



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Kim Walesh

SUBJECT: SEE BELOW

DATE: June 19, 2020

Approved

Date

6/19/2020

COUNCIL DISTRICT: 3

SUBJECT: ADOPTION OF RESOLUTION TO APPROVE THE 2020-2021 BUDGET REPORT AND TO LEVY JAPANTOWN BUSINESS IMPROVEMENT DISTRICT ASSESSMENTS FOR FISCAL YEAR 2020-2021

RECOMMENDATION

Conduct a Public Hearing and adopt a resolution to:

- (a) Approve the 2020-2021 Budget Report as filed by the Japantown Business Improvement District Advisory Board, or as modified by Council; and
- (b) Levy the annual Japantown Business Improvement District assessments for Fiscal Year 2020-2021.

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 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 ("BID") to promote the economic revitalization and physical maintenance of the Jackson-Taylor business district. 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 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 shown in Attachment A.

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 16, 2020, the Council preliminarily approved the 2020-2021 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 2020-2021 for the BID, and set June 30 at 1:30 p.m. as the date and time for the required public hearing on the levy of the proposed 2020-2021 assessments. The 2020-2021 budget report preliminarily approved by the Council on June 16, 2020 is attached to this memo as Attachment B. 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 2020-2021.

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 Attachment B, for Council’s consideration, as the budget for the Japantown BID for Fiscal Year 2020-2021. 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 2020-2021 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 2020-2021, described in the report, are the same as the assessments for Fiscal Year 2019-2020.

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 2020-2021.

CONCLUSION

Approval of this action will result in the adoption of a resolution to levy the assessments for the upcoming fiscal year of the Japantown BID.

EVALUATION AND FOLLOW-UP

The Advisory Board will come before Council next year to present a report that proposes a budget for the 2021-2022 fiscal year. Given the severity of economic impacts to the small business sector due to COVID-19, staff will work closely with the Japantown BID to provide technical assistance and resource support as part of the work identified in the CARES Act funding through initiatives such as Al Fresco and Silicon Valley Strong and organizations such as the Silicon Valley Community Foundation.

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

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 2020-2021. The budget for Fiscal Year 2020-2021 was reviewed and approved by the Advisory Board on May 20, 2020.

This memorandum will be posted on the City's website for the June 30, 2020 Council agenda.

COORDINATION

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

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

FISCAL/POLICY ALIGNMENT

This action is consistent with the Economic Development Strategy approved by 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 Japantown BID budget does not directly impact City revenue. It is anticipated that a healthy Japantown Business Improvement District will encourage growth of the retail community, which indirectly generates additional business tax and sales tax revenue for the City. The Japantown BID assessments are restricted for use exclusively by the Japantown BID and it is estimated at \$32,425 in 2020-2021. However, due to the timing of the development of the 2020-2021 Proposed Operating Budget and the final adoption of the Japantown BID budget, \$31,500 was allocated in the 2020-2021 Proposed Operating Budget in the Business Improvement District Fund for this purpose. As part of the 2020-2021 Year-End Budget Process, budget adjustments for this fund was brought forward for City Council approval, on June 16, 2020, as part of Manager’s Budget Addendum #32 that was included in the Mayor’s June Budget Message for Fiscal Year 2020-2021.

BUDGET REFERENCE

For budgeting purposes, the table below identifies the fund and appropriation proposed to fund the City’s assessment recommended as part of this memorandum. The BID assessments are collected by the City and then passed through to the BID.

Fund #	Appn #	Appn. Name	Total Appn.	Rec. Budget Action	2020-2021 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
351	2527	Japantown Business Improvement District	\$31,500	N/A	IX-13	N/A

* The 2020-2021 Operating Budget was reviewed and approved by City Council on June 16, 2020, and adopted on June 23, 2020.

HONORABLE MAYOR AND CITY COUNCIL

June 19, 2020

Subject: Approval of 2020-2021 Budget Report – Japantown BID

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CEQA

Statutorily Exempt, CEQA Guidelines Section 15061(b), Review for Exemption, File No. PP08-048

/s/

KIM WALESH

Deputy City Manager

Director of Economic Development

For questions, please contact Sal Alvarez, Executive Analyst, at (408) 793-6943.

Attachments



Attachment A





JAPANTOWN BUSINESS ASSOCIATION

565 N. 6th Street, Suite G. San Jose, CA 95112. phone (408) 298-4303.
info@japantownsanjose.org

Japantown BID Budget Report for Fiscal Year 2020-2021

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

2. Estimated budget and improvements:

BID Income	\$32,425
Non-BID membership	0
BID NBD Grant (expected funding for prior 3 years)	15,000
Fundraising efforts	575
NPO Parking Program (leasing spots for NPOs to businesses)	9,000
Farmer's Market	3,000
BeerWalk/SakeWalk/events benefitting JBA	0
Total	\$60,000

* All figures are estimates. Any additional or unused BID funding will be used for beautification, marketing, events, office expenses, or carried over for Year 2021-2022.

3. Improvements and activities funded by BID:

Japantown Farmer's Market	\$14,250
NPO Parking Program (leasing spots for NPOs to businesses)	8,500
Marketing (advertising, promotions)	9,000
Banner and hardware replacement	8,000
Beautification/trees and planting/graffiti removal	8,000
Office expenses (rent, insurance, hardware and software)	7,000
Utilities (web, phone, subscriptions)	3,000
Miscellaneous (sponsorship and local support)	2,250
Total	\$60,000

4. Fiscal Year 2020-2021 Planned Expenses for Japantown Farmer's Market

- As of 3/2020, Japantown Farmer's Market is closed indefinitely pending COVID-19; no public events will be held on Gordon Biersch property through 2020. JFM will resume once the property reopens for public use; expected return in 2021. Expect all costs to be the same as when market restarted in June 2019, but limited income due to vendor subsidies.

Rent (2.5K/quarter)	\$5,000
Facility maintenance (550/month)	3,300
Permits, licensing and inspections	3,000
Reimbursement of TFF Vendor Permits (upon reopening)	1,000
General expenses (garbage bags, storage, cleanup)	350
Concessions (potable water, soft drinks, coffee, etc)	600
Promotional	1,000
Total for Fiscal Year 2020-2021	\$14,250

5. Current Japantown BID Assessment rates are below:

Zone 1	\$
Financial institutions	550
Retail (over 10 employees)	375
Restaurants	275
Professional Services (CPAs, Attys, Drs, Agents, etc)	200
Retail (10 employees or less)	200
Commercial Property Owners	175
Non-Retail (Artists, Industrial, Mfg, Repair, Wholesale)	100
Zone 2	
Any business	75

6. The JBA Board of Directors voted in 11/2018 to charge an annual \$175.00 BID assessment fee to Non-Profit Organizations (NPOs), that own commercial space, since the business and property purpose is the same as all other Commercial Property owners in the district. They will be classified as “Commercial Property Owners” for the specific parcels under their management that are not used for their own NPO operations. The NPOs falling under this assessment category are:

- San Jose Buddhist Church Betsuin, 640 N. 5th St, SJ 95112
 - *Please note that SJBCB has not been reclassified as BID-JPN1: COMM PROP and billed appropriately for their properties on 223, 225, 227, and 229 Jackson Street, SJ 95112.*
- The Prayer Garden Church of God in Christ, 651 N. 6th St., SJ 95112
 - *Please note that PGCG has been billed, but not reclassified as BID-JPN1: COMM PROP.*
- Wesley United Methodist Church, 566 N. 5th St., SJ 95112
 - *WUMC is not listed in the JTBID statements as of April 2020. They should be billed as BID-JPN1: COMM PROP for ownership of 565 N. 6th Street, SJ 95112.*

Japantown BID Address Range: 2020-2021

Zone 1 - per breakdown*		Zone 2 - \$75 any	
E. Taylor St.	131-275 (odd) 52-274 (even)	E. Taylor St.	2-50 (even) 281-340 (all)
Jackson St.	80-300 (all)	Jackson St.	1-79 (all)
N. 1st St.	—	N. 1st St.	598-698 (even)
N. 2nd St.	—	N. 2nd St.	595-694 (all)
N. 3rd St.	600, 601, 608, 698	N. 3rd St.	607, 609-694 (all)
N. 4th St.	573-605 (odd) 576-620 (even) 680-702 (all)	N. 4th St.	607-679 (odd) 624-674 (even)
N. 5th St.	575-607 (odd) 590-640 (even) 683, 690, 695	N. 5th St.	565-573 (odd) 613-681 (odd) 560-580 (even) 650-680 (even)
N. 6th St.	520-702 (all)	N. 6th St.	—
N. 7th St.	—	N. 7th St.	598-702 (all)

***BID Income sources listed on next page**

Japantown BID Income Sources 2020-2021

Business Classification	Fee (\$)	Number/ Qty.	Gross Revenue (\$)	% of Revenue
Financial Institutions	550	0	0	0
Retail (over 10 employees)	375	1	375	1
Restaurants	275	21	5,775	18
Retail (10 employees or less)	200	24	4,800	15
Professionals	200	23	4,600	14
Commercial Property Owners	175	37	6,475	20
Non-Retail	100	32	3,200	10
Zone 2, Any Businesses	75	96	7,200	22
Total Revenue		234	\$32,425	100

JBA Board of Directors 2020-2021

Tamiko Rast, President Rasteroids Design, Ernest & Fred	408-564-1663	tamiko@rasteroids.com trast@japantownsanjose.org
Richard Kogura, Vice President Kogura Company, Commercial Property Owner	408-605-5530	rkogura@mcmdiversified.com
Carolyn Kogura, Treasurer Kogura Company, Commercial Property Owner	408-605-1880	carolynkogura@gmail.com
Miles Rast, Secretary Rasteroids Design, Roy's Station	408-564-1662	miles@rasteroids.com
Jacqueline Bates Prayer Garden Church of God, Commercial Property Owner	408-234-4537	jaxjmarie@gmail.com
Carol Chen Commercial Property Owner	510-368-8773	carolchenus@yahoo.com
Kari Dobashi-Barton Commercial Property Owner	408-221-3775	karitbarton@gmail.com
Patty Dobashi-Yasukawa Commercial Property Owner	408-221-5126	pyasukawa@gmail.com
Jim Nagareda Nagareda Studio, Nikkei Traditions, Commercial Property Owner	408-219-4103	nagastudio@aol.com
My Nguyen Headliners	408-421-1420	headlinerssj@gmail.com
Mark Santo Santo Market	408-295-5406	msanto1111@gmail.com
Jordan Trigg Jack's Bar, 7 Bamboo, Jtown Pizza	408-839-2309	jordan@dipsomaniainc.com

JAPANTOWN BUSINESS ASSOCIATION

565 N 6th St - San Jose, CA 95112 (408) 298-4303



Meeting Minutes

Thursday, May 20th 2020 at 6:30pm via Zoom Video Conference

Japantown Business Association

President Tamiko Rast, Vice President Richard Kogura, Treasurer Carolyn Kogura, Secretary Miles Rast, Jacqueline Bates, Carol Chen, Jim Nagareda, My Nguyen, Jordan Trigg, Patty Dobashi-Yasukawa, Mark Santo

I. Attendees

A. Jacqueline Bates, Carolyn Kogura, Jim Nagareda, My Nguyen, Miles Rast, Tamiko Rast, Patty Dobashi-Yasukawa, Mark Santo. Absent: Carol Chen, Jordan Trigg.

II. Additions or Deletions

A. None.

III. Reports

A. Treasurer's Report. Received \$5,000 in BID payments last month. C. Kogura filed 2019 JBA tax returns.

B. Farmer's Market Update. Farmer's Market generated \$12,000, but the net revenue was \$3,000 not including relocation expenses. Gordon Biersch is not hosting public events through September and likely through the end of year due to COVID-19. Re-opening not expected until 2021.

C. Kogura asks to vote to provide 2019 Farmer's Market volunteers with gift cards based on scaled volunteer time between \$20-250, with average rate of about \$2/hour for most helpful volunteers. Miles Rast motions, Jacqueline Bates seconds, all attendees approved.

C. Corp Yard Development. Construction has resumed and the Creative Center remains included in the project.

D. Japantown Cultural Society. No movement yet, but Emanuel Lee and wife (hired to organize JBA paperwork) found the signed JBA by-laws, tax

paperwork and IRS paperwork.

- E. Japantown Neighborhood Association. T. Rast met with President Victoria Taketa about tree health and maintenance, collaboration with JNA for volunteers. Arborist advised drilling holes in decomposed granite around mature trees for watering.
- F. Japantown Community Congress. Conducting monthly meetings via ZOOM. JCCsj is looking to get a quote on 5th/Jackson Lantern repair costs from Palmer Electric; T. Rast is coordinating.

IV. Events

- A. All events (Sakewalk, Beerwalk, Obon) are cancelled due to COVID-19.

V. Voting

- A. BID budget. Projections are consistent from the year prior: \$32K in income. There are some discrepancies regarding payment for BID billings to Buddhist Church and Wesley Methodist for their commercial property that will be reviewed.

Vote to approve BID Budget. Miles Rast motions, Jacqueline Bates seconds, all attendees approved.

VI. Neighborhood

- A. JBA restaurant subsidy project has been successful. JBA has provided \$600 in lunches from Kazoo and Minato in 3 weeks (\$200 to Minato, \$400 to Kazoo), with recipients including Yu-Ai Kai Senior Center. Future restaurants include Omogari, Kaita, JT Express, Hukilau. Request board for ideas on additional restaurants (Cielito, Corona) and organizations for food donations.
- B. Crime and Safety. Shinmori Optometry was broken into 3 times by transient Amrik Chand, who was caught and has been released. Jtown Pizza and broken into the prior week; computer equipment was stolen and the investigation is ongoing.
- C. Business Updates. My Nguyen will be re-opening Headliners tomorrow.

V. Announcements

D. None.

Meeting was adjourned at 7:30pm.
