



COUNCIL AGENDA: 06-8-10
ITEM: 4.2(c)

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Paul Krutko

SUBJECT: See below

DATE: May 17, 2010

Approved

Date

5/24/10

COUNCIL DISTRICT: 3
SNI AREA: 13th Street

**SUBJECT: PRELIMINARY APPROVAL OF 2010-2011 BUDGET REPORT,
ADOPTION OF RESOLUTION OF INTENTION TO LEVY 2010-11
ASSESSMENTS IN THE JAPANTOWN BUSINESS IMPROVEMENT
DISTRICT, AND SETTING THE 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 Fiscal Year 2010-11, and set June 22, 2010 at 1:30 p.m. as the date and time for the public hearing on the levy of the proposed assessments.

OUTCOME

Approval of this action will result in a resolution of intention to levy of assessments for the upcoming fiscal year of the Japantown Business Improvement District and set the time and date for the public hearing.

BACKGROUND

The Japantown Business Improvement District ("The BID") was established by 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

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district. The Council appointed the Jackson-Taylor Business and Professional 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 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; 3) set a date and time for the public hearing on the BID-related actions. 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 2010-11 as filed or as modified by Council. The adoption of the resolution constitutes the levying of the BID assessments for the Fiscal Year 2010-2011.

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 2010-11.

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 2010-11. 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 2010-11 and an estimate of the cost of providing the improvements and activities. The Advisory Board has recommended no change in the BID boundaries or the method and basis for levying assessments. Therefore, the proposed assessments in the BID for Fiscal Year 2010-11, described in the report, are the same as the assessments for Fiscal Year 2010-11.

The Council may approve the report as filed or modify the report and approve it as modified. After the approval of the report, the Council must adopt a resolution of intention to levy the annual assessment for the 2010-11 fiscal year and fix a time and place for a public hearing to be held on the levy of the proposed assessment.

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

The budget for Fiscal Year 2010-11 was reviewed and approved by the Advisory Board on May 20, 2010.

- 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 & Professional 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.

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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

/s/

PAUL KRUTKO
Chief Development Officer

For questions, please contact Lee Wilcox, Downtown Coordinator, at (408) 535-8172.

Attachment



JAPANTOWN BID REPORT
FOR FISCAL YEAR 2010-2011

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 SJRA agreement funds		10,000.00
Estimated BID Carryover	\$	10,000.00
Estimated BID Income		29,250.00
		\$ 49,750.00

3. Improvements and activities funded by BID:

Advertising	\$	3750.00
Banner Changing/repair		1000.00
Communications (newsletter, website hosting, phone)		2500.00
Office Expenses (includes rent)		4500.00
Executive Director's Salary P/T		26000.00
Events (Farmers' Market, festivals)		12,000.00
Fundraising & cultural events)		
		\$ 49,750.00

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 (2009/2010) 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
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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 2010-2011 budget.

Estimated non-BID membership	500.00
Estimated SJRA agreement funds	10,000.00
Estimated BID Carryover	\$ 10,000.00
Estimated BID Income	<u>29,250.00</u>
Total	<u>\$49,750.00</u>