


CITY COUNCIL ACTION REQUEST

| | | | |
|--------------------------------------|--|--|---|
| DEPARTMENT(S) Public Works | CEQA Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action. | COORDINATION City Attorney's Office, City Manager's Budget Office, and the Planning, Building, and Code Enforcement Department | Director Approval /s/ Matt Loesch |
| COUNCIL DISTRICT(S) 6 | | | CMO Approval  12/4/24 |

SUBJECT: Willow Glen Community Benefit Improvement District Financial Report Fiscal Year 2023-2024

RECOMMENDATION

Accept the Willow Glen Community Benefit Improvement District Financial Report for Fiscal Year 2023-2024, which provides information to the public and the property owners in the district regarding the use of the assessments and the management and operations of the district.

BASIS FOR RECOMMENDATION

The Willow Glen Community Benefit Improvement District was approved by property owners and adopted by City Council on December 16, 2008, to raise funds for cleaner sidewalks, litter pickup, more attractive streetscapes, better parking management, and increased promotions and events. The Willow Glen Business Association (Owners' Association) is under contract with the City to administer the operations of the district. The annual assessments collected, minus fees, are transferred to the Owners' Association twice annually for the Owners' Association to provide the services and promotions as described in the Willow Glen Community Benefit Improvement District Management Plan. The Willow Glen Community Benefit Improvement District funding is currently programmed in the Business Improvement District Fund (351).

Pursuant to the agreement between the City and the Owners' Association, a financial report for fiscal year (FY) 2023-2024 was compiled and submitted by the Owner's Association on October 28, 2024 for City Council's review and approval. Staff reviewed the financial report and determined it met the requirements of the agreement between parties. The financial report is provided as **Attachment** - Willow Glen Community Benefit Improvement District Financial Report for FY 2023-2024 - and contains the following information as required by the agreement.

1. Summary of Assessed Services for FY 2023-2024
2. Procurement of Goods and Services
3. Property Owners' Association meeting dates for FY 2023-2024
4. FY 2023-2024 Budget Report
5. FY 2023-2024 Certified Public Accountant Review

The budget includes four core categories: 1) Administration; 2) Contingency/Reserve; 3) District Identity and Streetscape Improvements/Marketing and Promotions; 4) Sidewalk Operations, Beautification, Order, and Parking.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

| |
|--|
| COST AND FUNDING SOURCE |
| No costs are associated with this action. |
| FOR QUESTIONS CONTACT: J. Guevara, Deputy Director of Public Works, at (408) 535-8300 or j.guevara@sanjoseca.gov |

Attachment - Willow Glen Community Benefit Improvement District Financial Report for
FY 2023-2024

ATTACHMENT



Willow Glen Community Benefit Improvement District

Financial Report for FY 2023-2024

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

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

1. Summary of Assessed Services for FY 2023-2024

Sidewalk cleaning and maintenance services were contracted to Universal Site Services during FY 2023-2024. The purpose of these services is to provide cleaning and maintenance services in the district to make Downtown Willow Glen a desirable destination to shop, dine and locate a business. The scope of these services includes removal of refuse, hot water/power scrubbing, manual scrubbing sidewalk cleaning, graffiti removal and, while maintaining sidewalks, being available to provide information (like directions) to the public.

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

| Service | FY 2023-24 Service Levels | |
|---|---------------------------|-----------------|
| | Zone 1 | Zone 2 |
| Sidewalk Sweeping, graffiti removal, steam cleaning | 6 days per week | 4 days per week |
| Regular trash removal | 6 days per week | 4 days per week |
| Landscaping maintenance | As needed | As needed |
| Power Washing | Twice per year | Twice per year |

In FY 2023-24 Universal Site Services was also the provider for landscaping maintenance of the planters located within the CBID, except for 3 that are maintained by private property owners at their request. The planters are maintained (weeding, removing trash, watering, etc.), but due to drought conditions we were conservative with new plantings during FY 2023-24 because new plants require additional water.

2. Procurement of Goods and Services

The Willow Glen Community Benefit District certifies all funds were expended in accordance with Council Policy 0-35, titled, "Procurement and Contract Process Integrity and Conflict of Interest". There continues to be careful examination of potential conflicts of interest and a fair and competitive process was used to obtain fair pricing for all goods and services.

3. Willow Glen Business Association meeting dates in FY 2023-2024

| 2023 | | 2024 | |
|------|-------|------|------|
| 7/11 | 10/10 | 1/9 | 4/9 |
| 8/8 | 11/14 | 2/13 | 5/7 |
| 9/12 | 12/12 | 3/12 | 6/11 |

4. FY 2023-24 Budget Report

An analysis of expenditures as compared to for FY 2023-24 is shown on the following page. There were no major variances from the actual expenditures to our FY 2022-2023 budget.

**Willow Glen Business Association
Profit & Loss by Class
July 2023 through June 2024**

| | CBID | | | | Total |
|--------------------------------|--------|-------|--------|---------|---------|
| | ADMIN | C & R | DISI | SOBOP | |
| Ordinary Income/Expense | | | | | |
| Income | | | | | |
| CBID | 76,850 | 5,693 | 31,309 | 170,779 | 284,631 |
| Total Income | 76,850 | 5,693 | 31,309 | 170,779 | 284,631 |

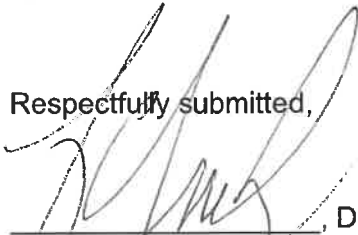
Expense

| | | | | | |
|--|--------|-------|--------|---------|---------|
| Advertising and P/R | | | | | |
| Sponsorship of Community Events | 0 | 0 | 1,000 | 0 | 1,000 |
| Total Advertising and P/R | 0 | 0 | 1,000 | 0 | 1,000 |
| CBID Contingency | 0 | 5,693 | 0 | 0 | 5,693 |
| City Fees | 5,000 | 0 | 0 | 0 | 5,000 |
| Contract Services | | | | | |
| City of SJ - BofA Parking | 6,300 | 0 | 0 | 0 | 6,300 |
| Decor (Banner) | 0 | 0 | 400 | 0 | 400 |
| Decor (Holiday) | 0 | 0 | 12,061 | 0 | 12,061 |
| Decor (Kiosk) | 0 | 0 | 557 | 0 | 557 |
| Street Maintenance/Cleaning | 0 | 0 | 3,800 | 139,797 | 143,597 |
| Total Contract Services | 6,300 | 0 | 16,818 | 139,797 | 162,915 |
| Dues and Subscriptions | 826 | 0 | 0 | 0 | 826 |
| Equipment Rental | | | | | |
| Copier Rental | 5,764 | 0 | 0 | 0 | 5,764 |
| Total Equipment Rental | 5,764 | 0 | 0 | 0 | 5,764 |
| Insurance | 1,113 | 0 | 0 | 0 | 1,113 |
| Meetings | 77 | 0 | 0 | 0 | 77 |
| Personnel | | | | | |
| Benefits | 1,904 | 0 | 488 | 2,197 | 4,589 |
| Compensation - Staff Salaries | | | | | |
| BM | 34,666 | 0 | 9,778 | 28,784 | 73,228 |
| Total Compensation - Staff Salaries | 34,666 | 0 | 9,778 | 28,784 | 73,228 |
| Payroll Taxes | 750 | 0 | 0 | 0 | 750 |
| Total Personnel | 37,320 | 0 | 10,266 | 30,981 | 78,567 |
| Postage and Delivery | 667 | 0 | 0 | 0 | 667 |
| Professional Fees | | | | | |
| Accounting/Financial | 11,000 | 0 | 0 | 0 | 11,000 |
| Total Professional Fees | 11,000 | 0 | 0 | 0 | 11,000 |
| Rent | | | | | |
| Office | 4,800 | 0 | 0 | 0 | 4,800 |
| Total Rent | 4,800 | 0 | 0 | 0 | 4,800 |
| Supplies | 508 | 0 | 0 | 0 | 508 |
| Telephone and Internet | 2,486 | 0 | 1,930 | 0 | 4,416 |
| Website | 900 | 0 | 1,174 | 0 | 2,074 |
| Total Expense | 76,761 | 5,693 | 31,188 | 170,778 | 284,420 |
| CBID Net Ordinary Income | 89 | 0 | 122 | 0 | 211 |
| CBID Reserve FYE 2023 | -147 | 0 | 285 | 128 | 266 |
| CBID Reserve FYE 2024 | -58 | 0 | 407 | 129 | 478 |
| Actual Expenses as a percentage of fees | 27% | 2% | 11% | 60% | 100% |
| 2023-2024 Budget as submitted | 27% | 2% | 11% | 60% | 100% |
| Variance | 0 | 0 | 0 | 0 | 0 |

5. FY 2023-24 CPA Review

Please see review document attached from Crawford Pimentel Corporation Certified Public Accountants.

Respectfully submitted,



Date 10/28/24

Tim Mulcahy

President, Board of Directors

SPECIAL-PURPOSE STATEMENT

WILLOW GLEN BUSINESS AND PROFESSIONAL ASSOCIATION
COMMUNITY BENEFIT IMPROVEMENT DISTRICT (CBID)

San Jose, California

June 30, 2024

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Independent Accountants' Review Report | 1 |
| Statement of Revenue and Direct Operating Expenses..... | 2 |

Crawford Pimentel Corporation

Certified Public Accountants

1550 The Alameda, Suite 211

San Jose, California 95126

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Willow Glen Business and Professional Association
San Jose, California

We have reviewed the accompanying special-purpose statement of revenue and direct operating expenses of Willow Glen Business and Professional Association (a nonprofit organization) Community Benefit Improvement District (CBID) for the year ended June 30, 2024. 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 of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Section 3(D) of the agreement between the City of San Jose and Willow Glen Business and Professional Association as discussed in Note A and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review agreement 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Willow Glen Business and Professional Association and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our review.

The accompanying special-purpose financial statements were prepared for the purpose of complying with Section 3(D) of the agreement between the City of San Jose and Willow Glen Business and Professional Association as discussed in Note A, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying special-purpose financial statements in order for them to be in conformity with the basis of accounting described in Note A.

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



San Jose, California

October 23, 2024

WILLOW GLEN BUSINESS AND PROFESSIONAL ASSOCIATION
COMMUNITY BENEFIT IMPROVEMENT DISTRICT (CBID)

STATEMENT OF REVENUE AND DIRECT OPERATING EXPENSES
July 1, 2023 to June 30, 2024

| | ADMIN (CBID) | C & R (CBID) | DISI (CBID) | SOBOP (CBID) | Total CBID |
|---|-----------------|-----------------|----------------|-----------------|---------------|
| Ordinary Income/Expense | | | | | |
| Income | | | | | |
| CBID | \$ 76,850 | \$ 5,693 | \$ 31,309 | \$ 170,779 | \$ 284,631 |
| Total income | 76,850 | 5,693 | 31,309 | 170,779 | 284,631 |
| Gross profit | 76,850 | 5,693 | 31,309 | 170,779 | 284,631 |
| Expense | | | | | |
| Advertising and P/R | - | - | 1,000 | - | 1,000 |
| City fees | 5,000 | - | - | - | 5,000 |
| Contingency | - | 5,693 | - | - | 5,693 |
| Contract services | 6,300 | - | 16,818 | 139,797 | 162,915 |
| Dues and subscriptions | 826 | - | - | - | 826 |
| Equipment rental | 5,764 | - | - | - | 5,764 |
| Insurance | 1,113 | - | - | - | 1,113 |
| Meetings | 77 | - | - | - | 77 |
| Personnel | 37,320 | - | 10,266 | 30,981 | 78,567 |
| Postage and delivery | 667 | - | - | - | 667 |
| Professional fees | 11,000 | - | - | - | 11,000 |
| Rent | 4,800 | - | - | - | 4,800 |
| Supplies | 508 | - | - | - | 508 |
| Telephone and internet | 2,486 | - | 1,930 | - | 4,416 |
| Website | 900 | - | 1,174 | - | 2,074 |
| Total expense | 76,761 | 5,693 | 31,188 | 170,778 | 284,420 |
| Net ordinary income | 89 | - | 121 | 1 | 211 |
| | \$ 89 | \$ - | \$ 121 | \$ 1 | \$ 211 |
| | 89 | - | 121 | 1 | 211 |
| CBID Reserve as of June 30, 2023 | (148) | - | 286 | 128 | 266 |
| CBID Reserve as of June 30, 2024 | \$ (59) | \$ - | \$ 407 | \$ 129 | \$ 477 |
| Actual expenses as a percentage of fees | 27% | 2% | 11% | 60% | 100% |
| Budget as submitted | 27% | 2% | 11% | 60% | 100% |
| Variance | 0% | 0% | 0% | 0% | 0% |

See the accompanying Independent Accountant's Review Report.

WILLOW GLEN BUSINESS AND PROFESSIONAL ASSOCIATION
COMMUNITY BENEFIT IMPROVEMENT DISTRICT

NOTES TO STATEMENT OF
REVENUE AND DIRECT OPERATING EXPENSES
July 1, 2023 to June 30, 2024

Note A – Summary of Contractual Reporting Requirement

The Willow Glen property owners received approval from the City Council of San Jose to form a Community Benefit Improvement District (CBID). The Willow Glen Business and Professional Association was selected to manage the CBID which was implemented in 2010.

The CBID contract with the City of San Jose was executed on March 23, 2010. Section 3(D) of the contract requires an Independent Certified Public Accountant's review report on the finances of the CBID district for the preceding year, except that for fiscal year 2022–2023, Owner's Association shall submit a full audit by an Independent Certified Public Accountant. The board of directors have decided to delay issuance of the full audited financial statements to fiscal year 2024–2025.

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

See the accompanying Independent Accountant's Review Report.