



COUNCIL AGENDA: 06/4/19
FILE: 19-405
ITEM: 4.2

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Kim Walesh

SUBJECT: SEE BELOW

DATE: May 22, 2019

Approved

D. D. SyL

Date

5/22/19

COUNCIL DISTRICT: 3

SUBJECT: ADOPTION OF RESOLUTION TO APPROVE THE 2019-2020 BUDGET REPORT AND TO LEVY JAPANTOWN BUSINESS IMPROVEMENT DISTRICT ASSESSMENTS FOR FISCAL YEAR 2019-2020

RECOMMENDATION

Adopt a resolution approving the Japantown Business Improvement District budget report for Fiscal Year 2019-2020, as filed or as modified by the Council, and to levy the Japantown BID assessments for Fiscal Year 2019-2020.

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.

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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 May 21, 2019, the Council preliminarily approved the Fiscal Year 2019-2020 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 2019-2020 for the BID, and set June 4, 2019 at 1:30 p.m. as the date and time for the required public hearing on the levy of the proposed Fiscal Year 2019-2020 assessments. The 2019-2020 budget report preliminarily approved by the Council on May 21, 2019 is attached to this memo as Exhibit 1. 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 2019-2020.

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 Exhibit 1, for Council’s consideration, as the budget for the Japantown BID for Fiscal Year 2019-2020. 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 2019-2020 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 2019-2020, described in the report, are the same as the assessments for Fiscal Year 2018-2019.

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 2019-2020.

EVALUATION AND FOLLOW-UP

The Advisory Board will come before Council next year to present a report that proposes a budget for the Fiscal Year 2020-2021.

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 2019-2020. The budget for Fiscal Year 2019-2020 was reviewed and approved by the Advisory Board on April 19, 2019.

This memorandum will be posted on the City's website for the June 4, 2019 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 City Clerk's Office, and the Japantown Business & Professional Association.

COMMISSION RECOMMENDATION/INPUT

No additional follow up action with the City Council is expected at this time.

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.

HONORABLE MAYOR AND CITY COUNCIL

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CEQA

Exempt, File No. PP08-048, CEQA Guidelines Section 15061(b), Review for Exemption.
Council District 3.

/s/

KIM WALESH

Deputy City Manager

Director of Economic Development

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

Attachments



JAPANTOWN BUSINESS ASSOCIATION

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



Meeting Minutes

Thursday, April 18th 2019 at 6:15pm

Japantown Business Association

President Tamiko Rast, Vice President Richard Kogura, Treasurer Carolyn Kogura, Secretary Miles Rast

I. Attendees

- A. Jacqueline Bates, Mahmoud and Maya Hashemi (community residents), Carolyn Kogura, Richard Kogura, My Nguyen, Miles Rast, Tamiko Rast, Jordan Trigg, Patty Yasukawa

II. Additions or Deletions

- A. None.

III. Reports

- A. Treasurer's Report: receive \$1,800 for the BID. Receive \$17,750 from Shea Homes to cover Farmer's Market expenses for 2019.
- B. Farmer's Market Update. City passes zoning ordinance to allow the Farmer's Market to be held at Gordon Biersch. Dan Gordon and business partners will be signing lease as soon as he receives official City documentation, requires to be named as additionally insured on \$2 million liability policy.
- C. Corp Yard Development. Meeting held between Raul Peralez and Mindy Nguyen (D3), Sean McEachern (Shea Homes), Layne Row and John Cantlen (Swenson Builders), Jacqueline Bates and father Pastor Bates, Deacon Jason (Prayer Garden), Jackie Jackson (Jackie's Place), and Tamiko Rast (JBA) on April 12 to discuss parking situation.

City will not be providing additional parking for Japantown (i.e. building parking garage), leaving three potential options; Wesley Methodist (sharing existing parking lots), re-paving Akiyama Wellness field (unlikely due to City's Green Initiative), or re-striping 5th Street (also unlikely due to lack of adjacent pedestrian walkway). Swenson/Shea has offered to pave and maintain lot adjacent to Nishioka building as a temporary measure if

costs are reasonable. Tamiko will reach out to Wesley to ask about their interest in sharing their parking lots with the public.

- D. JNA Meeting recapped by Mahmoud Hashemi — parking representatives explain how to call when residential driveways are blocked.

Explains PG&E program where City pulls credits at a lower rate and sells (slightly lower) electricity to consumers with two charges (generation and transmission). This is an opt-out system where consumers can spend more for clean energy.

Hashemi reports that Mindy Nguyen fielded complaints about UPRR trains. City will be talking with Union Pacific Railroad on May 22 about implementing a Quiet-Zone initiative; ensures trains running at night will not use horns. This type of initiative took a full year to implement in Sunol, California.

- E. Japantown Community Congress

Considers splitting Japantown Prepared from Japantown Community Congress due to additional bookkeeping work. No significant action items outside of future goals. JCC is looking for more business representation from locals connected to the community. Darcie Kiyon announces her resignation from the Board due to a work promotion and increased responsibilities at El Camino Hospital.

IV. Events & Discussion

- F. Upcoming events include Beerwalk, Nikkei Matsuri, JTown Artwalk and Obon Festival. Event sheet and details provided to attendees.

- G. Crime and Safety Updates. Multiple car break-ins along 6th Street. Kawaii Kult had windows smashed at 4:30 in the morning on April 15. Crime is an ongoing issue and shows little signs of slowing.

- H. Business Updates. Tamiko has been posting multiple items per day on JBA official Instagram, has added over 100 followers in the last two weeks.

- I. Funeral Service for beloved Japantown resident Sybil Yuko will be held on the April 23 at 5:30pm at Wesley Methodist Church.
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V. Voting

- J. Motion to vote on the BID budget provided by Tamiko. Carolyn provided Tamiko accurate budget numbers that included the Farmer's Market and the Office of Economic Development validated Tamiko's business classification changes. Patty Yasukawa makes a motion to approve the BID budget, Carolyn Kogura seconds, board unanimously approves.
- K. Motion to approve per-parcel BID fees. Example provided where landowners (Yamada, Kong family) have multiple parcels but only pay one fee for all parcels. My Nguyen makes motion to approve per-parcel BID fees, Tamiko Rast seconds, board unanimously approves.
- L. Motion to create a BID exemption for hardship or seniors. Because this designation did not have additional data to explain how the exemption would work, the board did not want to move forward with this motion. The board did not approve this motion, with Jacqueline Bates as the sole dissenting vote. Non-profits would continue to remain BID exempt, except if they own Commercial Property (i.e. San Jose Buddhist Church Betsuin, Prayer Garden, Wesley Methodist).
- M. Motion to send delinquent BID accounts to collections. The Board did not move forward with this motion and do not want to send delinquent BID accounts to collections; unanimous agreement.
- N. Motion to create a bank account for the 501(c)(3) for the Japantown Cultural Society with Carolyn Kogura and Tamiko Rast as signers for the account, with funding of \$1,000 deposit to the account. Carolyn Kogura makes a motion to create the bank account, Miles Rast seconds, board unanimously approves.
- O. Motion to Reimburse Frank Rast for cleanup supplies to the amount of \$500. This would use the proceeds from Japantown pin sales to fund his cleaning supply reimbursement. Carolyn Kogura makes a motion to reimburse Frank Rast for \$500, My Nguyen seconds, board unanimously approves.

Meeting was adjourned at 7:25pm.



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 2019-2020

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	\$34,750
Non-BID membership	0
BID NBD Grant	5,000
Fundraising efforts	2,500
NPO Parking Program (leasing spots for NPOs to businesses)	13,450
Farmer's Market	20,000
BeerWalk/SakeWalk/events benefitting JBA	2,000
Total	\$77,700

* All figures are estimates. Any additional or unused BID funding will be used for beautification, marketing, events, office expenses, or carried over for Year 2020-2021.

3. Improvements and activities funded by BID:

Japantown Farmer's Market	\$22,450
NPO Parking Program (leasing spots for NPOs to businesses)	11,800
Marketing (advertising, promotions)	8,500
Banner and hardware replacement	8,000
Beautification/trees and planting/graffiti removal	12,450
Office expenses (rent, insurance, hardware and software)	7,000
Utilities (web, phone, subscriptions)	4,000
Miscellaneous (sponsorship and support of festivals, events)	3,500
Total	\$77,700

4. Fiscal Year 2019-2020 Planned Expenses for Japantown Farmer's Market

Rent (2.5K/quarter)	\$10,000
Facility maintenance of bathrooms (550/month)	6,600
Permits, licensing and inspections	3,000
Reimbursement of TFF Vendor Permits	900
General expenses (garbage bags, storage, cleanup)	350
Concessions (potable water, soft drinks, coffee, etc)	600
Promotional	1,000
Total for Fiscal Year 2019-2020	\$22,450

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
- The Prayer Garden Church of God in Christ, 651 N. 6th St., SJ 95112
- Wesley United Methodist Church, 566 N. 5th St., SJ 95112

Japantown BID Address Range: 2019-2020

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 2019-2020

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	25	6,875	20
Retail (10 employees or less)	200	29	5,800	17
Professionals	200	17	3,400	10
Commercial Property Owners	175	49	8,575	24
Non-Retail	100	32	3,200	9
Zone 2, Any Businesses	75	87	6,525	19
Total Revenue		240	\$34,750	100

JBA Board of Directors 2019-2020

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