



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow
Matt Loesch

SUBJECT: See Below

DATE: April 6, 2026

Approved

Date:

4/15/26

COUNCIL DISTRICTS: 3, 6

**SUBJECT: Downtown San José Property-Based Business Improvement District
Financial Report for Fiscal Year 2024-2025**

RECOMMENDATION

Approve the Downtown San José Property-Based Improvement District Financial Report for Fiscal Year 2024-2025 prepared by the Downtown San José Property Owners' Association, as filed or modified by City Council.

SUMMARY AND OUTCOME

The Downtown San José Property-Based Improvement District (PBID) financial report (Financial Report) describes the operations and outcomes of activities for the previous fiscal year. The Financial Report also details how the PBID assessment funds and non-assessment funds were expended.

BACKGROUND

The PBID was originally approved by property owners and adopted by the City Council on August 7, 2007, for an initial five-year period to raise funds for enhanced services and improvements for the district above those provided by the City of San José (City) from generally available funds. The PBID was expanded and renewed on June 19, 2012, for a 10-year term which ended on December 31, 2022, and again on June 14, 2022, for a second 10-year term, which began January 1, 2023, and will run through December 31, 2032. The Owners' Association submits two reports annually to the City, the first is an annual report, which anticipates the PBID's activities for the upcoming year and proposes any associated assessment rate increase. The second is the Financial Report, which serves as the outcomes report and the PBID certifies that it

conducted its business per the PBID Management Plan and agreement with the City. The San José Downtown Association oversees the delivery of services and manages the contracts of the service providers.

ANALYSIS

As required by the agreement between the Owners Association, San José Downtown Association and the City, on or before October 1 of each year, the Owners Association shall submit to the City, for review and approval by the City Council, an annual Financial Report that shall include all items described below:

1. Status Report summarizing the assessed services provided to by the PBID for the previous fiscal year.
2. Certification that all agreements entered into during the previous fiscal year between the Owners Association/Downtown Association and any other entity are in substantial compliance with San José Municipal Code Section 4.12 and Section 7 (Procurement and Contract Process Integrity and Conflict of Interest) of the City of San José Consolidated Open Government and Ethics Provisions.
3. List of Owners Association Board meetings held during previous fiscal year.
4. Budget Report certifying that all district funding were expended in accordance with the agreement and in compliance with all laws and regulations and detailing of those expenditures for that year.
5. An independent certified public accountant's review report on the finances of the PBID.

The Financial Report, which includes details for items one through four, is attached as Attachment A - PBID Financial Report FY 2024-2025, and item five, the certified public accountant's review report, is attached as Attachment B - PBID Financial Statements. The report submitted for FY 2024-2025 meets the requirements of the agreement.

The table below reflects a summary of the clean team and ambassador services for FY 2024-2025, as well as the proposed service output described in the PBID Management Plan. The Financial Report also describes in greater detail, other services provided within the district boundaries, such as Beautification, Social Impact and Business Development to name a few.

Clean	Management Plan	FY 2024-2025
Maintenance (full-time equivalent)	25 to 28	16 to 24
Average weekly coverage	7 days	7 days
Pan and Broom, Litter Removal/ Transit Stop Maintenance	20 hours/day	20 hours/day
All-Terrain Litter Vacuum/Machine Sweeping	Daily as Needed	8 hours/day
Steam Cleaning/Pressure Wash	6 to 12 times per year	12 times per year
Graffiti Reporting/Cleaning	Daily as Needed	Daily as Needed
Light Landscape/Weeds	As Needed	Daily and as Needed
SWAT Patrol or “emergency cleaning”	As Needed	Daily and as Needed
Tree Maintenance	Approximately ¼ of street trees/year	Approximately ¼ of street trees/year
Safe (Information and Safety Ambassadors)	Management Plan	FY 2024-2025
Ambassadors (full-time equivalent)	5-9	5-10
Coverage in all areas	12-16 hours/day	12-16 hours/day
Social Impact Team (full-time equivalent)	Approximately 5	5
Outreach	Not quantified	16-22 hours/day

EVALUATION AND FOLLOW-UP

No additional follow-up action with the City Council is expected at this time.

FISCAL IMPACTS

There are no costs associated with this action.

HONORABLE MAYOR AND CITY COUNCIL

April 6, 2026

Subject: Downtown San José Property-Based Business Improvement District Financial Report for Fiscal Year 2024-2025

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COORDINATION

This memorandum has been coordinated with the City Attorney's Office, City Manager's Budget Office, and the Planning, Building, and Code Enforcement Department.

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the April 28, 2026 City Council meeting. The Financial Report and PBID Financial Statements are filed in the City Clerk's Office for public review and will also be made available to the property owners within the districts upon request.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
JOHN RISTOW
Director of Transportation

/s/
MATT LOESCH
Director of Public Works

For questions, please contact Eric Hon, Division Manager, Department of Transportation, at eric.hon@sanjoseca.gov or (408) 794-1987.

ATTACHMENTS:

Attachment A - PBID Financial Report FY 2024-2025

Attachment B - PBID Financial Statements



Financial Report for FY 2024-25

Submitted by

Downtown San Jose Property Owners' Association (POA)

October 1, 2025

Resubmitted March 12, 2026

The Downtown San Jose Property-Based Improvement District (PBID), originally formed in August 2007 and renewed in June 2012 and June 2022 for consecutive ten-year terms, is an assessment district (District) that conveys special benefits to the properties located within the District boundaries. The District encompasses the core of the downtown area bounded approximately by Seventh Street and to the east, St. John and Bassett streets to the north, Highway 87 and the SAP Center to the west and Market and First streets south to Reed Street.

Enhanced cleaning and maintenance services under the auspices of Groundwerx commenced on January 28, 2008. A new program called the Social Impact Team commenced in June 2023, providing outreach and assistance to the unhoused population as described in our management plan.

Since the implementation of services, property owners have been surveyed annually and the results have been overwhelmingly positive. A sample of the 2024 PBID Annual Survey results show marked improvement in public perception of downtown's clean and safe services. Approximately seventy-three percent (73%; compared to 67% prior year) of survey respondents found the cleanliness of downtown to be "much better" or "slightly better" than the previous year. That cleanliness is largely the result of our Groundwerx team, which maintained their stellar approval ratings at approximately ninety-four percent (94%; compared to 89% prior year). The survey invited respondents to guide the PBID team on which improvements and projects should take precedence. An overwhelming majority, approximately eighty-six percent (86%; compared to 81% prior year) identified safety as the top priority. This strong consensus reinforces PBID's strategic decision to launch the Social Impact Team (S.I.T.) in July 2023 and to recalibrate deployment strategies for Safety Ambassadors within the Groundwerx program as evidenced in Table F.

I. Summary of Assessed Services for FY 2024-25

Service frequency Table A is from July 1, 2024 to June 30, 2025. The overall cleaning program has been consistent since the implementation of services. The enhanced cleaning program operates seven days a week, combining the use of mechanized equipment and cleaning by hand. Sidewalk sweeping and portering services take place from 6 a.m. to 8 p.m. daily. Pressure washing is divided into two shifts (4am-12:30pm, 12pm-8 pm), which covers seven days per week. The District provided 11,216 hours of pressure washing in FY 2024-25, which equals an average 215 hours of pressure washing per week.

Table A includes the cleaning frequencies for the entire PBID district. Baseline cleaning services account for 17% of the total budget, which is equivalent to providing basic portering services daily in the core downtown areas such as Santa Clara, Paseo De San Antonio, SoFA, and San Pedro Square." Additional portering hours throughout the district, including evening and weekends, are part of the enhanced services provided by the PBID.

Table A - Management Plan Service Comparison

Cleaning	Proposed in Management Plan	FY 24-25
Maintenance F.T.E.	25 - 28	16 to 24
Pan & Broom, Litter Removal	7 days/week, 20 hours/day	7 days/week, 20 hours/day
All-Terrain Litter Vacuum/Machine Sweeping	Daily as Needed	7 days/week, 8 hours/day
Pressure Washing	Six to Twelve times per year	Twelve times per year
Graffiti Reporting/Cleaning	Daily as Needed	Daily as Needed
Light Landscape/Weeds	As Needed	Daily and as Needed
Hot Spot Patrol or "emergency cleaning"	As Needed	Daily and as Needed
Maintenance of PBID funded beautification elements	Landscape watering 5 days/week and as needed.	Landscape watering, replanting, landscape pruning, seasonal changes of flowering

Tree trimming	Approximately ¼ of street trees per year	Approximately ¼ of street trees per year
Other maintenance services such as pole painting, paver repair and refinishing street benches.	As Needed	Painting 5 days/week. Other maintenance as needed.

Table B shows total output for various components of the cleaning program in FY 2024-25. 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. Since January 2019, Groundwerx has deployed one all-terrain litter vacuum (ATLVs) allowing for more efficient removal of leaves, dirt and other debris.

Groundwerx provided service to 63 public litter cans (PLC) along First and Second Streets, Paseo De San Antonio, and Fountain Alley by closely monitoring the overflow. At a minimum, the PLCs are emptied once a day, but many are frequently emptied more often. Pan and broom cleaners also wipe down each PLC and paint them as needed throughout the year. The team also provides cleaning services along these corridors with the expectation being station platforms.

Graffiti clean up continues to be one of Groundwerx's primary services. Groundwerx removes most tags within 48 hours. Offensive tags are prioritized and are often abated within 24 hours. In addition to graffiti tags, Groundwerx removes stickers and handbills that are attached to public spaces and street fixtures. A small portion of District graffiti is forwarded to a City contractor or private property owners.

Table B - Cleaning Services YoY Comparison

Clean Team Services:	Annual Output FY23-24:	Annual Output FY24-25:
Pan/Broom	21,761	22,564 hrs
Pan/Broom: Debris Removal	483,500 lbs	547,200 lbs
Hot Spot Cleaning/Calls for Service	6,385	15,485
Pressure Washing	11,740 hrs	11,216 hrs
Trash Collected (Trash cans emptied)	209,200	287,550
All-Terrain Litter Vacuum: Debris Removal	86,475 lbs	85,450 lbs

Graffiti abated by Groundwerx	37,483	29,124
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Groundwerx ambassadors reinforce 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 and employees to their vehicles (or other destinations in the District) and reporting graffiti and other messes to the appropriate party. Ambassadors also report instances of vandalism and property damage to property owners and work with local social service agencies to provide referrals. Ambassadors have been called upon more frequently to interact with downtown's unsheltered population, including coordinated outreach with the Social Impact Team.

The ambassador program incorporates mobile 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 to 10 p.m. on Friday and Saturday. Ambassadors are frequently the first point of contact with many individuals in downtown's homeless population. Ambassadors are trained on the nuances of downtown San Jose and carry helpful information such as walking maps, bus and light rail schedules, special event flyers and other 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. Ambassadors also play an important role in identifying potentially troublesome situations and contacting the appropriate authorities. Table C depicts the regular deployment of Groundwerx ambassadors. Hours and schedules may be adjusted to accommodate downtown special events.

Table C - Management Plan Safety Service Comparison

Information and Safety Ambassadors	Proposed in Management Plan	FY 24-25
Safety Ambassadors F.T.E.	5-9	5-10
Coverage	7 days/week, 12-16 hours	7 days/week, 12-16 hours

Table D represents a statistical summary of the ambassador program for FY 24-25. 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 businesses and property owners such as resource referrals and property condition reports. This type of interaction also enhances the visibility of ambassadors and helps promote a friendly downtown. The "Sitting/Lying" statistic reflects ambassador efforts in making downtown more friendly for the general public. The presence of ambassadors can discourage vagrancy and loitering. Ambassadors work with the Social Impact Team to assist the downtown homeless population who are interested in obtaining services.

Table D - Safety Services YoY Comparison

Safety Ambassador Services:	Annual Output FY23-24:	Annual Output FY24-25:
Safety Ambassador hours	17,814	17,573
Directions given	6,534	6,470
Business contacts	4,755	3,878
Sitting/Lying (loitering)	7,400	8,005
Personal safety escorts	41	25
Bike Kiosk Handouts	NA	2866

The **Social Impact Team (SIT)** is a dedicated initiative under the San Jose Downtown Association's Property-Based Improvement District (PBID). The mission of the outreach ambassadors is to support the vulnerable unsheltered population in downtown San Jose through compassionate outreach and effective service coordination. Table E outlines the service frequency of the outreach program from July 1, 2024, to June 30, 2025. The key functions of the outreach ambassadors are to build trust and connections, collaborate with Groundwerx and other outreach organizations. The outreach program provides services seven (7) days a week from 8 a.m. to 5 p.m.

Table E - Management Plan SIT Services Comparison

Outreach Ambassadors (SIT Team)	Proposed in Management Plan	FY 24-25
Outreach Ambassadors F.T.E.	5	5
Coverage	7 days/week, 8 hours	7 days/week, 8 hours

Table F presents metrics captured by our ambassadors during their daily shifts. These ambassadors follow up on hotspots in our district to make contact with the downtown unhoused population, building rapport with individuals on a daily basis. The SIT team is equipped with handheld devices to access the Homeless Management Information System (HMIS) system in the field for Vulnerability Index – Service Prioritization Decision Assistance Tool (VI-SPDAT), enabling them to better assist the unhoused in connecting with outreach services. Recently, our outreach ambassadors underwent training provided by Santa Clara County to administer Narcan to individuals who may be experiencing overdose symptoms.

The SIT ambassadors coordinate with local outreach programs such as PATH, HomeFirst, and the CSJ Housing Department. The SIT program conducts joint outreach with the CSJ-contracted outreach provider PATH twice a week. This is a great opportunity for our outreach programs to coordinate with each other to provide a better chance of getting help to the downtown unhoused population. Since its inception, SIT has successfully connected numerous individuals with housing, legal identification, and other critical resources. Our efforts have led to significant improvements in the quality of life for many downtown residents, contributing to a safer and more welcoming community for all.

SIT responds directly to concerns from downtown members and businesses. SIT is reachable through the Groundwerx form Groundwerx dispatch line, ensuring timely and efficient responses to any issues or requests for assistance.

Table F - SIT Outreach Services YoY Comparison

Outreach Ambassador Services:	Annual Output FY23-24:	Annual Output FY24-25:
Outreach hours	2,673	8,828
Outreach Contacts	4,274	6,283
Referral to Partner Agencies	2,044	2,016
Kits Distributed	1,715	2,235
SIT Requests	222	182

Streetscape beautification and image enhancements, also referred to as **Street Life Projects**, comprise the third component of the core PBID services. The PBID continues to provide general maintenance of the PBID’s previous installations. The Street Life scope includes greening initiatives such as landscaping services, planting and maintaining seasonal hanging baskets, and urban canopy maintenance and plantings. It also includes partnership projects such as the SoFA Pocket Park and streetscape enhancements in the form of decorative lighting, murals, art crosswalks, and volunteer activities. Building on this foundation, we have begun Stitching Districts—a transformative initiative focused on uniting San Jose’s vibrant districts into a cohesive, walkable, art-filled urban experience which brings both immediate and long-term value to the public realm. In the short term, it delivers lighting upgrades, mural preservation, landscaping enhancements, and branded wayfinding that help residents and visitors experience downtown in a new light. Long term, Stitching Districts sets the stage for a reimagined San Jose, where each district is celebrated for its unique character while seamlessly integrated into the greater whole. With strong public and private partnerships, this initiative not only enhances beauty but also strengthens equity, accessibility, resilience, and community pride.

Our **Tree Maintenance** program provides support to the City of San Jose through the trimming, pruning, treatment, and planting of trees within PBID boundaries. As part of our long-term commitment to public space management and environmental resilience, we are investing in the TreePlotter Software Suite to digitize, centralize, and elevate the way we manage San Jose’s urban forest. We launched a comprehensive tree inventory mapping all 3,300 downtown trees into this cutting-edge, GIS-based platform trusted by municipalities, nonprofits, and urban forestry leaders worldwide. TreePlotter enables us to shift from reactive tree maintenance to proactive, data-informed canopy planning, with tools to access live field data, prioritize tasks, and document critical health indicators such as tree condition, species, canopy exposure, hardscape conflicts, pests, and structural weaknesses. With a new Street Life management in place, this tool has helped us get back on track with our four-year pruning cycle, targeting key areas west of the PBID, the Transit Mall, the south end of the PBID, and the east side. All palms within the PBID are pruned annually, and in FY 24-25 we completed 16 tree pruning projects of palms - balancing strategic deployment with property owner requests.

Table G - Beautification Services YoY Comparison

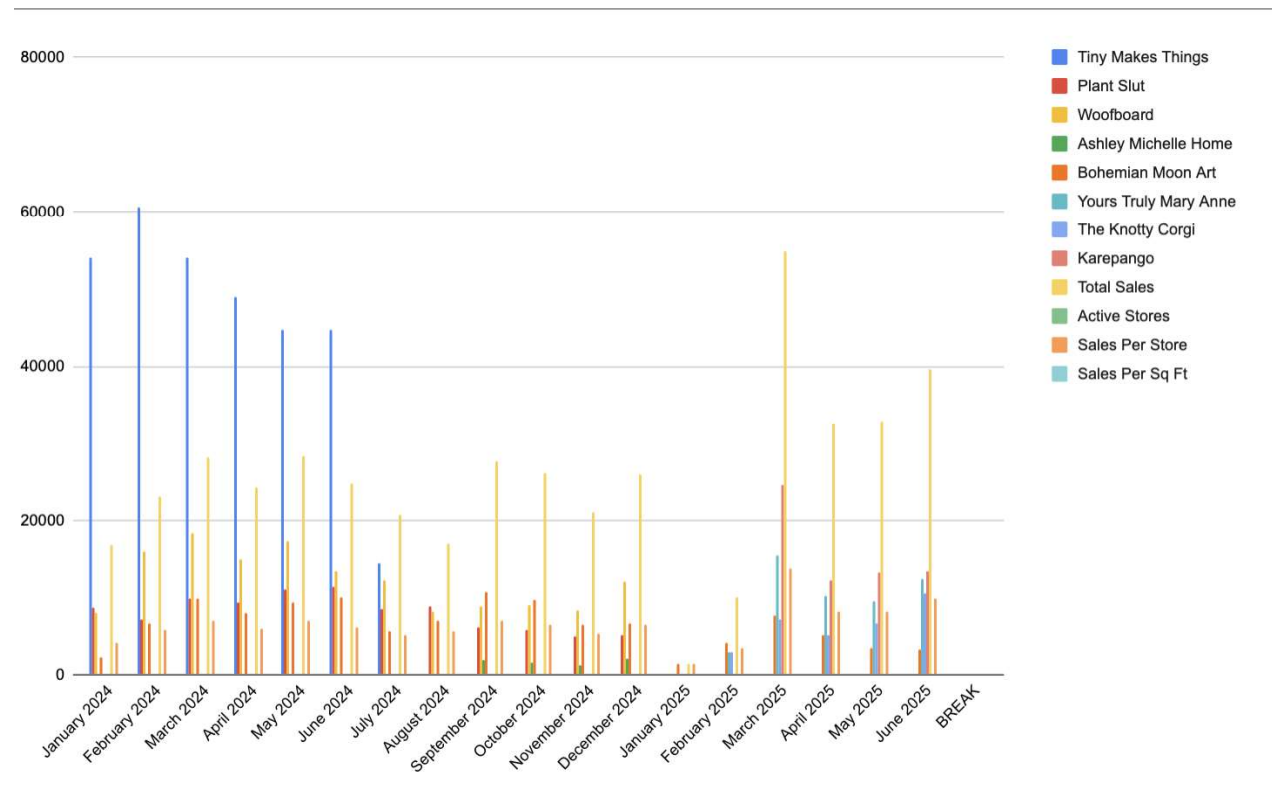
Beautification and Street Tree Maintenance:	Annual Output FY23-24:	Annual Output FY24-25:
Number of trees trimmed	455	432
Number of trees treated (disease or damage prevention)	32	7
Number of trees receiving additional care (removal of old lights, attachments, etc)	8	4
Number of new/refreshed flowers installed in PBID Planters	N/A	18 planters

Mural Program: Our mural and facade projects continue to activate downtown San Jose with vibrant, community-driven art that celebrates culture, strengthens neighborhood identity, and supports local businesses. Over the past year, we have completed 2 asphalt murals, 2 building facade murals, 3 facade improvements, and 2 window vinyl art installations—working with 24 local artists and partnering with 3 public art entities. From large-scale works like the San Pedro and Post Street asphalt murals to neighborhood enhancements such as the SoFA Planter Gateway and historic facade restorations, these projects have drawn visitors, improved public spaces, and empowered local creatives, reinforcing downtown as a hub of arts, culture, and connection.

Santa Clara Corridor Project: The Santa Clara Corridor pilot program completed 17 public space improvement projects between 2024–2025, establishing a clear model for the larger Stitching Districts initiative. This work included 5 murals (new commissions, restorations, and landmark projects), 3 facade improvements, 3 window art/vinyl installations, 2 major lighting projects (a four-block programmable lighting system and architectural uplighting), 2 landscaping/planting enhancements, and 2 signage/painting upgrades on historic buildings. Collectively, these projects transformed one of downtown’s busiest corridors by revitalizing

building facades, activating vacant storefronts, increasing nighttime visibility, softening the urban hardscape with greenery, and reinforcing cultural identity through public art. The scale and diversity of these 17 improvements proved the effectiveness of targeted corridor investments, directly paving the way for Stitching Districts to expand this placemaking framework across San Jose’s districts.

MOMENT San Pedro Square continues to demonstrate high variability in sales performance, with results closely tied to tenant activations and event programming. While average monthly sales in FY 24–25 have trended below the prior year, strong spikes remain evident: sales hit a low of just \$1,392 in January 2025 (with only one shop open) but surged to a peak of \$54,854 in March 2025 when all four tenants were active and supported by event activity. Since then, monthly sales have stabilized in the low-to-mid \$30Ks, with per-store averages in the \$8K–\$13K range and sales per square foot reaching as high as \$55.75. MOMENT currently hosts **four** active businesses—Woofboard, Plant Slut, BohoMoonArt, and Ashley Michelle Home,**all of whom report satisfaction with the space. Overall, MOMENT remains a flexible platform for small business growth, with performance proving strongest when paired with coordinated events and full tenant engagement. *(Note: Due to the City of San Jose’s public art installation, the MOMENT Pop-Up stores are on pause at this location and will return at a later date).*



- Number of current participating businesses: **Four**
- Average gross sales **per tenant** per month:
 - Average of last six months (March 2025 – August 2025): **\$10,001.42**
(note: based only on March–June 2025, since July–August 2025 data is missing due to the break).
 - Average of last 12 months (August 2024 – August 2025): **\$6,879.79**
(note: based only on Aug 2024 – June 2025 = 11 months, since July–August 2025 data is missing due to the break).

The PBID’s business development services are focused on providing technical assistance to district businesses. During the year, 178 small businesses, brokers, developers and similar stakeholders were assisted with the city permitting process, available office or retail spaces, pricing, incentives, referrals, and other issues related to the downtown business environment.

We continued to provide location assistance and permit assistance for incoming entrepreneurs, serving as the first point of contact before the small businesses officially join the Downtown Association. While the bulk of our attention is spent helping owners navigate the City’s building permit and inspections processes, we also field calls for Outdoor Sidewalk Seating permits, Parklet assistance, as well as Special and Conditional Use permits. All of this work is done in conjunction with the City’s Small Business Ally program, and as much of it as possible is routed through the Streamlined restaurant Program, which is the most efficient way to save time and money on a project.

Between January and June 2025, SJDA worked with the City’s Office of Economic Development, the Mayor’s office, and other various stakeholders to plan, speak at, and publicize seven (7) grand opening/ribbon cuttings including, CEO Noodle, Hobee’s, The Pressroom, Jackie’s Place, Dental Specialties, 6th Street Burger, and Sumi Sushi.

Since acquiring Placer.ai in Fall 2023, the PBID team has leveraged its real-time analytics to support SJDA and other place management organizations in making data-informed decisions. The platform provides actionable insights into foot traffic, visitor demographics, and consumer behavior—empowering members to refine marketing strategies, enhance event planning, and better understand patterns of visitation and engagement. Looking ahead, Placer.ai will continue to be a valuable tool for evaluating the impact of initiatives, guiding resource allocation, and identifying emerging trends in downtown activity. These capabilities directly support efforts to foster a vibrant, welcoming, and economically resilient urban core.

The PBID Enhanced Security Program marked its eighth year of service in FY 2024–25. Off-duty SJPd officers assigned to the program remain focused on addressing quality-of-life concerns and safety issues throughout the downtown core. The program is scheduled to provide 50 hours of weekly coverage, typically operating Monday through Friday from 7:00 a.m. to 12:00 p.m. Recent staffing shortages have led to gaps in reporting, which in turn have affected the consistency of our performance metrics. Efforts are underway to stabilize coverage and improve reporting reliability moving forward.

Table H - SEU Services YoY Comparison

Secondary Enforcement Unit (SEU):	Annual Output FY23-24:	Annual Output FY24-25:
Loitering Check	198	166
Business Contact	43	12
Premise Check	197	462
Encampment Check	34	8

II. Procurement of Goods and Services

The downtown Property Owners' Association (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 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.

A primary use of the District's FY 2024-25 assessment funds continued the agreement with Block-by-Block (BBB), to provide cleaning and ambassadorial services. The POA and BBB worked with the Office of Equality Assurance (OEA) to ensure wages complied with the City's Living Wage policy.

District funds were used to commission artists for various murals downtown, providing enhanced maintenance and landscaping services.

III. Downtown POA meeting dates FY 2024-25:

August 20, 2024
 October 11, 2024 – PBID Annual Meeting
 November 19, 2024
 January 28, 2025
 March 25, 2025
 May 20, 2025 (canceled)

IV. FY 2024-25 Budget Overview

PBID revenues and support for the fiscal year ending June 30, 2025 totaled \$6,166,231 as represented in Table I.

- Assessments collected totaled \$5,002,877
- City's baseline contribution totaled \$476,973
- Additional revenues and support totaling \$686,381 were collected through grants, fee-for-service contracts, and other revenues
- Total revenue was less than initial budget projects due in large part to fewer grants and fee for service sources.

Table I - PBID Revenue Budget to Actual

Revenue Source	Approved Budget Submitted 4/24	Actual Revenue YE 6/30/25	Variance
Assessments	\$5,045,963	\$5,002,877	-\$43,086
City of San Jose Baseline Funding	\$476,972	\$476,973	\$1
Other Contracts/Miscellaneous	\$899,265	\$686,381	-\$212,884
TOTAL	\$6,422,201	\$6,166,231	-\$255,970

PBID expenses for the same period totaled \$6,283,611 as represented in Table J.

- All program category expenses were below budget
- Management/Administrative expenses were higher than budget totaling \$1,015,393
 - PBID board of directors approved covering 50% of expenses for outgoing executive transition not to exceed \$100,000.
 - Increase in commercial insurance package including D&O and umbrella
 - Audit and tax preparation were higher than budgeted
- The PBID's net loss for FY24-25 was -\$117,380 with a closing reserve amount of \$739,169.

Table J - PBID Expenses Budget to Actual

Improvements & Activities	Approved Budget Submitted 04/2024	Actual Expenses Y/E 6/30/25	Variance
Groundwerx (Cleaning)	\$2,189,550	\$2,069,370	-\$120,180
Groundwerx (Safety/Information)	\$1,341,982	\$1,268,323	-\$73,659
Social Impact Team	\$423,463	\$418,129	-\$5,334
Image Enhancements (Street Life/Beautification)/ Tree Maintenance/Enhanced Maintenance	\$1,557,000	\$1,185,030	-\$371,970
Business Development and Community Engagement	\$210,000	\$150,000	-\$60,000
Enhanced Security (SJPd Secondary Employment)	\$200,000	\$157,225	-\$42,775
District Enhancements/ Communications/ Fee for Service	\$158,000	\$20,141	-\$137,859
Administration	\$676,998	\$1,015,393	\$338,395
<i>TOTAL</i>	\$6,756,993	\$6,283,611	-\$473,382

V. FY 2024-25 Reviewed Financial Statement.

The FY24-25 Reviewed Financial Statements are attached.

**San Jose Downtown Property Owners'
Association**

Financial Statements

June 30, 2025

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
San Jose Downtown Property Owners' Association

We have reviewed the accompanying financial statements of San Jose Downtown Property Owners' Association (a California nonprofit mutual benefit corporation) (the "Association"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

San Jose, California

October 27, 2025

San Jose Downtown Property Owners' Association
Statement of Financial Position
June 30, 2025

ASSETS

Current assets	
Cash and cash equivalents	\$ 776,064
Accounts receivable, net	270,221
Due from related parties	213,753
Prepaid expenses	<u>291,541</u>
Total current assets	<u>1,551,579</u>
 Total assets	 <u><u>\$ 1,551,579</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 117,630
Due to related parties	662,214
Accrued expenses	<u>32,566</u>
Total current liabilities	812,410
 Net assets without donor restrictions	 <u>739,169</u>
 Total liabilities and net assets	 <u><u>\$ 1,551,579</u></u>

See accompanying notes and independent accountant's review report.

San Jose Downtown Property Owners' Association
Statement of Activities
For the Year Ended June 30, 2025

Revenues and support	
Property owners' assessments	\$ 3,880,792
Exempt properties assessments	1,122,085
City of San Jose contracts - baseline services	476,973
Grants	375,543
Other contracts	310,609
Other revenue	229
Total revenues and support	<u>6,166,231</u>
Functional expenses	
Program services	
Clean and Safety Teams	3,337,693
District Enhancements	745,525
Street Life	769,868
Image Enhancement	415,132
Total program services	<u>5,268,218</u>
Support services	
Management and general	1,015,393
Total support services	<u>1,015,393</u>
Total functional expenses	<u>6,283,611</u>
Change in net assets	(117,380)
Net assets without donor restrictions, beginning of year	<u>856,549</u>
Net assets without donor restrictions, end of year	<u>\$ 739,169</u>

See accompanying notes and independent accountant's review report.

San Jose Downtown Property Owners' Association
Statement of Functional Expenses
For the Year Ended June 30, 2025

	Image Enhancement	Street Life	District Enhancements	Clean and Safety Teams	Total Program Services	Management and General	Total
Functional expenses							
Subcontractors/Groundwerx	\$ 27,519	\$ 346,658	\$ 434,869	\$ 3,325,662	\$ 4,134,708	\$ -	\$ 4,134,708
Management services	-	100,000	150,000	-	250,000	844,872	1,094,872
Security	-	-	157,225	-	157,225	-	157,225
Tree maintenance	120,275	-	-	-	120,275	-	120,275
Landscape maintenance	231,018	10,818	-	-	241,836	-	241,836
Supplies and materials	4,395	192,659	809	7,404	205,267	1,062	206,329
Other expenses	-	87,438	2,622	4,627	94,687	101,145	195,832
Professional services	-	-	-	-	-	56,675	56,675
Other services	31,925	30,489	-	-	62,414	(290)	62,124
Insurance	-	1,806	-	-	1,806	11,929	13,735
	<u>\$ 415,132</u>	<u>\$ 769,868</u>	<u>\$ 745,525</u>	<u>\$ 3,337,693</u>	<u>\$ 5,268,218</u>	<u>\$ 1,015,393</u>	<u>\$ 6,283,611</u>

See accompanying notes and independent accountant's review report.

San Jose Downtown Property Owners' Association
Statement of Cash Flows
For the Year Ended June 30, 2025

Cash flows from operating activities	
Change in net assets	\$ (117,380)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Bad debt	883
Changes in operating assets and liabilities	
Accounts receivable	(263,932)
Due from related parties	(61,123)
Prepaid expenses	(3,753)
Accounts payable	20,675
Accrued expenses	31,566
Due to related parties	<u>143,599</u>
Net cash used in operating activities	<u>(249,465)</u>
Net decrease in cash and cash equivalents	(249,465)
Cash and cash equivalents, beginning of year	<u>1,025,529</u>
Cash and cash equivalents, end of year	<u><u>\$ 776,064</u></u>

See accompanying notes and independent accountant's review report.

San Jose Downtown Property Owners' Association
Notes to Financial Statements
June 30, 2025

1. NATURE OF OPERATIONS

The San Jose Downtown Property Owners' Association (the "Association") is a corporation organized under the California Nonprofit Mutual Benefit Corporation Law. The Association is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The Association's operation commenced on January 28, 2008. The purpose of the Association is to improve downtown San Jose, California with enhanced services including:

- (a) Clean teams that will sweep, scrub, power wash sidewalks, remove litter and graffiti, and increase the frequency of trash removal and maintenance of public spaces within downtown.
- (b) Information and safety ambassadors to provide information on downtown activities and establishments, prevent crime and work productively with social service providers.
- (c) Image enhancement and cosmetic improvements to visually improve downtown.
- (d) Tree maintenance to maintain the street trees and palms within the downtown San Jose Property-based Business Improvement District ("PBID") boundary.
- (e) Enhanced security services to provide a visible uniformed presence at the properties and parcels within the downtown San Jose PBID boundary.
- (f) Business development program designed to keep and attract jobs, investment and new businesses to downtown San Jose.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

In accordance with accounting principles generally accepted in the United States of America, the Association reports its financial position and operating activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. There are currently no net assets with donor restrictions.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with an original maturity of three months or less, and exclude donor restricted receipts and amounts designated for long-term purposes. The Association maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

San Jose Downtown Property Owners' Association
Notes to Financial Statements
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivables

Receivables represent amount due from grants, contracts and fees that are carried at the original invoice amount less allowance for credit losses based on a review of all outstanding amounts. Receivables are written off when deemed uncollectible and recoveries of receivables previously written off are recorded when received. No allowance for credit losses has been presented for the outstanding receivable balance since all amounts are deemed to be collectible.

Prepaid expenses

Prepaid expenses result from advances or deposits on goods or services that will be received in the following year. Direct event expenses are recorded in the year the event takes place.

Property and equipment

The Association's policy is to capitalize property and equipment purchases in excess of \$3,000. Any furniture, equipment or other assets purchased under a grant or a service contract are considered the property of the granting agency and will not be capitalized. Depreciation is computed using straight-line depreciation methods over the asset's estimated useful lives. As of June 30, 2025, all property and equipment has been fully depreciated and is still being used by the Association. Accordingly, the property and equipment has been reported at a zero book value on the statement of financial position. Depreciation expense for the year ended June 30, 2025 was \$0.

Revenue recognition

The Association recognizes revenue and support on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided. The Association follows the following steps to determine revenue recognition:

- Identifying the contract(s) with a customer,
- Identifying the performance obligations in the contract(s),
- Determining the transaction price,
- Allocating the transaction price to the performance obligations in the contract(s), and
- Recognizing revenue when, or as, the Association satisfies a performance obligation.

San Jose Downtown Property Owners' Association
Notes to Financial Statements
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with or without donor restrictions, depending on the nature of donor restrictions. Restricted contributions are reported as increases in net assets with donor restrictions. When the restriction is met the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions. Restricted contributions, where restrictions are met in the same period as the donation is made, is shown as additions to contributions without donor restrictions.

Contributions that are considered conditional promises to give which contain barriers and a right of return or right of release are not recognized until the conditions on which they depend are substantially met, at which time, the gift is recognized as either grants and contributions revenue with or without restriction.

Functional expenses

Costs of providing the Association's activities have been allocated between program services, management and general and fundraising based upon estimates of time and costs incurred by the Association.

Income tax status

San Jose Downtown Property Owners' Association is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and state income taxes under Section 23701d of the California Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements.

The Association files information returns in the U.S. federal jurisdiction and state of California. The Association's federal returns for the years ended June 30, 2022 and beyond remain subject to possible examination by the Internal Revenue Service. The Association's California returns for the years ended June 30, 2021 and beyond remain subject to possible examination by the Franchise Tax Board.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

San Jose Downtown Property Owners' Association
Notes to Financial Statements
June 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

Management of the Association has evaluated events and transactions subsequent to June 30, 2025 for potential recognition or disclosure in the financial statements. The Association did not have subsequent events that required recognition or disclosure in the financial statements for the year ended June 30, 2025. Subsequent events have been evaluated through the date the financial statements became available to be issued, October 27, 2025.

3. PROPERTY-BASED IMPROVEMENT DISTRICT

In August 7, 2007, City of San Jose City Resolution No. 73937 established and defined the San Jose Downtown Property-Based Improvement District ("PBID" or "District"). The PBID is funded by an assessment levied on the property owners located within the District and approved through a petition and mail-ballot process. On June 14, 2022, the renewed District was approved at City Council extending the term for an additional ten years through December 31, 2032.

The Association was incorporated as a California Nonprofit Mutual Benefit Corporation to provide oversight of the District, to contract on behalf of the District, and to review and provide leadership and guidance to the members of the District.

4. SAN JOSE DOWNTOWN ASSOCIATION

On January 28, 2008, the Association entered into an agreement with San Jose Downtown Association ("SJDA") to receive management services. The agreement has been extended several times and continues through June 27, 2027. The entities have separate boards of directors and operate as separate entities. The Association pays SJDA a fee for the management services, and the amount is determined by PBID. The fee is payable semi-annually. For the year ended June 30, 2025, the Association incurred expenses from this agreement totaling \$586,670.

The Association also has an arrangement with SJDA in which salaries for four and half SJDA employees who work on the PBID projects are paid through SJDA and reimbursed by the Association. For the year ended June 30, 2025, the Association paid a total of \$508,202 towards salaries of a Business Development Program Manager, a Street Life Program Project Manager, a Community Engagement Manager and a PBID coordinator under this arrangement.

The management fee and the salaries are presented as management services in the statement of functional expenses, totaling \$1,094,872.

On January 15, 2013, SJDA on behalf of the Association entered into an Environmental and Maintenance and Supplemental Security Services agreement with Block by Block. The original agreement was for a period of three years and expired on January 14, 2016. The amended and renewed agreement expired on January 14, 2025. The Association's contract with Block by Block was extended through January 14, 2028. In consideration of the services, the maximum annual amount of payments to Block by Block shall not exceed \$3,408,833.

San Jose Downtown Property Owners' Association
Notes to Financial Statements
June 30, 2025

5. ASSESSMENTS ON SARA PARCELS

There are certain parcels of Federal and State SARA (Successor Agency to the Redevelopment Agency of the City of San Jose) properties where assessments continue to be made on an annual basis although management of the Association believes collectability to be uncertain. Assessments are recognized in revenue upon the sale of each parcel. There were no SARA parcels sold during the year ended June 30, 2025. There are other assessments related to SARA transfers to the City of San Jose that have not been included in accounts receivable or recognized in revenue, and collectability is entirely dependent on sufficient proceeds being available at the time of any potential sale of each parcel.

6. LIQUIDITY

The following is a quantitative disclosure describing financial assets that are available within one year of June 30, 2025 to fund general expenditures and other obligations when they become due:

Cash and cash equivalents	\$ 776,064
Accounts receivable	270,221
Due from related parties	<u>213,753</u>
	<u><u>\$ 1,260,038</u></u>

The Association had \$1,260,038 of financial assets available at June 30, 2025 to meet the needs for general expenditures in the next 12 months and none of them are subject to donor or other contractual restrictions. The Association manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Association expects that receivables from program and contracts will be collected and available within 60 days of the fiscal year end.