



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kim Walesh

**SUBJECT:** SEE BELOW

**DATE:** May 29, 2012

Approved 

Date 6/6/12

**COUNCIL DISTRICT: 3**

**SUBJECT: ADOPTION OF A RESOLUTION TO APPROVE THE 2012-2013 BUDGET REPORT AND TO LEVY JAPANTOWN BUSINESS IMPROVEMENT DISTRICT ASSESSMENTS FOR FISCAL YEAR 2011-2012.**

## RECOMMENDATION

Adopt a resolution to approve the Japantown Business Improvement District budget report for fiscal year 2012-2013, as filed or as modified by the Council, and to levy the Japantown BID assessments for 2012-2013.

## 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 Jackson-Taylor Business Improvement District was established by the 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 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 for the benefit of the BID.

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 June 5, 2012, the Council preliminarily

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approved the 2012-13 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 2012-2013 for the BID, and set June 19, 2012, at 1:30 p.m. as the date and time for the required public hearing on the levy of the proposed 2012-2013 assessments. The 2012-2013 budget report preliminarily approved by the Council on May 24, 2011, is attached to this memo. 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 2012-2013.

### **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 hereto, for the Council's consideration as the budget for the Japantown BID for Fiscal Year 2012-2013 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. 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 2012-2013 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 2012-2013, described in the report, are the same as the assessments in Fiscal Year 2011-2012.

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 2012-2013.

### **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**

- 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)**

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 2012-2013. The budget for Fiscal-Year 2012-2013 was reviewed and approved by the Japantown Business Association at their board meeting on April 26, 2012.

### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office, 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. 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.

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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.

Attachments



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
<b>Total</b>		<b>\$49,750.00</b>

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**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
<b>Total Revenue</b>	<b>\$30,175</b>	<b><u>100%</u></b>

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

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**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**

<b>Name</b>	<b>Work Phone</b>	<b>Fax</b>	<b>Email</b>
<i><b>Officers</b></i>			
Steve Sakai <i>President</i> <i>Uchida Travel</i>	408.293.3399	408.293.3399	<a href="mailto:Uchidatrvl@aol.com">Uchidatrvl@aol.com</a>
Jordan Trigg <i>Jack's Bar &amp; Lounge</i>	408.287.5225		<a href="mailto:jordantrigg@hotmail.com">jordantrigg@hotmail.com</a>
Ken Ashizawa <i>Treasurer</i> <i>Ashizawa Bros LLC</i>	408.251.8817		<a href="mailto:krashizawa@att.net">krashizawa@att.net</a>
Miles Rast & Tamiko Rast <i>Secretary</i> <i>Rasteroids</i>	408.979.9138		<a href="mailto:webbies@rasteroids.com">webbies@rasteroids.com</a>
<i>Ambassadors</i>			
Tom Kumamaru <i>Shuei-do Manju Shop</i>	408.294.4148		<a href="mailto:KUMO6@aol.com">KUMO6@aol.com</a>
Jim Nagareda <i>Nagareda Studios,</i> <i>Nikkei Traditions</i>	408.971.6456	408.292.3984	<a href="mailto:nagastudio@aol.com">nagastudio@aol.com</a>
Jacqueline Bates <i>The Prayer Garden</i> <i>Church</i>	408.294.5132		<a href="mailto:msjmb2001@aol.com">msjmb2001@aol.com</a>
Jim Turner <i>Omogari Korean</i> <i>Restaurant</i>	408.288.8134		<a href="mailto:Jim.Turner@gd-ais.com">Jim.Turner@gd-ais.com</a>
Michelle Locquaio <i>Cukai</i>	408.889-2768		<a href="mailto:info@cukai.com">info@cukai.com</a>
Steve Kim/Jennifer pan <i>Biscuits</i>	408.564-6537		<a href="mailto:shopbiscuits@gmail.com">shopbiscuits@gmail.com</a>
Kathy Sakamoto <i>Executive Director</i>	408.298.4303	408.286.4413	<a href="mailto:sanjosejtown@sbcglobal.net">sanjosejtown@sbcglobal.net</a>

Terms of office renewable  
April 2012