

Memorandum

TO: COMMUNITY & ECONOMIC
DEVELOPMENT COMMITTEE

FROM: John Weis
Jim R. Helmer

SUBJECT: DOWNTOWN PBID UPDATE

DATE: 11-16-07

Approved:

Paul Kruttschnitt

Date:

11/16/07

RECOMMENDATION

Acceptance by the Community and Economic Development Committee of this report updating the status of the Downtown Property and Business Improvement District.

BACKGROUND

On August 7, 2007, the City Council and Redevelopment Agency Board approved the formation of the Downtown Property-Based Business and Improvement District (PBID) and imposed assessments on properties within the boundaries of the PBID to provide enhanced services to the Downtown area. The delivery of PBID services is set to begin in January 2008 and includes the enhanced cleaning of streets, sidewalks and other public use areas, presence of safety and information ambassadors, and Downtown image enhancement.

ANALYSIS

Implementation of the Downtown PBID is on track to begin delivering enhanced services in January 2008 with several required steps already completed and the other necessary steps underway. The following describes these steps and their current status.

1. Collection of Assessments and Transfer of Funds to the PBID

Following the approval by the City Council and Redevelopment Agency Board to form the PBID and assess the property owners, the Department of Public Works (DPW) submitted the required assessment data to the County of Santa Clara. DPW received confirmation from the County that the assessments were placed on the 2007-2008 County tax roll. Property owners will submit the assessments to the County along with their annual tax bills. Pursuant to an Agreement to be entered into between the City and the governing board of the District, revenue from the assessments will be transferred to the City and regularly issued to the

2. Formation of the Downtown Property Owners' Association and its Board of Directors

In August 2007, a new 501(c)6 California non-profit corporation was formed to serve as the PBID Owners Association. Members of the Owners Association consist of all property owners being assessed in the PBID. The purpose of the Owners Association is to manage the implementation of the services described in the PBID Management Plan.

The PBID Management Plan also calls for the establishment of a Board of Directors (Board) to act as the governing board of the District and represent the Owners Association in recommending budgets, assessment rates, and policies for the use of PBID funds. In September 2007, the Owners Association held elections and appointed nine directors to the Board to represent the various geographical and residential property owner and business owner interests. As the largest property owners in the PBID with a combined assessment of approximately 22% of the total PBID, the City and Redevelopment Agency hold two additional director positions on the Board, bringing the total number of directors to 11. The City Manager appointed Jim Ortbal, Assistant Director of Transportation, and the Redevelopment Agency Executive Director appointed Dean Munro, Redevelopment Agency Chief of Staff, to represent City and Redevelopment Agency interests on the Board.

3. Actions by the Board of Directors

The first Board meeting was held on October 2, where members were introduced and sub-committees were formed to carryout important assignments and required steps. A second meeting was held on October 23. The following is an update of the Board's activities:

- The Organization Committee developed a draft set of Owners Association bylaws, which were adopted on October 23. Major elements covered in the bylaws include membership, voting power, selection of Board officers, and frequency of meetings.
- The Organization Committee is also working on other important organizational issues, such as the development of a proposed budget, PBID branding and logos, and the hiring of a PBID Operations Manager. These activities are progressing as planned.
- The RFP Committee developed and issued a service delivery Request for Proposal (RFP) for the enhanced cleaning and maintenance services and information and safety ambassador services. A pre-proposal meeting was held with potential service contractors on October 25. Proposals were due on November 6 with final award for services by the Board on November 20.
- The Capital Improvement Committee is a sub-committee has been formed and is developing a proposed capital improvement plan. The PBID Management Plan designates \$250,000 for various capital improvements, such as the installation of flowers, lighting, signs and other assets that would improve the appeal and image of Downtown. A plan will be reviewed by the Board on December 20.

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4. Development of the PBID Agreement

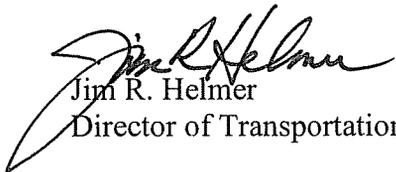
Department of Transportation (DOT) and the City Attorney's Office are currently preparing an agreement between the City, the SJDA, and the Owners Association to establish the various management, operational, payment, and service coordination terms of the PBID. The agreement will define a set of baseline services that the City agrees to provide during the duration of the PBID. It will also define how these baseline services will be managed and delivered once the PBID services begin. For example, the agreement may establish that the City would continue to provide street sweeping services within the PBID at existing frequencies and the City would provide funding to the District for Downtown sidewalk cleaning services in the amount equivalent to exiting City funding levels for this specific activity. Terms of the agreement related to the City's baseline services will be established in a way that best streamlines service delivery between the City and the PBID and most effectively meets the needs of Downtown. This agreement will be finalized in the coming weeks.

CONCLUSION

All issues, activities and key steps related to the implementation of the Downtown PBID are on track and progressing well, with PBID service delivery scheduled to begin in January 2008 as planned.

COORDINATION

This memo has been coordinated with Transportation, Public Works, the City Attorney's Office and the San Jose Downtown Association.


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