



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano

SUBJECT: SEE BELOW

DATE: May 29, 2018

Approved

Date

6-7-18

COUNCIL DISTRICT: 6

**SUBJECT: WILLOW GLEN COMMUNITY BENEFIT AND IMPROVEMENT
DISTRICT ANNUAL REPORT FOR FISCAL YEAR 2018-2019**

RECOMMENDATION

Adopt a resolution:

- (a) Approving the Willow Glen Community Benefit and Improvement District Annual Report for Fiscal Year 2018-2019 as filed or modified by Council;
- (b) Confirming the individual assessments as proposed, or modified by Council; and
- (c) Directing the Director of Public Works to deliver the assessment roll to the County for collection with the property taxes.

OUTCOME

Approval of these recommendations would allow the continuation of the enhanced cleaning, advancement of attractive streetscapes, improvements in parking management and increased promotions, and events funded through the levy of special assessments for the Willow Glen Community Benefit and Improvement District (Willow Glen CBID).

BACKGROUND

The City of San José established the Willow Glen CBID in 2008, pursuant to Chapter 14.31 of Title 14 of the Municipal Code of the City which incorporates and modifies the Property and Business Improvement District Law of 1994, Section 36600 et seq. of the California Streets and Highways Code, to fund specific enhanced services and improvements above those provided by the City from generally available funds. Since the enhanced services directly benefit individual parcels within the district rather than the City as a whole, the costs are assessed to these benefitting parcels.

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

ANALYSIS

As required by Chapter 14.31 of the Municipal Code which incorporates and modifies the Property and Business Improvement District Law of 1994 (California Streets and Highway Code) for reporting, and in accordance with the agreement between the City and Willow Glen Business Association (Association), the Association has submitted the *Willow Glen Community Benefit Improvement District Annual Report for Fiscal Year July 2018-June 2019* (Report) to the San José City Council (Attachment B). This Report, which is the first of two reports for Fiscal Year (FY) 2018-2019, will be on file in the City Clerk's Office prior to the Council Meeting. A second report, the FY 2017-2018 Financial Report, will be submitted in October to the Council through staff from the Association. This Report contains the following information which is consistent with the original Engineer's Report for the CBID:

1. Declaration of no material changes to the Willow Glen CBID
2. FY 2018-2019 improvements and activities
3. Cost estimates for improvements and activities in FY 2018-2019
4. Method and basis for levying the FY 2018-2019 assessment
5. Acknowledgement of revenue to be carried over
6. Other non-assessment revenue

The services provided by the Willow Glen CBID include sidewalk cleaning, beautification of streetscapes, parking management, marketing, promotions, and events. Over the past year, repairs have been made to the planter box watering systems, and new plants were needed due to the drought. In FY 2018-2019 new plants will continue to be added, with a focus on drought tolerant varieties.

The annual change in the applicable CPI is 3.22 percent. City staff has reviewed the Association's proposal and concurs with the recommendation that assessments be increased 3.22 percent for FY 2018-2019 in order to keep up with rising costs of providing the services within the Willow Glen CBID. The Willow Glen CBID proposed budgeted revenue of \$256,371 is reflected on pages 6 and 7 of Attachment B. The total maximum aggregate assessment levy for FY 2018-2019 will be \$256,371 as shown in the Willow Glen CBID assessment roll filed in the City Clerk's Office.

As a property owner within the Willow Glen CBID, the City's assessment will be \$10,683. 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 2018-2019 Proposed Operating Budget in the Business Improvement Districts Fund.

The assessment roll and diagram for FY 2018-2019 will be on file with the City Clerk's Office two weeks prior to the Council meeting for public review.

Approval of the proposed resolution by the City Council will:

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

EVALUATION AND FOLLOW-UP

The attached Report by the Association sets the budget and proposed assessments for FY 2018-2019 consistent with the approved Management Plan and Engineer's Report. The current agreement between the City and the Association also requires the Association to submit an Annual Financial Report, containing an independent Certified Public Accountant Report in October of each year.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the June 19, 2018, Council Agenda. The Report is filed in the City Clerk's Office for public review and will also be made available to the property owners within the district upon request. A notice of assessment and map of the district will be recorded with the County Recorder for public viewing and for title purposes. This will allow the district to be referenced in title searches to inform property owners of the district and the accompanying assessment. Staff is also available to respond to any public inquiries. Lastly, the draft budget was posted on the Association's website and the proposed FY 2018-2019 assessment increase and budget was approved by the Association's Board of Directors on April 10, 2018.

COORDINATION

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

COMMISSION RECOMMENDATION/INPUT

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

FISCAL/POLICY ALIGNMENT

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

COST IMPLICATIONS

If the FY 2018-2019 Willow Glen CBID Annual Report is approved with the 3.22 percent increase, the City's assessment will be \$10,683. The 2018-2019 Proposed Operating Budget includes \$10,683 in the Business Improvement District Fund for this purpose.

BUDGET REFERENCE

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

Fund #	Appn #	Appn. Name	Total Appn.	Rec. Budget Action	2018-2019 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
351	3787	Willow Glen Community Benefit District	\$341,683	N/A	X-13	06/19/201, Ord. No. N/A

* The Proposed 2018-2019 Operating Budget is scheduled to be approved by City Council on June 19, 2018.

CEQA

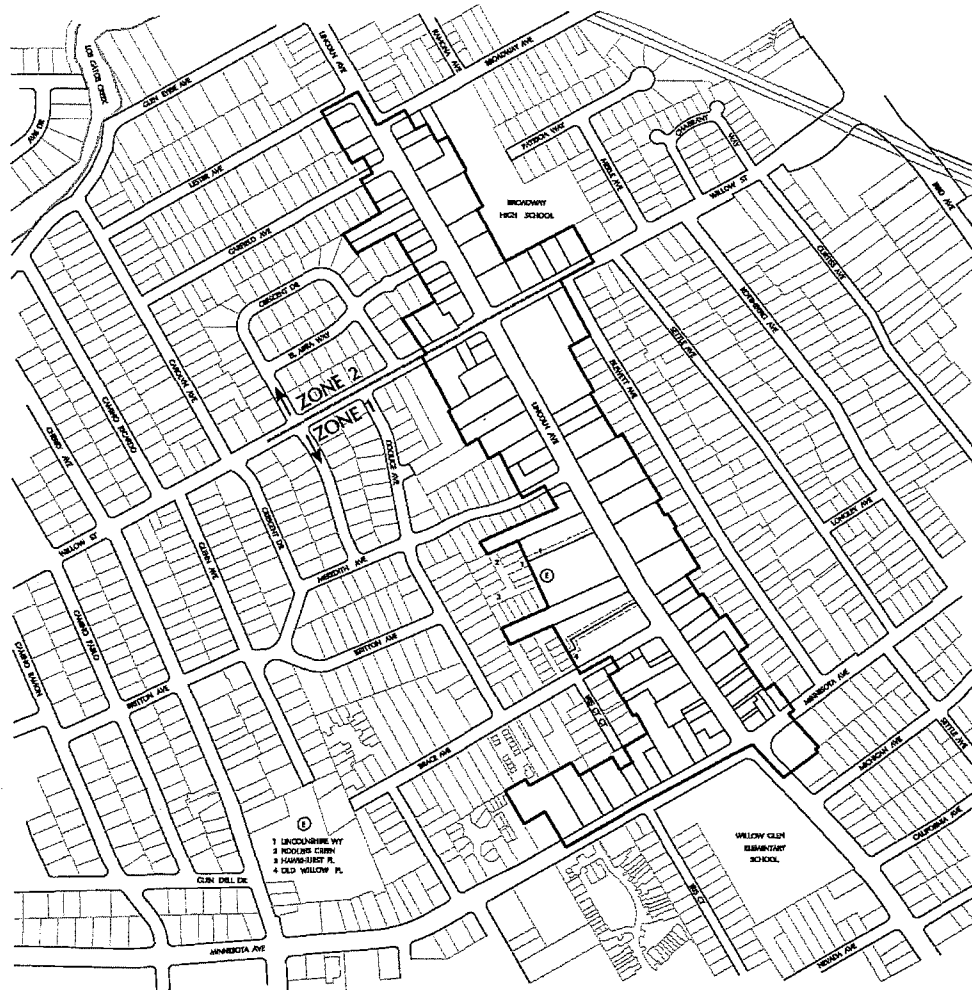
File No. PP13-057, landscape maintenance in the public right-of-way and public facilities.

/s/
MATT CANO
Director of Public Works

Attachment A: Location Map

Attachment B: Willow Glen CBID Annual Report for FY 2018-2019

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



CERTIFICATIONS

(1) DIRECTOR OF PUBLIC WORKS
 FILED THIS _____ DAY OF _____, 2018, IN THE OFFICE OF THE DIRECTOR OF PUBLIC WORKS OF THE CITY OF SAN JOSE.

 MATT CANO
 DIRECTOR OF PUBLIC WORKS

(2) CITY CLERK
 FILED THIS _____ DAY OF _____, 2018, IN THE OFFICE OF THE CITY CLERK OF THE CITY OF SAN JOSE.

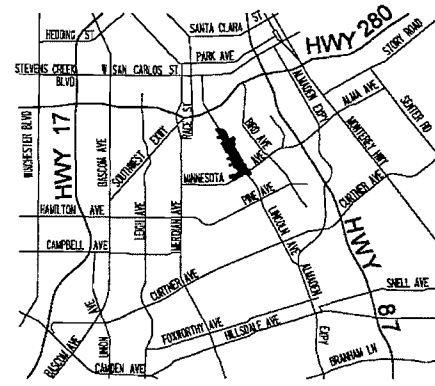
 TONI J. TABER, CMC
 CITY CLERK

(3) CITY COUNCIL
 BY RESOLUTION NUMBER _____, ON THE _____ DAY OF _____, 2018, AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL ON THE LOTS, PLOTS, 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, CMC
 CITY CLERK

(4) COUNTY RECORDER
 FILED THIS _____ DAY OF _____, 2018, AT THE HOUR OF _____ O'CLOCK _____ M. IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS PAGES _____, IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SANTA CLARA. RECORDER'S FEE: \$_____. FEE PAID: _____

 REGINA ALCONDEWAR, COUNTY RECORDER
 COUNTY OF SANTA CLARA



LOCATION MAP

CITY OF SAN JOSE
 CAPITAL OF SILICON VALLEY
 PUBLIC WORKS DEPARTMENT
 800 LITTLEWOOD AVENUE, SUITE 200
 SAN JOSE, CALIFORNIA 95128

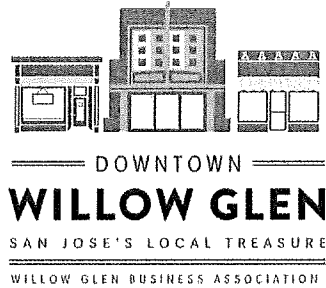
LEGEND

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

SCALE: 1" = 300'

CITY OF SAN JOSE, COUNTY OF SANTA CLARA
 STATE OF CALIFORNIA
WILLOW GLEN
 COMMUNITY BENEFIT AND IMPROVEMENT DISTRICT
 FISCAL YEAR 2018-2019
 SHEET 1 OF 1

ATTACHMENT B



Willow Glen Community Benefit Improvement District Annual Report for Fiscal Year July 2018- June 2019 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, the implementation of the CBID was deferred until January 1, 2010.

No changes are proposed to the District's boundaries, benefit zones, or classification of properties for fiscal year 2018-19. The CBID encompasses the core of downtown Willow Glen, which consists of Lincoln Avenue between Minnesota Avenue and Broadway Avenue on the east and between Minnesota Avenue and Lester Avenue on the west; and some properties on Willow Street, Brace Avenue and Minnesota Avenue.

2. Improvements and Activities to be provided in FY 2018-2019

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 2018-19 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 FY2018-19 are as follows:

ATTACHMENT B

Sidewalk Operations, Beautification and Order (SOBOP):

Sidewalk Maintenance

Ongoing sidewalk maintenance operations include:

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

Sidewalk Maintenance Frequency is:

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

Universal Site Services has been providing sidewalk maintenance services since November 2016, and their representatives also interact with the public and businesses.

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 has begun to add new plantings where needed to beautify the planter boxes that lost some plants during the drought. In FY 2018-19 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. We will also continue to top off the decomposed granite around the trees, where needed, due to settling after the initial installation of decomposed granite around the tree wells in 2013.

Sidewalk and Landscaping Service Providers

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

Storage

Storage for street cleaning equipment and waste services will continue to be in the secure location behind CVS where it was moved in the previous year.

Parking

Rental of a portion of the Bank of America parking lot at a cost of \$525 per month for public parking will continue in FY 2018-19.

Street Lighting and Décor

- Three sets of seasonal vertical banners are maintained and installed in rotation throughout the year
- One new set of seasonal vertical banners is currently being designed to add another option to the banner rotation

ATTACHMENT B

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

District Identify and Streetscape Improvements – Marketing/Promotions:

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

Special events and promotions in downtown Willow Glen will continue in FY 2018-19. These activities now include an annual BBQ Cookoff, a Spring and Fall Wine Walk, a Holiday Bubbly Walk, a Halloween-themed Beer Walk, a Trick or Treat event that serves several thousand children from throughout San Jose, 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.

Special event fundraisers, such as the wine walks and BBQ, serve to not only attract thousands of visitors and showcase Downtown Willow Glen but they also provide additional funds that help us leverage the CBID funds in order to do more projects, advertising, and promotions to continue efforts to improve commerce in Downtown Willow Glen.

The strategic marketing **objectives** for FY2018-19 will continue to be to:

(1) Stimulate economic activity within the Willow Glen business district; and (2) increase awareness of the District's existence and its assets to a variety of audiences by:

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

ATTACHMENT B

the Willow Glen Farmer's Market, now located at the Willow Glen Community Center)

- Distribute positive messages about the district through social media and hold training sessions about 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

Administration

Administration expenses for FY2018-19 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 5% reserve for future unknown emergency services. The cumulative C&R to date since implementation of the CBID is now at \$26,794.

3. Estimate of Costs for Improvements and Activities in FY 2018-2019

The total estimated cost for CBID improvements and activities for FY 2018-19 is \$256,371.12, as outlined below:

Improvements & Activities	Estimated Costs
Sidewalk Operations & Beautification	\$158,950.09
District Identity & Streetscape	\$28,200.82
Contingency & Reserve	\$12,818.56
Admin	\$56,401.65
Total	\$256,371.12

The assessments for FY 2018-19 have been increased by a CPI escalator of 3.22%. The CPI increase will be realized in the second CBID payment indicated on the budget. The projected CBID fees for FY 2018-19 are \$256,371.12. 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 2018-2019 Assessments

The methodology for levying District assessments will remain the same for FY 2018-19. Service benefits are distributed to two (2) benefit zones through a frequency method and percent of costs based on benefits derived.

ATTACHMENT B

Assessments are calculated on building square footage plus linear feet of street frontage plus lot square footage. The table below reflects the 3.22% CPI increase.

Property Variable	Zone 1	Zone 2
Building Sq. Foot annual cost	\$0.141	\$0.086
Linear Feet annual cost	\$10.490	\$6.541
Lot or parcel size annual cost	\$0.074	\$0.074
Single Family Res. Unit Parcels Cost (building square footage only)	\$0.370	\$0.370

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

Currently, there is no projection of surplus on June 30, 2019.

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

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

ATTACHMENT B

Willow Glen Business Association PROPOSED CBID BUDGET FY2018-2019 July 1, 2018 through June 30, 2019

Approved by WGBA Board on April 10, 2018	CBID				
TOTAL CBID FY18-19: \$256,371.12	ADMIN (CBID)	C & R (CBID)	DISI (CBID)	SOBOP (CBID)	TOTAL CBID
Ordinary Income/Expense					
CBID Percents outlined in CBID contract:	22%	5%	11%	62%	100%
Income					
CBID	56,401.65	12,818.56	28,200.82	158,950.09	256,371.12
Event Revenue	0.00	0.00	0.00	0.00	0.00
Grants	0.00	0.00	0.00	0.00	0.00
In-Kind	0.00	0.00	0.00	0.00	0.00
Interest Income	0.00	0.00	0.00	0.00	0.00
Member Dues	0.00	0.00	0.00	0.00	0.00
Miscellaneous Income	0.00	0.00	0.00	0.00	0.00
Sponsorships	0.00	0.00	0.00	0.00	0.00
Total Income	56,401.65	12,818.56	28,200.82	158,950.09	256,371.12
Gross Profit	56,401.65	12,818.56	28,200.82	158,950.09	256,371.12
Expense					
Advertising and Public Relations					
Strategic Marketing Initiatives			5,000.00		5,000.00
Other Advertising					
Sponsorship of Community Events					
Bad Debt					
Bank Service Charges					
City Fees	5,000.00				5,000.00
Contract Services					
City of SJ - BofA Parking	6,300.00				6,300.00
Décor (kiosk updates)			1,500.00		1,500.00
Décor (misc. street decor)			6,500.00		6,500.00
Décor (lighting & decorations)			5,000.00	11,000.00	16,000.00
Décor (change of banners 3x and Am flags 3x)				6,000.00	6,000.00
Décor (lighting electrical repairs)				15,000.00	15,000.00
Landscaping				4,238.89	4,238.89
Street Maintenance / Cleaning				114,001.20	114,001.20
Event Production					
Entertainment					
Security (SJPD and/or private security)					
Photographer					
Contingency		12,818.56			12,818.56
County Fees	2,456.88				2,456.88
Dues and Subscriptions					
Equipment Rental					
Copier Rental	3,000.00				3,000.00
Event equipment (tables, chairs, etc)					
Equipment/Furnishings					
Insurance				2,710.00	2,710.00
Meetings					
Miscellaneous					
Volunteers					
Other					
Our Avenue Committee Misc. Projects				6,000.00	6,000.00

ATTACHMENT B

Willow Glen Business Association PROPOSED CBID BUDGET FY2018-2019 July 1, 2018 through June 30, 2019

Approved by WGBA Board on April 10, 2018	CBID				
TOTAL CBID FY18-19: \$256,371.12	ADMIN (CBID)	C & R (CBID)	DISI (CBID)	SOBOP (CBID)	TOTAL CBID
Permits and Fees					
Personnel					
Compensation - All Staff	26,144.77		7,200.82		33,345.59
Payroll service					
Postage and Delivery					
Printing and Reproduction					
Professional Fees					
Graphic Design					
Accounting/Financial	8,500.00				8,500.00
Sponsorship consultant					
Computer/tech support					
Rent	3,000.00				3,000.00
Supplies	2,000.00				2,000.00
Taxes					
Telephone and DSL					
Website			3,000.00		3,000.00
Total Expense	56,401.65	12,818.56	28,200.82	158,950.09	256,371.12
Net Ordinary Income	-0.00	0.00	0.00	0.00	0.00
Net Income	-0.00	0.00	0.00	0.00	0.00