



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Cano

**SUBJECT:** SEE BELOW

**DATE:** May 26, 2020

Approved

*Gregory S. Maguire*

Date

5/28/2020

**COUNCIL DISTRICT: 6**

**SUBJECT: WILLOW GLEN COMMUNITY BENEFIT AND IMPROVEMENT  
DISTRICT ANNUAL REPORT FOR FISCAL YEAR 2020-2021**

## **RECOMMENDATION**

Adopt a resolution:

- (a) Approving the Willow Glen Community Benefit and Improvement District Annual Report for Fiscal Year 2020-2021 as filed or modified by Council;
- (b) Confirming the individual assessments as proposed, or modified by Council; and
- (c) Directing the Director of Public Works to deliver the assessment role to the County for collection with the property taxes.

## **OUTCOME**

Approval of these recommendations would allow the continuation of the enhanced cleaning, advancement of attractive streetscapes, improvements in parking management, promotions, and special events funded through the levy of special assessments for Willow Glen.

## **BACKGROUND**

The City of San José established the Willow Glen Community Benefit and Improvement District (CBID) in 2008, pursuant to Chapter 14.31 of Title 14 of the Municipal Code of the City which incorporates and modifies the Property and Business Improvement District Law of 1994, Section 36600 et seq. of the California Streets and Highways Code, to fund specific enhanced services and improvements above those provided by the City from generally available funds. Since the

enhanced services directly benefit individual parcels within the district rather than the City as a whole, the costs are assessed to these benefitting parcels.

The Willow Glen CBID was approved by property owners and adopted by Council on December 16, 2008 to raise funds for cleaner sidewalks, litter pickup, more attractive streetscapes, better parking management, increased promotions, and events. The district is divided into two assessment zones based upon the frequency of the special services. The voter-approved assessment formula provides for an annual inflation adjustment up to the rate of the Bay Area Consumer Price Index for all urban consumers and/or other changes in program costs, but not to exceed five percent. The district has an initial term of 15 years, after which it would sunset and need to be re-established in order to continue. Attachment A provides a boundary map of the district.

## **ANALYSIS**

As required by Chapter 14.31 of the Municipal Code which incorporates and modifies the Property and Business Improvement District Law of 1994 (California Streets and Highway Code) for reporting, and in accordance with the agreement between the City and Willow Glen Business Association (Association), the Association has submitted the *Willow Glen Community Benefit Improvement District Annual Report for Fiscal Year July 2020-June 2021* (Report) to the San José City Council (Attachment B). The Report, which is the first of two reports for Fiscal Year 2020-2021, will be on file in the City Clerk's Office prior to the Council meeting. A second report, the Fiscal Year 2020-2021 Financial Report, will be submitted in October 2021 to the Council through staff from the Association. The Report contains the following information which is consistent with the original Engineer's Report for the CBID:

1. Declaration of no material changes to the district
2. FY 2020-2021 improvements and activities
3. Cost estimates for improvements and activities in FY 2020-2021
4. Method and basis for levying the FY 2020-2021 assessment
5. Acknowledgement of revenue to be carried over
6. Other non-assessment revenue

The services provided by the Willow Glen CBID include sidewalk cleaning, beautification of streetscapes, parking management, marketing, promotions and events. In FY 2020-2021 new drought-tolerant plants and bark mulch will continue to be added to beautify the planter boxes. New vertical banners will be developed to replace outdated or damaged banners. There will be ongoing electrical repairs to support holiday lighting, with continued exploration of long-term solutions to issues with electrical sources.

The annual change in the applicable Consumer Price Index is 3.31 percent. City staff has reviewed the Association's proposal and concurs with the recommendation that assessments be increased 3.31 percent for Fiscal Year 2020-2021 in order to keep up with rising costs of

providing the services within the CBID. The CBID proposed budgeted revenue of \$269,231 is reflected on page 8 of Attachment B. The total maximum aggregate assessment levy for Fiscal Year 2020-2021 will be \$269,231 as shown in the CBID assessment roll filed in the City Clerk's Office.

As a property owner within the District, the City's assessment will be \$11,463. The two City-owned properties are the Willow Glen Branch Library located at 1157 Minnesota Avenue and a public parking lot also located on Minnesota Avenue approximately 200 feet east of the library. Sufficient funds to pay the City's assessment are included in the City's 2020-2021 Proposed Operating Budget in the Business Improvement Districts Fund.

The assessment roll and diagram for 2020-2021 will be on file with the City Clerk's Office approximately two weeks prior to the Council meeting for public review.

Approval of the proposed resolution by the City Council will:

1. Approve the Report as filed or modified by Council;
2. Confirm the individual assessments as proposed or modified by Council;
3. Direct the Director of Public Works to deliver the assessment role to the County for collection with the property taxes

### **CONCLUSION**

The CBID annual budget report proposes a 3.31 percent assessment increase for FY 2020-2021, providing \$269,231 in total budgeted revenue for FY 2020-2021. The assessment on City owned property will total \$11,463 for the Willow Glen Branch Library and a public parking lot.

### **EVALUATION AND FOLLOW-UP**

The attached Report by the Association sets the budget and proposed assessments for 2020-2021 consistent with the approved Management Plan and Engineer's Report. The current agreement between the City and the Association also requires the Association to submit an Annual Financial Report, containing an independent Certified Public Accountant Report in October of each year.

### **CLIMATE SMART SAN JOSE**

The recommendation in this memo does not have any negative impact on Climate Smart San Jose energy, water, or mobility goals.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's website for the June 9, 2020 Council Agenda. The Report is filed in the City Clerk's Office for public review and will also be made available to the property owners within the district upon request. A notice of assessment and map of the district will be recorded with the County Recorder for public viewing and for title purposes. This will allow the district to be referenced in title searches to inform property owners of the district and the accompanying assessment. Staff is also available to respond to any public inquiries. Finally, the Association's Board of Directors approved the fiscal year budget at its publicly noticed and held meeting on March 10, 2020.

### **COORDINATION**

This memorandum and related documents and resolutions were coordinated with the City Attorney's Office and the City Manager's Budget Office.

### **COMMISSION RECOMMENDATION/INPUT**

This item does not require any input from a board or commission.

### **FISCAL/POLICY ALIGNMENT**

This action is consistent with the Council-approved Budget Principle in that it utilizes special assessments for enhanced services.

### **COST SUMMARY/IMPLICATIONS**

If the 2020-2021 Willow Glen CBID Annual Report is approved with the 3.31 percent increase, the City's assessment is calculated to be \$11,463. However, due to the timing of the development of the 2020-2021 Proposed Operating Budget and the final determination of the calculated assessment, \$11,666 was allocated in the 2020-2021 Proposed Budget in the Business Improvement District Fund for this purpose. As part of the 2020-2021 Year-End Budget Process, budget adjustments for this fund will be brought forward for City Council approval.

**BUDGET REFERENCE**

The table below identifies the fund and appropriation proposed to fund the City's assessment recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn.	Rec. Budget Action	2020-2021 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
351	3787	Willow Glen Community Benefit District	\$371,925	N/A	IX-13	10/22/2019, 30325

\* The 2020-2021 Operating Budget is scheduled to be reviewed and approved by City Council on June 16, 2020, and adopted on June 23, 2020.

**CEQA**

Categorically Exempt, File No. PP18-060, Existing Facilities.

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MATT CANO  
Director of Public Works

For questions, please contact Thomas Borden, Program Manager, at (408) 535-6831.

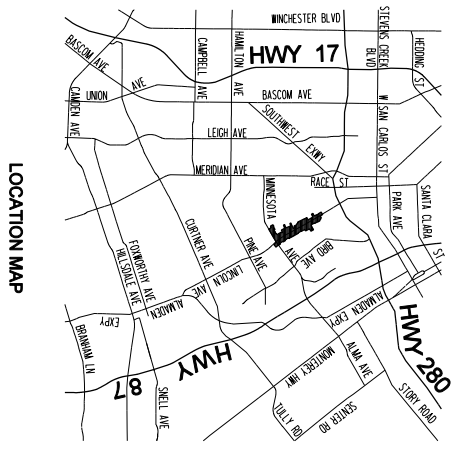
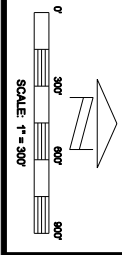
Attachment A: District Map

Attachment B: Willow Glen CBID Annual Report for FY 2020-2021



**LEGEND**

— DISTRICT BOUNDARY  
 --- ZONE BOUNDARY  
 — STREET RIGHT OF WAY  
 - - - PRIVATE STREET  
 - - - PROPERTY LINE



**CITY OF SAN JOSE, COUNTY OF SANTA CLARA**  
 STATE OF CALIFORNIA  
**WILLOW GLEN**  
 COMMUNITY BENEFIT AND IMPROVEMENT DISTRICT  
 FISCAL YEAR 2020-2021  
 SHEET OF 1

**CERTIFICATIONS**

(1) DIRECTOR OF PUBLIC WORKS  
 I, \_\_\_\_\_, DAY OF \_\_\_\_\_, 2021, IN THE OFFICE OF THE DIRECTOR OF PUBLIC WORKS OF THE CITY OF SAN JOSE, DO HEREBY CERTIFY THAT:

(2) CITY CLERK  
 I, \_\_\_\_\_, DAY OF \_\_\_\_\_, 2021, IN THE OFFICE OF THE CITY CLERK OF THE CITY OF SAN JOSE, DO HEREBY CERTIFY THAT:

(3) CITY COUNCIL  
 I, \_\_\_\_\_, DAY OF \_\_\_\_\_, 2021, AS A MEMBER OF THE CITY COUNCIL OF THE CITY OF SAN JOSE, DO HEREBY CERTIFY THAT:

(4) COUNTY RECORDER  
 I, \_\_\_\_\_, DAY OF \_\_\_\_\_, 2021, AT THE HOUR OF \_\_\_\_\_ O'CLOCK, A.M. IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SANTA CLARA, DO HEREBY CERTIFY THAT:

(5) COUNTY CLERK  
 I, \_\_\_\_\_, DAY OF \_\_\_\_\_, 2021, AS A MEMBER OF THE COUNTY CLERK OF THE COUNTY OF SANTA CLARA, DO HEREBY CERTIFY THAT:



# **Willow Glen Community Benefit Improvement District**

## **Annual Report for Fiscal Year 2020-2021**

### **By the Willow Glen Business Association**

#### **1. 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. Due to the economic climate at the time, the implementation of the CBID was deferred until January 1, 2010.

No changes are proposed to the District’s boundaries, benefit zones, or classification of properties for Fiscal Year (“FY”) 2020-21. 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; and some properties on Willow Street, Brace Avenue and Minnesota Avenue.

#### **2. Improvements and Activities to be provided in FY 2020-2021**

The Willow Glen Business Association (WGBA) has completed another full year of providing services. We have allocated WGBA personnel cost to each component of the CBID operations. This allocation is based upon the overall revenue and personnel expense of WGBA.

The programs for FY 2020-21 will continue to focus on sidewalk operations, landscaping, street décor, parking, and marketing/public relations to position Willow Glen as a regional destination for dining, shopping, and other services.

The proposed programs/projects for FY2020-21 are as follows:

## **Sidewalk Operations, Beautification and Order (SOBOP):**

### Sidewalk Maintenance

Ongoing sidewalk maintenance operations include:

- removal of refuse
- cleaning of decorative planters, benches, and crosswalk portals
- removal of unauthorized postings, attachments, refuse, and graffiti
- routine power washing and manual scrubbing, as needed
- sidewalk cleaning

Sidewalk Maintenance Frequency is:

- 8 hrs/day, 6 days a week – Benefit Zone 1
- 4 hrs/day, 4 days a week – Benefit Zone 2

Universal Site Services has been providing sidewalk maintenance services since November 2016, and their representatives also interact with the public and businesses. WGBA staff and the WGBA “Our Avenue” committee are in constant communication with representatives of Universal Site Services to ensure that any sidewalk or landscaping issues are addressed as they arise.

### Landscaping

Our sidewalk operations service provider, Universal Site Services, also maintains the planter boxes along Lincoln Ave. in the CBID area. Repairs have been made to the planter box watering systems, and Universal Site Services adds new plantings where needed to beautify the planter boxes. In FY 2020-21 we will continue to add new plants, focusing on drought-tolerant varieties, as well as continue regular maintenance such as adding new bark mulch to the planter beds and topping off the decomposed granite around the trees, where needed due to ongoing settling of the material.

### Sidewalk and Landscaping Service Providers

For both sidewalk and landscaping maintenance, we will continue to contract Universal Site Services, a local family-owned business that has provided outstanding services since they began as the provider in November 2016.

### Storage

Storage for street cleaning equipment and waste services will continue to be in the secure location behind CVS.

### Parking

Rental of a portion of the Bank of America parking lot at a cost of \$525 per month to provide space for public parking in the District will continue in FY 2020-21.

### Street Lighting and Décor

- Three sets of seasonal vertical banners are maintained and installed in rotation throughout the year.



## Attachment B

- American flags will continue to be installed along Lincoln Avenue in the CBID for Memorial Day through July Fourth, and for Veterans' Day in November.
- New sets of vertical banners will be developed to replace banners that have become outdated or are beginning to be in disrepair.
- Other promotional and beautification-oriented décor will be secured and installed, as needed throughout the year.
- Lighting and décor will be installed for the Holiday season.
- Ongoing electrical repairs are needed each year to support the Holiday decorative lighting over the street and on the trees, and we continue to explore longer-term solutions to issues we have with electrical sources for the decorative lighting.
- Numerous laminated signage for the kiosks installed in the CBID area are printed throughout the year to promote events and the district in general.

### **District Identify and Streetscape Improvements**

#### **Marketing/Promotions:**

The WGBA's strategic marketing efforts are well-coordinated to ensure that they are effective, appropriate, and in keeping with the desired image/brand of downtown Willow Glen and the WGBA.

Special events and promotions in downtown Willow Glen will continue in FY 2020-21. Organizing special events has been a critical function of the WGBA, leveraging CBID funds to further activate the district, bring the community together and, importantly, bring customers directly in the front door of businesses located within the CBID. In the past several years, these events have included an annual BBQ Cookoff, a Spring Wine Walk, a Holiday Bubbly Walk, a Halloween-themed Beer Walk, a Trick or Treat event that serves several thousand children from throughout San Jose, and holiday decorations and activities such as Santa visits and cable car rides to view neighborhood lights. We also engage in general promotional/seasonal advertising for occasions such as Small Business Saturday and numerous other holidays such as Valentine's Day, Mothers' Day, Fathers' Day, etc. The WGBA will be closely monitoring health and safety best practice recommendations for special events in the coming months and adjust plans for these events, as needed.

The strategic marketing **objectives** for FY2020-21 will continue to be to: (1) Stimulate economic activity within the Willow Glen business district; and (2) increase awareness of the District's existence and its assets to a variety of audiences by:

- Promoting Downtown Willow Glen as a unique and viable destination for a wide range of shopping, services, and dining.
- Producing events and promotions that draw both the loyal neighborhood customers as well as visitors from outside the area.
- Strengthen relationships in the local community by supporting events for schools and other community-based organization (such as sponsorship of the Kiwanis Music in the Glen summer concert series, the Willow Glen Elementary 5K run/walk, and the Willow Glen Farmer's Market, now located at the Willow Glen Elementary School) .

- Distribute positive messages about the district through social media and hold training sessions about topics such as social media for WGBA members to help them improve their own marketing to reach new customers.
- Develop additional programs, events, and marketing material that promote a positive, consistent image of the WGBA and benefits of the CBID.

### Promotional Events:

Our Promotional events encourage people to come down and experience Willow Glen and what it has to offer. A few examples are Ladies' Night Out, Trick or Treat along the Avenue and the Farmers Market.



The Willow Glen Business Association does a great deal of decorating, as well as promotion and events for the holidays, such as organizing Selfies with Santa, Cable Car Rides and our Annual Holiday Ornaments. This past year's ornament showcased our local Fire Station 6. All the above are to encourage families to spend time in downtown Willow Glen for the holidays.



**Special Events:**

Special events, such as Wine Walks, are organized multiple times each year and each event typically brings over 1,000 people to Lincoln Ave. to shop, dine, and enjoy the District.



BBQ in the Glen is a community event featuring amateur and professional BBQ teams competing for pride and prizes. The community gets the opportunity to sample the finished product, while enjoying an afternoon of music and a fun kids' court in downtown Willow Glen.



## Administration

Administration expenses for FY2020-21 will include:

- City fees
- County fees
- Rent for Bank of America parking lot for public parking
- Office administration (rent, equipment, a portion of staff salaries, etc.)

## Contingency and Reserve (C&R)

We have included a 2% reserve for future unknown emergency services. The cumulative C&R to date since implementation of the CBID is now at \$44,194.03.

### 3. Estimate of Costs for Improvements and Activities in FY 2020-21

The total estimated cost for CBID improvements and activities for FY 2020-21 is \$269,231.62, as outlined below:

<b>Improvements &amp; Activities</b>	<b>Estimated Costs</b>
Sidewalk Operations & Beautification	\$166,923.60
District Identity & Streetscape	\$29,615.48
Contingency & Reserve	\$5,384.63
Admin	\$67,307.91
<b>Total</b>	<b>\$269,231.62</b>

The assessments for FY 2020-21 have been increased by a CPI escalator of 3.31%. The CPI increase will be realized in the second CBID payment indicated on the budget. The projected CBID fees for FY 2020-21 are \$269,231.62. We have prepared our budget based upon these anticipated cash collections from the City for the fiscal year.

### 4. Method and Basis of Levying FY 2020-21 Assessments

The methodology for levying District assessments will remain the same for FY 2020-21. Service benefits are distributed to two (2) benefit zones through a frequency method and percent of costs based on benefits derived.

Assessments are calculated on building square footage plus linear feet of street frontage plus lot square footage. The table below reflects the 3.31% CPI increase.

<b>Property Variable</b>	<b>Zone 1</b>	<b>Zone 2</b>
Building Sq. Foot annual cost	\$0.151	\$0.093
Linear Feet annual cost	\$11.256	\$7.019
Lot or parcel size annual cost	\$0.079	\$0.079
Single Family Res. Unit Parcels Cost (building square footage only)	\$0.397	\$0.397

**5. Amount of surplus revenue to be carried over from previous fiscal year.**

Currently, there is no projection of surplus on June 30, 2021.

**6. Amount of contributions from sources other than assessments levied.**

There will be no contributions from sources other than CBID assessments to meet the CBID requirements.

Attachment B

Willow Glen Community Benefit Improvement District  
Proposed Budget for FY 2020-21  
July 1, 2020 - June 30, 2021

CBID TOTAL FOR FY 20-21 \$269,231.62	CBID				
	ADMIN (CBID)	C & R (CBID)	DISI (CBID)	SOBOP (CBID)	TOTAL CBID
Ordinary Income/Expense					
CBID Percents outlined in CBID contract:	0.25	2%	11%	62%	100%
<b>Income</b>					
CBID	67,307.91	5,384.63	29,615.48	166,923.60	269,231.62
Event Revenue	0.00	0.00	0.00	0.00	0.00
Grants	0.00	0.00	0.00	0.00	0.00
In-Kind	0.00	0.00	0.00	0.00	0.00
Interest Income	0.00	0.00	0.00	0.00	0.00
Member Dues	0.00	0.00	0.00	0.00	0.00
Miscellaneous Income	0.00	0.00	0.00	0.00	0.00
Sponsorships	0.00	0.00	0.00	0.00	0.00
<b>Total Income</b>	<b>67,307.91</b>	<b>5,384.63</b>	<b>29,615.48</b>	<b>166,923.60</b>	<b>269,231.62</b>
<b>Expense</b>					
Advertising and Public Relations					
Strategic Marketing Initiatives			5,000.00		5,000.00
City Fees	5,000.00				5,000.00
Contract Services					
City of SJ - BofA Parking	6,300.00				6,300.00
Décor (kiosk)			1,500.00		1,500.00
Décor (misc)			6,500.00		6,500.00
Décor (holiday)			5,000.00	3,893.89	8,893.89
Décor (banners/flags)				10,000.00	10,000.00
Décor (lighting electrical repairs)				2,500.00	2,500.00
Street Maintenance / Cleaning / Landscaping				140,000.00	140,000.00
Contingency		5,384.63			5,384.63
County Fees	2,495.08				2,495.08
Equipment Rental					
Copier Rental	3,000.00				3,000.00
Insurance				5,336.21	5,336.21
Our Avenue Committee Misc. Projects				5,193.50	5,193.50
Personnel					
Compensation - All Staff	37,012.83		8,615.48		45,628.31
Professional Fees					
Accounting/Financial	8,500.00				8,500.00
Rent	3,000.00				3,000.00
Supplies	2,000.00				2,000.00
Website			3,000.00		3,000.00
<b>Total Expense</b>	<b>67,307.91</b>	<b>5,384.63</b>	<b>29,615.48</b>	<b>166,923.60</b>	<b>269,231.62</b>
<b>Net Income</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>