



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Loesch

SUBJECT: See Below

DATE: May 19, 2025

Approved

Date:

5/28/25

COUNCIL DISTRICT: 6

SUBJECT: Actions Related to the Willow Glen Community Benefit Improvement District Annual Report for Fiscal Year 2025-2026

RECOMMENDATION

Adopt a resolution:

- (a) Approving the Willow Glen Community Benefit Improvement District Annual Report for Fiscal Year 2025-2026 as filed or modified by City Council; and to confirm and levy the individual assessments as filed or modified by the City Council; and
- (b) Directing the Director of Public Works to deliver the assessment roll to the County of Santa Clara for collection with the property taxes.

SUMMARY AND OUTCOME

The Willow Glen Community Benefit Improvement District (CBID) Annual Report describes the planned activities for the district in the upcoming fiscal year. The report also details how the assessment rate is calculated, the percentage increase in the assessment rate and justification for the increase. City staff review the report and accompanying budget details to ensure the Willow Glen CBID services and funds are being managed in compliance with the district management plan. City Council acceptance of the annual report ensures that there is no disruption of CBID services and allows the Department of Public Works to authorize the County of Santa Clara to continue collection of district assessments on the County property tax rolls.

BACKGROUND

The City of San José established the Willow Glen CBID in 2008, pursuant to Chapter 14.31 of Title 14 of the San José Municipal Code, 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 services provided by the City from generally available funds.

On June 4, 2024, the Willow Glen CBID was expanded and renewed for a second 15-year term, which began January 1, 2025, and runs through December 31, 2039. It also combined two zones from the initial formation into one zone. The CBID enhanced services include cleaner sidewalks, litter pickup, more attractive streetscapes, better parking management, increased promotions, and events. Since the enhanced services directly benefit individual parcels within the district, rather than the City as a whole, the costs are assessed to these benefiting parcels. The current voter-approved assessment formula provides an annual rate increase not to exceed 7%. The boundary map (Attachment A) identifies the parcels included in the district.

ANALYSIS

As required by Chapter 14.31 of the San José Municipal Code and in accordance with the agreement between the City and Willow Glen Business Association (Association), the Association has submitted the Willow Glen CBID Annual Report for Fiscal Year (FY) 2025-2026 (Report) to the City Council (Attachment B). The Report, which is the first of two for FY 2025-2026, will be on file in the City Clerk's Office prior to the City Council meeting. A second report, the FY 2025-2026 Financial Report, will be submitted in November 2026 to the City Council through staff from the Association. The Report contains the following information consistent with the Engineer's Report for the CBID.

1. Declaration of no material changes to the district.
2. FY 2025-2026 improvements and activities.
3. Cost estimates for improvements and activities in FY 2025-2026.
4. Method and basis for levying the FY 2025-2026 assessment.
5. Acknowledgement of revenue to be carried over.
6. Other non-assessment revenue.

The services provided by the CBID, as described in the Report, include Clean, Safe, and Beautiful services, Economic Vitality services, and Management activities. Below are highlights of services that will be provided by the CBID in FY 2025-2026.

Sidewalk Maintenance and Landscaping: Ongoing sidewalk maintenance operations include removal of refuse, cleaning of decorative planters, benches and crosswalk portals, removal of unauthorized postings and graffiti, routine power washing and

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manual scrubbing (as needed), and sidewalk cleaning. The sidewalk maintenance frequency is 12 hours per day Monday through Friday and eight hours per day on Saturday and Sunday. New drought-tolerant plants and bark mulch will continue to be added to planter boxes and topping off the decomposed granite around the trees where needed.

Street Lighting and Decor: American flags will continue to be installed along Lincoln Avenue in the CBID for Memorial Day through July Fourth in May through July, and for Veterans' Day in November. Lighting and decor will be installed for the holiday season. There will be ongoing electrical repairs to support holiday lighting, with continued exploration of long-term solutions to resolve issues with electrical sources. Two additional kiosk sign fixtures will be installed in the expansion area.

Marketing and Promotions: Special events and promotions in downtown Willow Glen will continue in FY 2025-2026. Organizing special events is a critical function of the Association for activating the area, which creates community while bringing customers directly to the front doors of businesses located within the CBID. Examples of promotional events include A Night on the Avenue, Trick or Treat along the Avenue, and Mrs. Roper Romp. Special events, such as Wine Walks, are organized multiple times each year, which typically bring over 700 people per event to Lincoln Avenue to shop, dine, and enjoy the district.

The Association Board of Directors is recommending a total assessment increase of 2.76% (under the 7% annual maximum) in order to keep up with rising costs of providing the services within the Willow Glen CBID. City staff has reviewed the Association's proposal and concurs with the recommendation that assessments increase 2.76% for FY 2025-2026, which is consistent with the average annual Consumer Price Index for the San Francisco-Oakland-Hayward area. The Willow Glen CBID proposed budgeted revenue of \$475,984 is reflected on page 7 of Attachment B. The total maximum aggregate assessment levy for FY 2025-2026 will be \$466,476 as shown in the CBID assessment roll filed in the City Clerk's Office. The remaining revenue, \$9,508, will be from other sources to cover the general benefit component. The cost of CBID services and activities may vary in any given year depending on market conditions. The management plan anticipates that budgets may increase up to 20% to continue the same level of service. Due to increases in costs related to holiday services, ornament prices, and cable car rental fees, the Economic Vitality budget for FY 2025-2026 has increased above 20%. Clean, Safe, and Beautiful, and Management budgets have been reduced accordingly, with minimal impacts since the original Economic Vitality budget was less than 6% of the total budget.

As a property owner within the Willow Glen CBID, the City's assessment will be \$15,556. 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 2025-2026 Proposed Operating Budget in the Business Improvement Districts Fund.

The assessment roll and diagram for 2025-2026 will be on file with the City Clerk's Office approximately two weeks prior to the City Council meeting for public review.

EVALUATION AND FOLLOW-UP

The attached Report by the Association sets the budget and proposed assessments for FY 2025-2026 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 November of each year. This report will be submitted to City Council for acceptance once received.

COST SUMMARY/IMPLICATIONS

The Willow Glen CBID assessments are restricted for use exclusively within the Willow Glen CBID service area. Estimated assessments for FY 2025-2026 will total \$466,476. If the FY 2025-2026 Willow Glen CBID Annual Report is approved with the 2.76% increase, the City's assessment is calculated to be \$15,556. The Fiscal Year 2025-2026 Proposed Operating Budget, subject to City Council approval, includes a transfer from the General Fund for the City's assessment of \$16,197. If the recommendations in this memorandum are approved, the funding of the City's assessment will be updated through a future budget action.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the 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 June 10, 2025 City Council meeting. The Report has been 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. Additionally, the Association's Board of Directors approved the fiscal year budget at its publicly noticed and held meeting on March 11, 2025.

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COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project which may result in a potentially significant impact on the environment.

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/
MATT LOESCH
Director of Public Works

For questions, please contact J. Guevara, Deputy Director of Public Works, at j.guevara@sanjoseca.gov or (408) 535-8300.

ATTACHMENTS:

A – District Map

B – Willow Glen CBID Annual Report for FY 2025-2026

ATTACHMENT A District Map



CERTIFICATIONS

(1) DIRECTOR OF PUBLIC WORKS
 FILED THIS _____ DAY OF _____, 20____, IN THE OFFICE OF THE DIRECTOR OF PUBLIC WORKS OF THE CITY OF SAN JOSE.

 MATT LOERCH
 DIRECTOR OF PUBLIC WORKS

(2) CITY CLERK
 FILED THIS _____ DAY OF _____, 20____, IN THE OFFICE OF THE CITY CLERK OF THE CITY OF SAN JOSE.

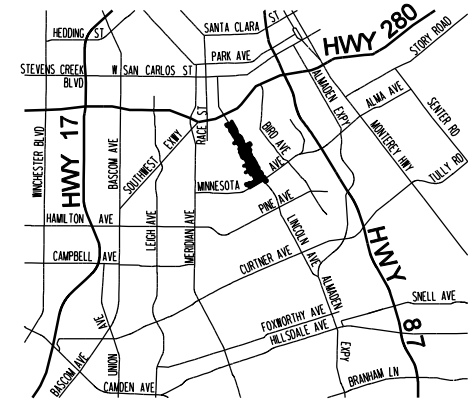
 TONI J. TABER, MMC
 CITY CLERK

(3) CITY COUNCIL
 BY RESOLUTION NUMBER _____, ON THE _____ DAY OF _____, 20____, AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL, ON THE LOTS, PIECES, AND PARCELS OF LAND SHOWN ON THIS DIAGRAM. THE APPROVED DIAGRAM AND ASSESSMENT ROLL, FILED IN THE OFFICE OF THE DIRECTOR OF PUBLIC WORKS CONTAINS THE EXACT AMOUNT OF EACH ASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND SHOWN ON THIS DIAGRAM.

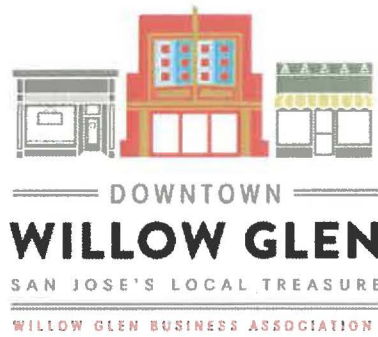
 TONI J. TABER, MMC
 CITY CLERK

(4) COUNTY RECORDER
 FILED THIS _____ DAY OF _____, 20____, AT THE HOUR OF _____ O'CLOCK _____ M. IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS (PAGE(S) _____), IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SANTA CLARA. RECORDER'S SERIES NO.: _____ FEE PAID: _____

 REGINA ALCOMENDRA, COUNTY RECORDER
 COUNTY OF SANTA CLARA



LOCATION MAP



Willow Glen Community Benefit Improvement District

Annual Report for Fiscal Year 2025-2026

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.

In 2024, the CBID was renewed for an additional 15 years, keeping it in place until December 31st, 2039, with the boundary expanding north to Coe Avenue.

The CBID encompasses the core of downtown Willow Glen, which consists of Lincoln Avenue between Minnesota Avenue and Coe Avenue; and some properties on Willow Street, Brace Avenue and Minnesota Avenue.

2. Improvements and Activities to be provided in FY 2025-2026

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 2025-26 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 FY2025-26 are as follows:

Clean, Safe and Beautiful:

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:

- 12 hrs/day, 5 days a week – Entire District
- 8 hrs/day, 2 days a week (Sat/Sun) – Entire District

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 2025-26 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 2025-26.

Street Lighting and Décor

- 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.
- 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.
- New sets of vertical holiday banners will be developed to increase the holiday feel to the avenue.
- 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.
- Add two additional kiosk sign fixtures to the expansion area
- Numerous laminated signage for the kiosks installed in the CBID area are printed throughout the year to promote events and the district in general.

Economic Vitality:

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 FY2025-26. 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 our annual Glen Fest, a Spring Wine Walk, a Holiday Bubbly Walk, a Father's Day 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.

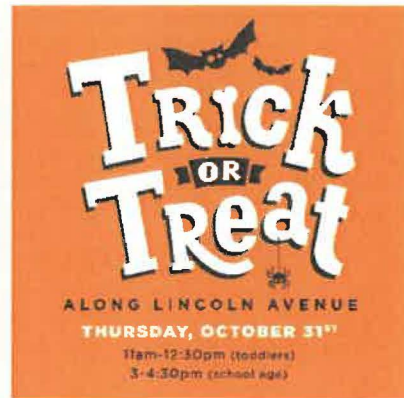
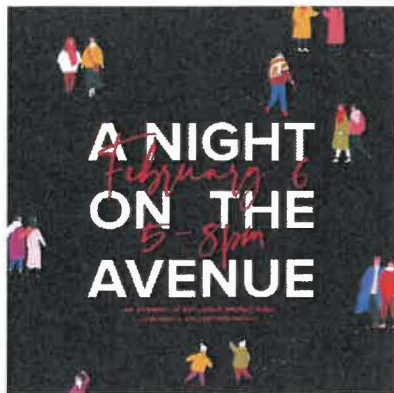
The strategic marketing **objectives** for FY2025-26 will continue to be to: (1) Stimulate economic activity within the Willow Glen business district; and (2) increase awareness of the District's existence and its assets to a variety of audiences by:

- 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, National Night Out 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 A Night on the Avenue, Trick or Treat along the Avenue and the Mrs. Roper Romp.



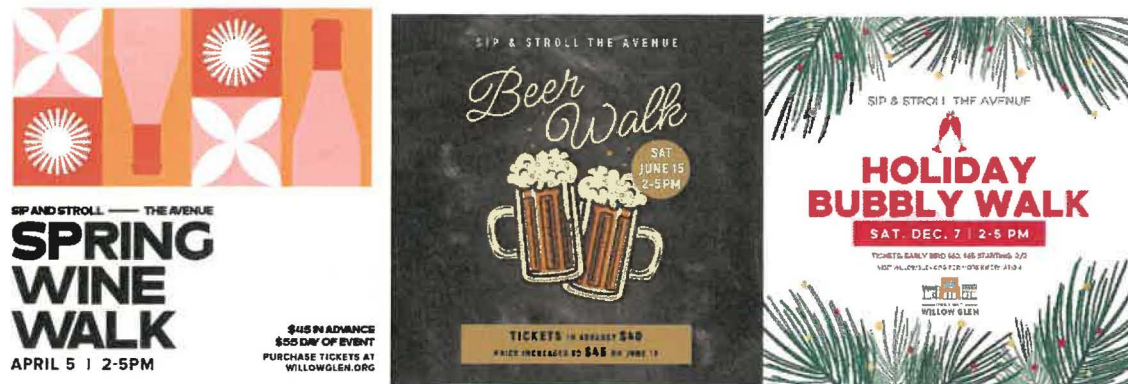
The Willow Glen Business Association does a great deal of decorating, as well as promotion and events for the holidays, such as organizing Selfies with Santa, Cable Car Rides and our Annual Holiday Ornaments. All the above are to encourage families to spend time in downtown Willow Glen for the holidays.



The WGBA has seen large increases in holiday décor services, ornament costs and cable car rental costs, resulting in a larger increase in spending for Economic Vitality than previous years.

Special Events:

Special events, such as Wine Walks, are organized multiple times each year and each event typically bring over 650 people to Lincoln Ave. to shop, dine, and enjoy the District.



Management

Management expenses for FY2025-26 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 \$40,053.72.

3. Estimate of Costs for Improvements and Activities in FY 2025-26

The total estimated cost for CBID improvements and activities for FY2025-26 is \$475,984, as outlined below:

Improvements & Activities	Estimated Costs
Clean, Safe and Beautiful	\$336,040
Economic Vitality (marketing/special events)	\$46,648
Management	\$83,966
Contingency & Reserve	\$9,330
Total	\$475,984
Assessment Revenues	\$466,476
Other Revenues	\$9,508
Total Revenues	\$475,984

The assessments for FY 2025-26 have been increased by a CPI escalator of 2.76%. The CPI increase will be realized in the second CBID payment indicated on the budget. The projected CBID fees for FY 2025-26 are \$466,476. 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 2025-26 Assessments

The methodology for levying District assessments will remain the same for FY 2025-2026. Service benefits are distributed evenly across the entire district.

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

Property Variable	Entire CBID
Commercial/Multi Family	
Building Sq. foot annual cost	\$0.2750
Linear feet annual cost	\$15.230
Lot or parcel size annual cost	\$0.0973
Non-Profit/Residential SF	
Building Sq. foot annual cost	\$0.2062
Linear feet annual cost	\$11.475
Lot or parcel size annual cost	\$0.0730

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

Currently, there is no projection of surplus on June 30, 2026.

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

The WGBA is working towards sourcing additional forms of revenue from sponsorships, grants, and associate memberships allocated to the general benefit fund of \$9,508.

Willow Glen Business Association

CBID Budget

July 1, 2025 to June 30, 2026

	CS&B	EV	MGMT	C & R	Total
	70%	10%	18%	2%	100%
2025-2026 Budget as submitted					
Income					
CBID	326,532	46,648	83,966	9,330	466,476
Other Revenue	9,508				9,508
Total Income	<u>336,040</u>	<u>46,648</u>	<u>83,966</u>	<u>9,330</u>	<u>475,984</u>
Expense					
Advertising and P/R					
Sponsorship of Community Events	0	2,500	0	0	2,500
Total Advertising and P/R	0	2,500	0	0	2,500
CBID Contingency	0	0	0	9,330	9,330
City Fees	0	0	15,000	0	15,000
County Fees			4,956		4,956
Contract Services					0
City of SJ - BofA Parking	0	0	6,300	0	6,300
Decor (Banner)	0	5,000	0	0	5,000
Decor (Holiday)	13,500	12,000	0	0	25,500
Decor (Kiosk)	0	2,500	0	0	2,500
Street Maintenance/Cleaning	268,645	0	0	0	268,645
Total Contract Services	282,145	19,500	6,300	0	307,945
Dues and Subscriptions	0	0	1,000	0	1,000
Equipment Rental					
Copier Rental	0	0	6,000	0	6,000
Total Equipment Rental	0	0	6,000	0	6,000
Insurance	0	0	2,000	0	2,000
Meetings	0	0	141	0	141
Personnel					
Benefits	0	1,700	2,000	0	3,700
Compensation - Staff Salaries					
BM	50,000	12,500	25,000	0	87,500
Total Compensation - Staff Salaries	50,000	12,500	25,000	0	87,500
Payroll Taxes	3,895	950	1,907	0	6,752
Total Personnel	53,895	15,150	28,907	0	97,952
Postage and Delivery	0	0	1,500	0	1,500
Professional Fees					
Accounting/Financial	0	0	15,000	0	15,000
Total Professional Fees	0	0	15,000	0	15,000
Rent					
Office	0	0	5,000	0	5,000
Total Rent	0	0	5,000	0	5,000
Supplies	0	5,000	1,000	0	6,000
Telephone and Internet	0	1,998	2,118	0	4,116
Website	0	2,500	0	0	2,500
Total Expense	<u>336,040</u>	<u>46,648</u>	<u>83,966</u>	<u>9,330</u>	<u>475,984</u>
CBID Net Ordinary Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>