



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Kim Welsh

SUBJECT: SEE BELOW

DATE: April 27, 2018

Approved

Date

5-10-18

COUNCIL DISTRICT: 3

SUBJECT: PRELIMINARY APPROVAL OF 2018-2019 BUDGET REPORT, ADOPTION OF RESOLUTION OF INTENTION TO LEVY 2018-2019 ASSESSMENTS IN THE JAPANTOWN BUSINESS IMPROVEMENT DISTRICT, AND SETTING THE DATE AND TIME FOR THE PUBLIC HEARING ON THE LEVY OF ASSESSMENTS

RECOMMENDATION

Preliminarily approve the report as filed by the Japantown Business Improvement District Advisory Board, or as modified by Council, and adopt a resolution of intention to levy the annual assessment for Fiscal Year 2018-2019 and set Tuesday, June 5, 2018 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 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 ("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

April 27, 2018

Subject: Approval of 2018-2019 Budget Report – Japantown BID

Page 2

assessments in the BID and the expenditure of revenues derived from the assessments for the benefit of the BID.

Pursuant to BID Law, the Advisory Board must come before Council on an annual basis to present a report. The report proposes a budget for the upcoming fiscal year 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. Council must then: 1) review the report and preliminarily approve it as proposed or as changed by 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 Council may adopt a resolution approving the budget for Fiscal Year 2018-2019 as filed or as modified by Council. The adoption of the resolution constitutes the levying of the BID assessments for the Fiscal Year 2018-2019.

ANALYSIS

The Advisory Board has prepared a budget report (the “report”) attached as Exhibit 1, for Council’s consideration, as the budget for the Japantown BID for Fiscal Year 2018-2019. 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 2018-2019 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 2018-2019, described in the report, are the same as the assessments for Fiscal Year 2017-2018.

Council may approve the report as filed or modify the report and approve it as modified. After the approval of the report, Council must adopt a resolution of intention to levy the annual assessment for the 2018-2019 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 Council next year to present a report that proposes a budget for the 2019-2020 fiscal year.

PUBLIC OUTREACH

The budget for Fiscal Year 2018-2019 was reviewed and approved by the Advisory Board on April 19, 2018.

This memorandum will be posted on the City’s website for the May 22, 2018 Council agenda.

April 27, 2018

Subject: Approval of 2018-2019 Budget Report – Japantown BID

Page 3

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. The Japantown BID assessments are restricted for use exclusively by the Japantown BID. 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.

CEQA

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

/s/

KIM WALES
Deputy City Manager
Director of Economic Development

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

Attachments



BREAKDOWN OF BID INCOME SOURCES

2018-2019

No. of Businesses	Business Classification	Gross Revenue	Class Percentage of Revenue
0	Financial Institution at \$550 each	0	0
2	Retail with over 10 employees at \$375	\$750	1
32	Retail at \$200 each	\$6,400	20
19	Non-retail at \$100 each	\$1,900	2
25	Restaurants at \$275 each	\$6,875	22
26	Professionals at \$200 each	\$5,200	16
33	Property owners at \$175 each	\$5,775	17
87	Zone 2, any business at \$75 each	\$6,525	21
<u>224</u>	<u>Totals</u>	<u>\$33,425</u>	<u>100%</u>

Total number of businesses: 224

Gross Revenue: \$33,425

JAPANTOWN BID ADDRESS RANGE
2018-2019

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
		North Seventh Street	598-702 all

*Please see BID Income sources breakdown

JAPANTOWN BID BUDGET REPORT
FOR FISCAL YEAR 2018-2019

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	360.00
Estimated BID NBD Grant	\$ 5,000.00
Estimated BID Income	33,425.00
Estimated fundraising efforts	<u>13,500.00</u>
	<u>\$ 52,285.00</u>

3. Improvements and activities funded by BID:

Advertising/Marketing	\$ 3,100.00
Banner Changing/repair	2,335.00
Beautification	2,300.00
Community support	600.00
Communications (mailings, website hosting, phone)	3,000.00
Office Expenses (rent, equipment replacement)	4,000.00
Executive Director's Salary P/T	26,000.00
Events (Farmers' Market, festivals)	<u>11,000.00</u>
Fundraising, permits & cultural events)	<u>\$ 52,285.00</u>

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 (2018-2019) assessment rates (no changes from 2017-2018).

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.)	

(continued...)

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 \$360 in membership income from members outside the BID boundaries. Other funding from possible upcoming sources (i.e., City of San Jose grants' events and Business Association activities) may augment the 2018-2019 budget.

Estimated non-BID membership	360.00
Estimated BID Carryover	\$ 5,000.00
Estimated BID Income	33,425.00
Estimated fundraising efforts	<u>13,500.00</u>
TOTAL	<u>\$ 52,285.00</u>