COUNCIL AGENDA: 05-20-08
ITEM: 4.2(a)

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Paul Krutko

SUBJECT: **See below**

DATE: April 28, 2008

Approved

Date 5/2/08

COUNCIL DISTRICT: 3
SNI AREA: 13th Street

SUBJECT: ADOPTION OF A RESOLUTION TO APPROVE THE 2008-2009 BUDGET REPORT AND TO LEVY JAPANTOWN BUSINESS IMPROVEMENT DISTRICT ASSESSMENTS FOR FISCAL YEAR 2008-09

RECOMMENDATION

Adoption of a resolution to approve the Japantown Business Improvement District budget report for fiscal year 2008-09, as filed or as modified by the Council, and to levy the Japantown BID assessments for 2008-09.

OUTCOME

Approval of this action will result in the levy of assessments for the upcoming fiscal year of the Japantown Business Improvement District.

BACKGROUND

The Japantown Business Improvement District ("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 Japantown business district. The Council appointed the Japantown Business Association 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.

Pursuant to BID Law, an annual public hearing is required in order to approve the annual budget report and levy the annual BID assessments. On May 6, 2008, the Council preliminarily approved the 2008-09 budget report as filed by the Advisory Board or as modified by the City Council and adopted a resolution of intention to levy the annual assessments for fiscal year 2008-09 for the BID, and set May 20, 2008 at 1:30 p.m. as the date and time for the required public hearing on the levy of the proposed 2008-09 assessments. The 2008-09 budget report submitted to the Council on May 6, 2008 is attached to this memo as Exhibit 1.

ANALYSIS

When a hearing is held under BID Law with regard to the levy of assessments of a BID, the City Council shall hear and consider all protests against the continued authorization of the BID, the extent of the area, the assessments, or the furnishing of specified types of improvements or activities. Protests may be made orally or in writing. Written protests must be filed with the City Clerk at or before the time fixed for the public hearing. BID Law requires that the proceedings shall terminate if protests are made in writing against the continued authorization of the BID by businesses or property owners in the proposed district that will pay a majority of the charges to be assessed. If the majority protest is only against the furnishing of a specified type or types of improvement or activity within the area, those improvements or activities shall be eliminated.

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 2008-09. As required by BID Law, the report has been filed with the City Clerk and contains, among other things, a list of the improvements and activities proposed to be provided in the BID in Fiscal Year 2008-09 and an estimate of the cost of providing the improvements and activities. The Advisory Board has recommended no changes in the BID boundaries or the method and basis for levying assessments. Therefore, the proposed assessments in the BID for Fiscal Year 2008-09, described in the report, are the same as the assessments in Fiscal Year 2007-2008.

During the course or upon the conclusion of the public hearing, the City Council may order changes in any of the matters provided in the Advisory Board's report. At the conclusion of the public hearing, the City Council may adopt a resolution confirming the report as originally filed or as modified by the Council. The adoption of the resolution constitutes the levy of the assessment for the fiscal year 2008-09.

EVALUATION AND FOLLOW-UP

The Advisory Board will come before the Council next year to present a report to the Council that proposes a budget for the upcoming fiscal year.

PUBLIC OUTREACH/INTEREST

In accordance with the BID Law, the City Clerk has published the required legal notice with regard to the levy of assessments for fiscal year 2008-09. The budget for Fiscal-Year 2008-2009 was reviewed and approved by the Japantown Business Association at their board meeting on March 20, 2008.

- ☐ **Criteria 1:** Requires Council action on the use of public funds equal to $1 million or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, Finance Department, Planning, Building and Code Enforcement, Budget Office, Japantown Business Association and the City Clerk's Office.

FISCAL/POLICY ALIGNMENT

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.

COST SUMMARY/IMPLICATIONS

Adoption of the proposed BID budget does not impact City revenue. BID assessments are restricted for use exclusively by the BID. It is anticipated that a healthy Business Improvement District will encourage growth of the retail community and consequently result in additional business tax and sales tax revenue for the City.

CEQA

CEQA: Exempt, File No.PP08-048

PAUL KRUTKO
Chief Development Officer
Phone # (408) 535-8181

Attachment

JAPANTOWN BID ADDRESS RANGE
2008-2009

Zone 1	Zone 2
East Taylor Street 131-275 odd 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
Forth Fifth Street 575-607 odd 590-640 even 683, 690 & 695	North Third Street 607. 609-694 all
North Sixth Street 520-702 all	North Fourth Street 607-679 odd 6240674 even
	North Fifth Street 565-573 odd 613-681 odd 560-580 even 650-680 even
	North Seventh Street 598-792 all

JAPANTOWN BID REPORT
FOR FISCAL YEAR 2007-2008

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	$	1800.00
Banner Changing/repair		1100.00
Communications (newsletter, website hosting, phone)		1050.00
Office Expenses (includes rent)		3,000.00
Executive Director's Salary P/T		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 (2007/2008) assessment rates.

Zone 1

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

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 (i.e., Redevelopment Agency of San Jose, other grants submitted, events and Business Association activities) may augment the 2007-2008 budget.

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

Japantown Business Association
Board of Directors 2008-2009

Name	Work Phone	Fax	Email
Officers			
Ken Ashizawa *Vice President* *Soko Hardware*	408.294.3190	408.286.4413	krashizawa@att.net
Mark Santo *Treasurer* *Santo Market*	408.295.5406	408.295.5477	Msanto@aol.com
Steve Sakai *Secretary* *Uchida Travel*	408.293.3399	408.293.1617	Uchidatrvl@aol.com
Ambassadors			
Bill Furukawa *Furukawa Watch Repair* *(non-voting)*	408.293.3939		(non-voting
Peter Enright *Phil Wood Co, Inc* *(non-voting)*	408 298.1540	408.298.9016	pwood@philwood.com
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