use of that commercial property.)	$	175
Non-retail (e.g. artists, beauticians, dry cleaners, industrial, manufacturing, repair and wholesale)	$	100

BREAKDOWN OF BID INCOME SOURCES
2005-2006

Business Classification	**Gross Revenue**	**Class Percentage of Revenue**
1 Retail with over 10 employees at $375.00	$ 375.00	1.32
25 Retail at $200 each	$ 5,000.00	17.54
15 Non-retail at $100 each	$ 1,500.00	5.26
22 Restaurants at $275 each	$ 6,050.00	21.23
16 Professionals at $200 each	$ 3,200.00	11.23
33 Property owners at $175 each	$5,775.00	20.26
88 Zone 2, any business at $75 each	$ 6,600.00	23.16
Total Revenue	**$28,500.00**	**100%**

Total number of businesses (200)
Gross Revenue: ($28,500)

kms
4.22.2005

Japantown Business Association
Board of Directors 2005-2006

Name	Work Phone	Fax	Email	Home phone
Officers				
Dale Yoshihara *President* *Kyoto Palace*	408.37..6456		binisgrill@aol.com	408.225.2029
Ken Ashizawa *Vice President* *Soko Hardware*	408.294.3190	408.286.4413	krashizawa@att.net	408.251.8817
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Steve Sakai *Secretary* *Uchida Travel*	408.293.3399	408.293.1617	Uchidatrvl@aol.com	408.298.3612
Ambassadors				
Bill Furukawa *Furukawa Watch Repair*	408.293.3939			408.295.9250
Perry Dobashi *Dobashi Market*	408.294.7794		pdobashi@yahoo.com	408.947.8030
Peter Enright *Phil Wood Co, Inc*	408 298.1540	408.298.9016	pwood@philwood.com	408.274.3887
Tom Kumamaru *Shuei-do Manju Shop*	408.294.4148		KUMO6@aol.com	408.293.2399
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Jacqueline Bates *The Prayer Garden Church*	408.294.5132		msjmb2001@aol.com	
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Kathy Sakamoto *Executive Director*	408.298.4303	408.286.4413	sanjosejtown@sbcglobal.net	408.251.2305

Terms of office
renewable
4.22.2005

JAPANTOWN BID ADDRESS RANGE

2005-2006

ZONE 1		ZONE 2	
East Taylor Street	131-275 odd 52-274 even	East Taylor Street	2-50 even 281-340 all
Jackson Street	80-300 all	Jackson Street	1-79 all
North Third Street	600, 601, 608 & 698	North First Street	598-698 even
North Fourth Street	573-605 odd 576-620 even 680-702 all	North Second Street	595-694 all
		North Third Street	607, 609-694 all
		North Fourth Street	607-679 odd 624-674 even
North Fifth Street	575-607 odd 590-640 even +683, 690 & 695	North Fifth Street	565-573 odd 613-681 odd 560-580 even 650-680 even
North Sixth Street	520-702 all		
		North Seventh Street	598-702 all