



Financial Report for FY 2022-23

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

October 1, 2023

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 FY 22-23 results show marked improvement in public perception of downtown's cleanliness as many people returned to public life after the stay-at-home orders related to the Covid-19 pandemic were lifted. 53.97% 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. 61.90% of respondents "strongly approve" of Groundwerx operations, 31.75% "approve," and perhaps most tellingly, 0% "disapprove" of the clean and safe efforts. In one final note related to Groundwerx deployment, 48.39% of property owners surveyed requested more emphasis on graffiti removal, and in response to that we have added a full time painter to the team. The PBID's tree trimming services are also held in high regard, with 79.36% of respondents approving of the cyclical maintenance plan that is managed by staff and implemented by a trusted contractor.

I. Summary of Assessed Services for FY 2022-23

Service frequency Table A is from July 1, 2022 to June 30, 2023. 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-8:30pm), which covers seven days per week. The District provided 8,229 hours of pressure washing in FY 2022-23, which equals an average 158 hours of pressure washing per week.

Table A includes the cleaning frequencies for both enhanced and baseline services. Baseline services account for 26 percent of the total cleaning budget, 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 throughout the district, including evening and weekends, are part of the enhanced services provided by the PBID.

Table A

Cleaning	Proposed in Management Plan	FY 22-23
Maintenance F.T.E.	13 to 20	16-24
Pan & Broom, Litter Removal/All-Terrain Litter Vacuum/Machine Sweeping/Transit Stop Maintenance (Includes Basic Portering)	7 days/week, 16 hours/day	7 days/week, 16 hours/day
Pressure Washing	Four to Six times per year	Four to Six times per year
Graffiti Reporting/Cleaning	Daily as Needed	Daily as Needed
Light Landscape/Weeds	As Needed	As Needed
Hot Spot Patrol or “emergency cleaning”	As Needed	Daily

Maintenance of PBID funded beautification elements	Landscape watering 5 days/week and as needed.	Landscape watering 5 days/week and as needed.
Tree trimming	Approximately $\frac{1}{4}$ of street trees per year	Approximately $\frac{1}{4}$ 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 2022-23. 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 104 public litter cans (PLC) along the VTA Transit Mall 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. A full time painter was added to the team in January 2023 as part of the expansion in services dictated by renewal.

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 the City contractor or private property owners.

Table B

Clean Team Services:	Output:
Pan/Broom	16,987 hrs
Pan/Broom: Debris Removal	361,200 lbs
Hot Spot Cleaning/Calls for Service	5,493
Pressure Washing	8,229 hrs

Trash Collected (Trash cans emptied)	191,050
All-Terrain Litter Vacuum: Debris Removal	88,575 hrs
Graffiti cleaned by Groundwerx	27,851

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 weekends. 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

Information and Safety Ambassadors	Proposed in Management Plan	FY 22-23
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 22-23.

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 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

Ambassador Services:	Output:
Ambassador hours	11,992
Directions given	3,363
Business contacts	3,154
Sitting/Lying (loitering)	2,362
Personal safety escorts	36
Bike patrol hours	128

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 Streetlife 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 activations.

Beautification and Street Tree Maintenance

Number of trees trimmed	672
Number of trees planted/replanted	31
Number of trees treated (disease or damage prevention)	36
Number of tree wells expanded/grates removed	90
Number of trees receiving additional care (removal of old lights, attachments, etc)	16
Number of new/refreshed flowers installed (approximate)	1,500

Mural Program- This year, downtown San Jose saw the installation of many murals both small- and large-scale. There was one large-scale mural, entitled "Mālama 'Āina" in the native Hawaaiian, which translates as "To Care for the Land" by Taylor Reinhold on local restaurant, Pono Hawaiian Grill, located at 86 N Market Street. The mural honors the Asian American Pacific Islander community in San Jose.

Other, smaller-scale public art projects include 3 smaller volunteer murals, which engaged a local artist at each site to generate the overall design and then invited community members to help paint portions of the murals with the guidance of the artist.

San Pedro Squared – MOMENT at San Pedro Squared celebrated its five-year anniversary in May 2023. The project involves four micro-retail units and San Jose's longest parklet (100 feet). The entire project converted five on-street parking and 12 garage spaces into active places for people.

MOMENT by the Numbers

- Number of businesses participating: 5 in FY 22-23 (21 total since opening)
- Average gross sales per month: \$31,448.73
- Jobs created: 12 (not including owner-operators)

The PBID's business development services are focused on helping recruit and retain district businesses. During the year, 620 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.

The theme of our work this year has been "outreach." We continued to provide location assistance, permit assistance but also added a renewed focus on helping members apply for the City of San Jose's Storefront Grant program and educating members about downtown events and encouraging the use of the Groundwerx Everywhere app to report messes. Working closely with the Office of Economic Development, SJDA was part of a federal EDA grant that helped us pay for an additional Business Resiliency Coordinator working full time on outreach, support business resiliency and mentoring the neighboring association in the Alum Rock frame area.

The PBID enhanced security program completed its seventh year of service in FY 22-23. These off-duty SJPd officers continued their focus in addressing quality-of-life issues in the downtown area. The program is scheduled to provide 50 hours of weekly coverage, and has been fully staffed since April 2018. Typical program hours are Monday and Thursday from 7 a.m. to 12 p.m. and Tuesday, Wednesday and Friday from 10 a.m. to 3 p.m.

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 2022-23 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, provide enhanced maintenance and landscaping services.

III. Downtown POA meeting dates FY 2022-23:

August 16, 2022
October 4, 2022 – PBID Annual Meeting
November 15, 2022
January 24, 2023
March 23, 2023
May 16, 2023

IV. FY 2022-23 Budget report

Please see attached FY 2022-23 final reviewed financial statement for details.

The total PBID revenue for FY 2022-23 was \$5,007,614. Assessment revenues totaled \$3,879,820 and the City's baseline contribution was \$395,000. Additional revenue was generated through fee-for-service agreements and grants.

Total program administrative costs were \$776,731.

A balance of \$816,118 was carried over, which constitutes the POA's reserves. The POA's prudent reserves allow the District to have the equivalent of three months operating capital and receive a two percent discount by paying Block by Block, its primary Groundwerx service provider, on a quarterly schedule.

The POA continues to leverage funds by negotiating discounts and conservatively projecting program costs. The current fund balance will allow the POA to maintain its current service levels despite anticipated increases in operating costs, such as the City's mandated living wage increases. The POA will also retain the ability to add services as needs arise within the District.

Aside from the assessment revenue and City baseline funds, the POA has other revenue in fee-for-service contracts. In 2008, the POA reached an agreement with VTA to provide

additional cleaning of the VTA tracks and light rail stations. In FY 2016-17, VTA added weekly maintenance of four Bus Rapid Transit stations to the contract. While PBID and VTA staff work towards a prevailing wage contract moving forward, the prevailing wage contract has not been executed and payment will not be received until FY 22-23.

Additional small-scale fee-for-service contracts are in place with the San Jose Museum of Art and Valley Oaks Partners.

V. FY 2022-23 Audited Financial Statement.

Please see attached Audited Financial Statement

Subject: Downtown San Jose Property-Based Improvement District Annual Financial Report

Page 9 of 9

1		FY 22-23
2		Final
3		Actuals
4	REVENUE	
5		
6	Assessments	
7	Assessments - thru SCC	2,845,938
8	less assessment charges SCC	(28,459)
9	Assessments - exempt thru SJ	1,063,325
10	less assessment charges SJ	(10,000)
11	Assessment - thru PBID	9,016
12		
13	Net Assessments	3,879,819
14		
15	City baseline	395,000
16	Grants	20,000
17	Contracts	704,160
18	Miscellaneous & Interest	8,634
19		
20	TOTAL REVENUE	5,007,614
21		
22	EXPENSES	
23		
24	CLEAN & SAFETY TEAMS	
25	Contract service	2,024,788
26	Contract baseline	502,000
27	Subtotal	2,526,788
28		
29	Total BBB Contract	2,526,788
30		
31	STREET LIFE	
32	Street Life Plan Projects	146,620
33	Subtotal	146,620
34		
35	IMAGE ENHANCEMENTS	
36	Maintenance completed projects	259,376
37	Enhanced Maintenance	79,552
38	Street Tree maintenance	200,359
39	Subtotal	539,287
40		
41	DISTRICT ENHANCEMENTS	
42	Business development program	107,151
43	Secondary Employment Unit	222,760
44	Fee for Service Contracts	702,554
45	Miscellaneous	17,270
46	Subtotal	1,049,735
47		
48	ADMINISTRATION	
49	SJDA Management	668,824
50	Insurance	5,610
51	Professional Services	69,364
52	Other Supplies & Expenses	32,359
53	Misc	54,319
54	less 2% prepay contracts	(53,745)
55	Subtotal	776,731
56		
57	TOTAL EXPENSES	5,039,161
58		
59	REVENUE NET OF EXPENSES	(31,547)
60		
61		
62	Beginning Fund Balance	847,665
63		
64	Projected Ending Fund Balance	816,118