



COUNCIL AGENDA: 6/5/12
ITEM: 2.11(b)

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kim Walesh

SUBJECT: SEE BELOW

DATE: May 14, 2012

Approved

Date

5/12/12

COUNCIL DISTRICT: 3

**SUBJECT: PRELIMINARY APPROVAL OF 2012-2013 BUDGET REPORT,
ADOPTION OF RESOLUTION OF INTENTION TO LEVY 2012-13
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 2012-2013, and set June 19, 2012 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 Jackson-Taylor Business Improvement District was established by Council in 1990 pursuant to the California Parking and Business Improvement Area Law ("BID Law") and subsequently changed its name, with Council approval, to Japantown BID ("The BID") to promote the economic revitalization and physical maintenance of the Jackson-Taylor business 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.

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 to advise the Council on the levy of assessments in the BID and the expenditure of revenues derived from the assessments for the benefit of 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 2012-2013 as filed or as modified by Council. The adoption of the resolution constitutes the levying of the BID assessments for the Fiscal Year 2012-2013.

ANALYSIS

The Advisory Board has prepared a budget report (the "report") attached hereto, for the Council's consideration as the budget for the Japantown BID for Fiscal Year 2012-2013. 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 2012-13 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 2012-2013, described in the report, are the same as the assessments for Fiscal Year 2011-2012.

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 Fiscal Year 2012-2013 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 2012-2013 was reviewed and approved by the Advisory Board on April 26, 2012.

- 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, Planning, Building and Code Enforcement, the City Manager's 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. 1, "Encourage Companies and Sectors that Can Drive the San José/Silicon Valley Economy and Generate Revenue for City Services and Infrastructure," Initiative No. 2, "Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Vitality," Initiative No. 4, "Nurture the Success of Local Small Business," and Initiative No. 10, "Continue to Position Downtown as Silicon Valley's City Center." 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.

HONORABLE MAYOR AND CITY COUNCIL

May 14, 2012

Subject: Approval of 2012/13 Budget Report – Japantown BID

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CEQA

Exempt, File No.PP08-048.

/s/

KIM WALESH

Director of Economic Development

Chief Strategist

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

Attachment



JAPANTOWN BID REPORT
FOR FISCAL YEAR 2012-2013

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		1,500.00
Estimated BID Carryover	\$	10,000.00
Estimated BID Income		33,250.00
Estimated fundraising efforts		5,000.00
	\$	49,750.00

3. Improvements and activities funded by BID:

Advertising	\$	2,750.00
Banner Changing/repair		2,000.00
Communications (newsletter, website hosting, phone)		3,500.00
Office Expenses (includes rent)		4,500.00
Executive Director's Salary P/T		26,000.00
Events (Farmers' Market, festivals Fundraising & cultural events)		11,000.00
	\$	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 (2012-2013) 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
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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 2012-2013 budget.

Estimated non-BID membership		1,500.00
Estimated BID Carryover	\$	10,000.00
Estimated BID Income		33,250.00
Estimated fundraising income		5,000.00
Total		\$49,750.00

BREAKDOWN OF BID INCOME SOURCES
2012-2013

Business Classification	Gross Revenue	Class Percentage of Revenue
1 Retail with over 10 employees at \$375.00	\$375.00	1.24
27 Retail at \$200 each	\$5,400	17.9
15 Non-retail at \$100 each	\$1500.00	4.97
23 Restaurants at \$275 each	\$6,325	20.96
21 Professionals at \$200 each	\$4,200	13.92
33 Property owners at \$175 each	\$5775.00	19.14
88 Zone 2, any business at \$75 each	\$6600.00	21.87
Total Revenue	\$30,175	<u>100%</u>

Total number of businesses (208)
Gross Revenue: (\$30.175)

JAPANTOWN BID ADDRESS RANGE
2012-2013

ZONE 1 – per breakdown*		ZONE 2 - \$75 any	
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 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 624-674 even
		North Fifth Street	565-573 odd 613-681 odd 560-580 even 650-680 even

*Please see BID Income sources breakdown

North Seventh Street 598-702 all



**Japantown Business Association
Board of Directors 2012-2013**

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<i>Officers</i>			
Steve Sakai <i>President</i> <i>Uchida Travel</i>	408.293.3399	408.293.3399	Uchidatrvt@aol.com
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Ken Ashizawa <i>Treasurer</i> <i>Ashizawa Bros LLC</i>	408.251.8817		krashizawa@att.net
Miles Rast & Tamiko Rast <i>Secretary</i> <i>Rasteroids</i>	408.979.9138		webbies@rasteroids.com
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Terms of office renewable
April 2012