



Subject: WILLOW GLEN CBID FINANCIAL REPORT FY 2010-11

Council Agenda: 01-24-12
Item: 2.1)

City Council Action Request			
Department: Public Works	CEQA: Not a Project, File No. PP10-069(a), Annual reports.	Coordination: City Attorney's Office	CMO Approval: 
			Dept. Approval: /s/ Dave Sykes, Director Public Works
RECOMMENDED ACTION:			
Acceptance of the Willow Glen Community Benefit and Improvement District (CBID) Financial Report for FY 2010-2011, which provides information to the public and the property owners in the District regarding the use of the assessments and the management and operations of the District.			
BASIS FOR RECOMMENDATION:			
<p>In compliance with the agreement between the City and the Willow Glen Business Association (Owners' Association), the Owners' Association submitted the Financial Report for FY 2010-2011 for Council review and approval on November 15, 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 issues as required by the agreement:</p> <ol style="list-style-type: none">1. Summary of Assessed Services for FY 2010-20112. Procurement of Goods and Services3. Property Owners' Association meeting dates for FY 2010-20114. FY 2010-2011 Budget Report <p>As required by the agreement, an independent Certified Public Accountant's Review Report on the finances of the District for the preceding fiscal year is provided in Attachment B. Borman Accounting Group, Inc., a certified accounting agency, reviewed the financial statements of the Willow Glen CBID and found them to be in conformity with generally accepted accounting principles.</p>			
COST AND FUNDING SOURCE:			
Not applicable.			
FOR QUESTIONS CONTACT:			
Harry Freitas, Deputy Director, Public Works Department at 408-535-8300.			

ATTACHMENT A

Willow Glen Community Benefit Improvement District

Financial Report for FY 2010 - 2011

**Submitted by
Willow Glen Business Association for the
Willow Glen Community Benefit Improvement District**

The Willow Glen Community Benefit Improvement District (CBID) was established in December 2008 as a special benefit assessment district (District) that conveys special benefits to the properties located within the District Boundaries. The CBID encompasses the core of downtown Willow Glen which consists of Lincoln Avenue between Minnesota Avenue and Broadway Avenue on the east and between Minnesota Avenue and Lester Avenue on the west; some properties on Willow Street, Brace Avenue and Minnesota Avenue. The CBID is comprised of two zones – Zone 1 and Zone 2.

1. Summary of Assessed services for FY 2010-2011

Sidewalk cleaning and maintenance services were contracted to San Jose General Building Maintenance, Inc. starting January 1, 2010. The purpose of these services is to provide for cleaning and maintenance services required ensuring that Downtown Willow Glen is a desirable destination to shop, eat and locate a business. The scope of these services includes: removal of refuse, hot water washing/power scrubbing, manual scrubbing, sidewalk cleaning, graffiti removal and provide information to the public.

The table below shows the frequency of services for Zones 1 and 2:

Service	Proposed in Management Plan		FY 10-11 Actual Service Level	
	Zone 1	Zone 2	Zone 1	Zone 2
Sidewalk sweeping, graffiti removal, steam cleaning	6 days	4 days	6 days	4 days
Regular trash removal	6 days	4 days	6 days	4 days
Landscaper and maintenance	As needed	As needed	Twice during this FY	Twice during this FY

ATTACHMENT A

The table below shows total output for various components of the cleaning program over this fiscal year.

Service	
Daily Cleaning – Zone 1 Total Hrs.	2744
Daily Cleaning – Zone 2 Total Hrs.	845
No. Bags of Litter Removed	1179
No. Graffiti removed	244
No. Public Contacts	1725

2. Procurement of Goods and Services

The Willow Glen Community Benefit District certifies all funds were expended in accordance with Council Policy 0-35, titled, "Procurement and Contract Process Integrity and Conflict of Interest". All of our contracting activities have a value less than \$100,000. However, there was careful examination of potential conflicts of interest and a fair and competitive process was used to obtain fair pricing for all goods and services. A special process was utilized for our largest contract for sidewalk and landscape maintenance as follows:

- A Request for Proposal was developed and distributed to interested parties.
- A panel of Board and Our Avenue Committee members developed selection criteria
- The panel interviewed contractors which submitted a proposal and were within the CBID budget
- Based on the criteria, the panel selected a contractor
- The contractor selected is San Jose General Building Maintenance, Inc. and started providing services on January 1, 2009.

3. Willow Glen Business Association meeting dates in FY 2010-2011:

2010		2011	
7/13	10/12	1/11	4/12
8/10	11/9	2/8	5/10
9/14	12/14	3/8	6/14

4. FY 2010-2011 Budget Report

Analysis of actual expenditures as compared to FY 2010-11 Budget follows. The comparison is based upon proposed percentage calculations due the fact we received more funding on a dollar basis than anticipated.

ATTACHMENT A

CBID Statement of Financial Activities for the Period July 1, 2010 to June 30, 2011

	<u>ADMIN</u> <u>(CBID)</u>	<u>C & R</u> <u>(CBID)</u>	<u>DISI</u> <u>(CBID)</u>	<u>SOBOP</u> <u>(CBID)</u>	<u>Total CBID</u>
Ordinary Income/Expense					
Income					
CBID	43,135.34	5,677.68	48,494.78	99,273.52	196,581.32
Total Income	<u>43,135.34</u>	<u>5,677.68</u>	<u>48,494.78</u>	<u>99,273.52</u>	<u>196,581.32</u>
Expense					
Advertising	0.00	0.00	5,637.40	0.00	5,637.40
City Fees	5,000.00	0.00	0.00	0.00	5,000.00
Contingency	0.00	6,167.96	0.00	0.00	6,167.96
Contract Services	4,890.00	0.00	0.00	101,545.69	106,435.69
County Fees	1,922.10	0.00	0.00	0.00	1,922.10
Insurance	3,032.00	0.00	0.00	0.00	3,032.00
Meetings	38.16	0.00	0.00	0.00	38.16
Personnel	31,008.94	0.00	18,960.24	13,863.59	63,632.77
Printing and Reproduction	106.67	0.00	0.00	0.00	106.67
Program Services	0.00	0.00	0.00	1,249.26	1,249.26
Rent	1,500.00	0.00	0.00	2,100.00	3,600.00
Supplies	0.00	0.00	0.00	5.21	5.21
Total Expense	<u>47,497.77</u>	<u>6,167.96</u>	<u>24,597.64</u>	<u>118,563.74</u>	<u>196,827.11</u>
Net Ordinary income	<u>-4,362.43</u>	<u>-490.28</u>	<u>23,897.14</u>	<u>-19,290.22</u>	<u>-245.79</u>
Net Income	<u>-4,362.43</u>	<u>-490.28</u>	<u>23,897.14</u>	<u>-19,290.22</u>	<u>-245.79</u>
Analysis of reserve Account					
At 6/30/10	4,291.63	975.37	2,145.82	12,094.61	19,507.43
Net reserve at 6/30/11	<u>-70.80</u>	<u>485.09</u>	<u>26,042.96</u>	<u>-7,195.61</u>	<u>19,261.64</u>
Actual Expenses as a percentage of Fees	24.2%	3.1%	12.5%	60.3%	100.1%
2010-11 Budget % as submitted	<u>22.0%</u>	<u>3.0%</u>	<u>24.0%</u>	<u>51.0%</u>	<u>100.0%</u>
Variance	<u>2.2%</u>	<u>0.1%</u>	<u>-11.5%</u>	<u>9.3%</u>	<u>0.1%</u>

The primary variances incurred during the CBID period are related to activities associated with CBID services District Identity & Streetscape Improvements (DISI) and Sidewalk Operations Beautification & Order (SOBOP). We began the year with a surplus and the timing of improvement projects such as banners and kiosks (DISI) had longer development time than anticipated. In addition the reduction in the percentage allocated to SOBOP from 62% to 51% did not adequately support actual commitments to street services.

5. FY 2010-2011 CPA Review (See review document attached below)

ATTACHMENT A

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jess R. Gutierrez". The signature is written in a cursive style with a horizontal line underneath it.

Jess R. Gutierrez

Treasurer

November 15, 2011

ATTACHMENT B



Boman Accounting Group, Inc.

Independent Accountant's Review Report

Board of Directors
Willow Glen Business Association

We have reviewed the accompanying statement of cash receipts and direct operating expenses of Willow Glen Business Association as of June 30, 2011. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

The accompanying statement was prepared to present gross income and direct operating expenses of Willow Glen Business Association Community Benefit District (CBID) activities pursuant to Section 3. D. in the contractual agreement between Willow Glen Business Association and City of San Jose and dated March 23, 2010, and fully described in Note A, and is not intended to be a complete presentation of Willow Glen Business Association's gross income and expenses.

Based on our review, we are not aware of any material modifications that should be made to the accompanying statement of gross income and direct operating expenses in order for it to be in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the boards of directors and managements of Willow Glen Business Association and City of San Jose and is not intended to be, and should not be, used by anyone other than these specified parties.

November 15, 2011

ATTACHMENT B

**WILLOW GLEN BUSINESS ASSOCIATION
STATEMENT OF CASH RECEIPTS AND DIRECT OPERATING EXPENSES - CBID
JULY 1, 2010 TO JUNE 30, 2011**

CBID Statement of Financial Activities for the Period July 1, 2010 to June 30, 2011

	<u>ADMIN</u> <u>(CBID)</u>	<u>C & R</u> <u>(CBID)</u>	<u>DISI</u> <u>(CBID)</u>	<u>SOBOP</u> <u>(CBID)</u>	<u>Total CBID</u>
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See Accountant's Review Report

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**WILLOW GLEN BUSINESS ASSOCIATION
NOTES TO STATEMENT OF CASH RECEIPTS AND DIRECT OPERATING EXPENSES
JUNE 30, 2011**

NOTE A — SUMMARY OF CONTRACTUAL REPORTING REQUIREMENT

The Willow Glen merchants have been organized and active since the 1930's. In 1984 the downtown Willow Glen business and property owners received approval from the City Council of San Jose to form a Business Improvement District (BID). The Willow Glenn Business Association (WGBA) was selected to manage it. In 1988, the WGBA was incorporated as a non-profit organization. In 2008, the Willow Glen property owners received approval from the City Council of San Jose to form a Community Benefit District (CBID). The WGBA was selected to manage the CBID which was implemented in January 2010. As a result of the CBID implementation, the BID was phased out as of January 2010.

The CBID contract with the City of San Jose was executed on March 23, 2010. Section 3(D) of the contract requires an Independent Certified Public Accountant's review report on the finances of the CBID district for the preceding year, except that for fiscal year 2021-2011, Owner's Association shall submit a full audit by an Independent Certified Public Accountant.

The accompanying statement is reported on the cash receipts and disbursements method of accounting, reflecting only transactions directly related to the CBID district activity.