



Subject: DOWNTOWN PBID ANNUAL REPORT

City Council Action Request			
Department: Transportation	CEQA: Exempt File No. PP08-095	Coordination: City Attorney's Office, Department of Public Works	CMO Approval: <i>[Signature]</i> 11/18/11 Dept. Approval: /s/ Hans F. Larsen
RECOMMENDED ACTION:			
<p>Acceptance of the Downtown San José Property-Based Business Improvement District (PBID) Financial Report for FY 2010-2011, which includes a full audit report by an independent Certified Public Accountant as required by the agreement between the City of San José and the PBID.</p>			
BASIS FOR RECOMMENDATION:			
<p>As required by Part 7 of Division 18 of the California Streets and Highway Code "Property and Business Improvement District Law of 1994" and in compliance with the agreement between the City and the Downtown PBID Owners' Association (Owners' Association), the Owners' Association submitted the Financial Report for FY2010-2011 for Council review and approval on October 19, 2011. Staff reviewed the Financial Report for FY 2010-2011 and believes it meets the requirement of the agreement between the parties. The report is provided in Attachment A and will also be on file in the City Clerk's Office prior to the Council Meeting. It contains information regarding the following items as required by the agreement:</p> <ul style="list-style-type: none"> • Summary of Assessed Services for FY 2010-2011 • Procurement of Goods and Services • Property Owners' Association meeting dates for FY 2010-2011 • FY 2010-2011 Budget Report • FY 2010-2011 CPA Audit <p>The PBID adopted budget is provided in Attachment B.</p> <p>As required by the agreement, an independent Certified Public Accountant's Audit on the finances of the District for FY 2010-2011 is provided in Attachment C. Berger/Lewis Accountancy Corporation, a certified accounting agency, audited the financial statements of the Downtown PBID and found them to be in conformity with the generally accepted accounting principles.</p>			
COST AND FUNDING SOURCE:			
Not Applicable			
FOR QUESTIONS CONTACT:			
Diane Milowicki, Department of Transportation Division Manager, 794-1985.			



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Financial Report for FY 2010-11

Submitted by
Downtown San Jose Property Owners' Association (POA)

September 30, 2011

The downtown San Jose Property-Based Improvement District (PBID), formed in August 2007, is an assessment district (District) that conveys special benefits to the properties located within the District boundaries. The District currently encompasses the core of the downtown area bounded approximately by Fourth Street and City Hall complex to the east, St. James and Devine streets to the north, Highway 87 and the HP Pavilion to the west and Market and First streets south to Reed Street.

Enhanced cleaning and maintenance services under the auspice of "Groundwerx" commenced on January 28, 2008. Since the implementation of services, property owners have been surveyed annually and the results have been overwhelmingly positive. Members clearly see the impact of the PBID's enhanced services. In 2011, the Groundwerx clean teams received an 86.8% approval rating. Members gave the streetscape beautification projects a 77.2% approval rating and the Groundwerx ambassadors received an approval rating of 74.1%.

I. Summary of Assessed services for FY 2010-11

The service frequency table below is from July 1, 2010 to June 30, 2011. The overall cleaning program has not significantly changed since the implementation of services. The enhanced cleaning program operates seven days a week, combining the use of mechanized equipment and cleaning by hand. The hours of operation have been adjusted since the implementation of services in 2008 to maximize resources and promote greater efficiency. Sidewalk scrubbing, sweeping and portering services take place from 6 a.m. to 8 p.m. daily. Pressure washing is divided into four shifts, which covers seven days per week. The first shift occurs during the early morning hours between 1 a.m. to 9:30 a.m., the second shift is from 5 a.m. to 1:30 p.m. The third shift begins is from 10 a.m. to 5:30 p.m and the last shift is from 12 p.m. to 8:30 p.m.

The table below includes the cleaning frequencies for both enhanced and baseline services. Baseline services account for approximately 30% of the total cleaning, which is equivalent to providing basic portering services Monday through Friday along the Transit Mall and Repertory Plaza and three days of portering in SoFA and San Pedro Square.

Additional portering hours, including evening and weekends are part of the enhanced services provided by the PBID. The PBID averaged 584 hours of pressure washing per month in FY 2010-11, of which approximately 175 hours per month were part of the baseline service agreement between the City of San Jose and the POA.

Cleaning	Proposed in Management Plan	FY 10-11
Maintenance F.T.E.	13 to 22	13-16
Average weekly coverage	5 to 7 days	7 days
Litter Removal/Vacuumping	Daily All Downtown	Daily All Downtown
Litter Removal/Pan & Broom	One to Two Shifts in Premium Area	One to Two Shifts in Premium Area
Machine Sweeping/Scrubbing	Daily All Downtown	Daily All Downtown
Transit Stop Maintenance	Yes	Yes
Steam Cleaning/Pressure Wash: Basic	Two to Four times per year	Three times and as needed SWAT
Steam Cleaning/Pressure Wash: Premium	Four to Six times per year	Seven times and as needed SWAT
Graffiti Reporting/Cleaning	Daily as Needed	Daily as Needed
Light Landscape/Weeds	As Needed	As Needed
SWAT Patrol or "emergency cleaning"	As Needed	Daily

The table below shows total output for various components of the cleaning program over FY 2010-11. The amount of litter and the condition of the downtown streets resulted in more cleaning services provided by the District than projected in the management plan. For example, environmental factors such as an increase in the homeless population resulted in a greater need for sidewalk cleaning, particularly pressure washing and mechanical scrubbing on certain blocks. The district also has numerous outdoor events that require pre and post event cleanup. Additional litter removal was necessary because the district in general has a number of high traffic areas.

Clean Team Services:	Output:
Pan/Broom	3,630 hrs
Pan/Broom: Debris Removal	175,663 lbs
Mechanical Sweeping	3,171 hrs
Mechanical Scrubbing	3,014 hrs
Pressure Washing	7,004 hrs
Trash Collected (Trash cans emptied)	148,450 lbs
Graffiti cleaned by Groundwerx	15,421

Groundwerx ambassadors promote the image of a friendly downtown by offering visible assistance to downtown employees, visitors and residents. Ambassadors perform a variety of tasks, such as providing information to visitors, escorting pedestrians, holding and bearing witness against persons that commit nuisance crimes, and reporting graffiti and other messes to the clean team. Ambassadors also report instances of vandalism and property damage and work with local social service agencies to provide referrals.

The ambassador program incorporates Segway, bike and foot patrols seven days a week. Ambassadors begin their routes at 6 a.m. and provide services until 8 p.m. during the week, with extended hours till 11 p.m. on the weekends. Ambassadors are trained on the nuances of downtown San Jose and carry helpful information such as walking maps, bus and light rail schedules, the Official Visitors Guide, special event flyers and other promotional collateral. They are equipped with handheld devices with Internet access, which allows them to access information at any time. Reporting incidents and property conditions are also made easier and more effective by this technology.

In FY 2010-2011, ambassadors continued their efforts in making downtown San Jose a more inviting destination for visitors, workers and residents. A concerted effort was made to improve their ability to address nuisance crimes such as loitering, pan handling and other public disturbances. Ambassadors also identify potentially volatile situations and contact the appropriate authorities for support because downtown safety issues are high priority. Ambassadors also frequently communicate with business owners and residents, to inform them of the various ambassador services available, such as providing personal safety escorts and providing other resources as needed.

Information and Safety Ambassadors	Proposed in Management Plan	FY 10-11
Ambassadors F.T.E.	9-12	9-12
Coverage in all areas	8 hours	8 hours
Coverage in Premium areas	12-16 hours	12-16 hours

The table below represents a statistical summary of the ambassador program for FY 2010-11. Ambassadors make business contacts on a regular basis as part of the enhanced services of the PBID. These informal “check ins” allow ambassadors to convey information to business and property owners such as resource referrals and property condition reports. This type of interaction also enhance the visibility of ambassadors and help promote a friendly downtown. Pedestrian assistance indicates an interaction with a pedestrian, such as providing specific downtown information and includes personal safety escorts. The most frequent form of social service referral provided by the ambassadors is the distribution of the City of San Jose Housing department service guide. This guide contains a variety of information, including housing information, mental health, employment and veteran services. Incident reports document various quality of life issues that occur in the District, such as trespassing, public urination, damaging property and obstruction of the public right-of-way.

Ambassador Services:	Output:
Ambassador hours	10,322 hrs
Directions given	27,918
Business contacts	5,902
Pedestrian assistance	65
Social Service: shelter	183
Social Service: food referral	141
Social Service: info handouts	509
Graffiti reports to City	188
Graffiti removed	9,889
Segway patrol	2,917 hrs
Bike patrol	655 hrs
Incident reports	1,294
Police/Fire notifications	82

Streetscape beautification and image enhancements comprise the third component of the PBID enhanced services. Phase Three and Four of the beautification project were completed in FY 2010-11. Phase Three was highlighted by the efforts to enhance the Paseo de San Antonio, between S. Second and S. Third streets (the Repertory Theatre plaza). A group of 18 planters were placed on the north end of the plaza, along with six new benches to create a new seating area. Hanging flower baskets were installed to nine pedestrian light poles and a wall planter was installed in front of the Repertory Theatre, facing S. Third Street. The PBID also put up 600 feet of multicolored LED lights at the Paseo de San Antonio, from S. Second to S. Fourth St. Additional parking lot wall planters were installed at the following locations: 1) at the south west corner of S. Second and San Fernando to match the corner of S. First and San Fernando, 2) across from Original Joe's on San Carlos, wrapping the walls at the Block 8 parking lot. The PBID also adopted the San Carlos Street median, from S. Second to S. Fourth Street, and planted a new flowerbed. Custom-made ornamental koalas were also installed on the mature eucalyptus trees on the San Carlos Street median.

Phase Four enhancements included more colorful plantings, larger planters and improved strategic placement of the planters. New planters were placed in SoFA in front of MACLA and the Museum of Quilts and Textiles. These 12 planters, along with the planting of a 100' long flowerbed in Gore Park completed the SoFA improvements, which began in 2008 with Redevelopment and 1stACT efforts. Second Street, between Santa Clara and San Fernando streets received 32 hanging flower baskets to liven up the block. The PBID also installed new plant material in front of the State building on S. Second Street and in front of the old MLK library on San Carlos. Trees on the north side of Santa Clara Street, from Market to San Pedro Street, were lit with LED tree lights. The City's utility cabinets, which house light and traffic signal controls, were also dressed up as part of Phase 4. A total of 34 cabinets were "wrapped" with images of the surrounding area to enhance their appearance. The above-mentioned beautification projects were well received by the PBID members, as well as other stakeholders and constituents.

II. Procurement of Goods and Services

The POA certifies all funds were expended in accordance with the Property and Business Improvement District Law of 1994, Section 36600 et seq. of the State of California Streets and Highways Code (PBID Law). A fair and competitive process was maintained during the procurement of goods and services as per the agreement with the City of San Jose.

The District's FY 2010-11 assessment funds were used to continue the service agreement with Service Group Incorporated (SGI), to provide cleaning and ambassadorial services. The POA and SGI worked with the Office of Equality Assurance (OEA) to ensure wages complied with the City's Living and Prevailing Wage policies.

The POA also used assessment funds to continue working with Finley Landscape Design on the beautification projects. The POA substantially followed the procurement guidelines provided by the City of San Jose, Council Policy No. 0-35 and in accordance with the POA procurement policy adopted on August 18, 2009. The following steps were taken to ensure compliance with this policy:

- Specifications for goods and services were developed for Phase Three and Four of the beautification project and submitted to prospective providers to solicit responses.
- A single point of contact was maintained during the procurement process for all communications.

III. Downtown San Jose Property Owners' Association meeting dates FY 2010-11:

July 13, 2010

September 21, 2010

October 8, 2010

December 14, 2010

February 16, 2011

March 15, 2011

April 19, 2011

May 17, 2011

June 28, 2011

IV. FY 2010-11 Budget report

Please see attached final FY 2010-11 for budget expenditure details.

The total PBID budget for FY 2010-11 was \$2,293,479. Assessment revenues totaled \$1,878,858 and the City's baseline contribution was \$357,805. Additional revenue was generated through a separate agreement with VTA and other sources.

Total program administrative costs were \$195,851, representing 8.5% of the total revenue. The Management Plan allows for a maximum of 9.1% for administrative costs.

A balance of \$212,285 was carried over; mostly reflecting unexpended beautification project funds that were budgeted in FY 2010-11. The POA leveraged its funds by negotiating discounts and conservatively projecting beautification costs. The remaining funds will allow the POA to maintain streetscape beautification projects at a high level and assume the maintenance for the Redevelopment Agency's completed SoFA improvements, covering three additional blocks.

In 2008, the POA reached an agreement with VTA to provide additional cleaning of the VTA tracks. VTA light rail tracks along the downtown transit mall are not part of enhanced services provided by the PBID. This service agreement was renewed in FY 2010-11 for a total of \$51,500.

At the September 21, 2010 meeting, the PBID board of directors unanimously approved the joint PBID, City of San Jose and Redevelopment Agency plan to maintain downtown street trees. The board allocated \$90,000 for this project in the FY 10-11 budget. The first phase of the PBID tree maintenance began October 18 and was completed on December 10, 2010.

The POA joined the San Jose Downtown Association (SJDA) and City of San Jose, Barry Swenson Builder, Adobe Systems, Inc. and Silicon Valley Sports and Entertainment by contributing \$5,000 to the Highway 87 cleanup program, which began in July 2010 and was completed in November 2010.

V. FY 2010-11 CPA audit

Please see attached CPA audit.

San Jose Downtown Property Based Improvement District
FY 2010-11

	FY 10-11
	Actual
	FINAL
REVENUE	
Assessments	
Assessments - thru SCC (County)	1,438,332
less assessment charges SCC	(14,555)
Assessments - exempt thru SJ (City)	465,081
less assessment charges SJ	(10,000)
Net Assessments	1,878,858
City baseline	357,805
Contracts	51,500
Grants	5,000
Miscellaneous	316
TOTAL REVENUE	2,293,479
EXPENSES	
CLEAN TEAMS	
Contract PBID	790,891
Contract Baseline	357,805
Subtotal	1,148,696
GREET (SAFETY AMBASSADOR) TEAMS	
Contracts	437,024
Subtotal	437,024
Subtotal Clean and Safe	1,585,720
IMAGE ENHANCEMENTS	
Beautification projects	274,682
Maintenance	120,000
Hwy 87	5,000
Street Tree maintenance	49,045
Subtotal	448,727
ADMINISTRATION	
SJDA Management	208,704
Insurance	3,619
Professional Services	11,750
Marketing	-
Misc	3,492
less 2% prepay contracts	(31,714)
Subtotal	195,851
TOTAL EXPENSES	2,230,298
REVENUE NET OF EXPENSES	63,181
Beginning Fund Balance	212,285
Projected Ending Fund Balance	275,466