



COUNCIL AGENDA: 5/21/19

FILE: 19-339

ITEM: 2.8

## Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kim Walesh

**SUBJECT:** SEE BELOW

**DATE:** May 6, 2019

Approved

Date

5-8-19

**COUNCIL DISTRICT: 3**

**SUBJECT: PRELIMINARY APPROVAL OF 2019-2020 BUDGET REPORT,  
ADOPTION OF RESOLUTION OF INTENTION TO LEVY 2019-2020  
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 2019-2020 and set Tuesday, June 4, 2019 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 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.

Pursuant to the California Parking and Business Improvement Area 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 2019-2020 as filed or as modified by Council. The adoption of the resolution constitutes the levying of the BID assessments for the Fiscal Year 2019-2020.

### **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 2019-2020. As required by the California Parking and Business Improvement Area 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.

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 2019-2020 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 2020-2021 fiscal year.

### **PUBLIC OUTREACH**

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 May 21, 2019 Council agenda.

HONORABLE MAYOR AND CITY COUNCIL

May 6, 2019

**Subject: Approval of 2019-2020 Budget Report – Japantown BID**

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### **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**

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

/s/

KIM WALES

Deputy City Manager

Director of Economic Development

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

### **Attachments**

Japantown Business Association Meeting Minutes from April 18, 2019

Japantown BID Budget Report for Fiscal Year 2019-2020

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## 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

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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.

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## 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
<b>Total</b>	<b>\$77,700</b>

\* 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
<b>Total</b>	<b>\$77,700</b>

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**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
<b>Total for Fiscal Year 2019-2020</b>	<b>\$22,450</b>

**5. Current Japantown BID Assessment rates are below:**

<b>Zone 1</b>	<b>\$</b>
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
<b>Zone 2</b>	
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*

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## 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
<b>Total Revenue</b>		<b>240</b>	<b>\$34,750</b>	<b>100</b>

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## JBA Board of Directors 2019-2020

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