



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Ristow  
Matt Cano

**SUBJECT:** SEE BELOW

**DATE:** June 1, 2021

Approved

Date

06/04/21

**COUNCIL DISTRICT: 3**

**SUBJECT: DOWNTOWN SAN JOSE PROPERTY-BASED BUSINESS  
IMPROVEMENT DISTRICT ANNUAL REPORT FOR FISCAL YEAR  
2021-2022**

## RECOMMENDATION

Adopt a resolution:

- a. Approving the Downtown San José Property-Based Improvement District Annual Report prepared by the Downtown San José Property Owners' Association for Fiscal Year 2021-2022, as filed or modified by Council;
- b. Confirming the individual assessments as proposed by the Downtown San José Property Owners Association, or as 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 this recommendation will provide for the continued enhanced maintenance services, cleaning of sidewalk areas, information and safety services, beautification activities, and business retention and growth programs funded through the levy of special assessments for Downtown San José.

## **BACKGROUND**

The City of San José established its first Property-Based Improvement District in 2007 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 same parcels.

The Downtown San José Property-Based Improvement District (PBID) was originally approved by property owners and adopted by Council on August 7, 2007, for a five-year period to raise funds for enhanced services for the Downtown. The PBID service area is shown in Attachment A. The PBID was subsequently expanded and renewed on June 19, 2012, for a 10-year period beginning January 1, 2013, and ending on December 31, 2022. The voter-approved assessment formula provides for an annual rate increase not to exceed 5% per year to keep pace with the Bay Area Consumer Price Index for all urban consumers and/or other changes in program costs. An assessment increase of 3% is recommended for the 2021-2022 fiscal year.

## **ANALYSIS**

As required by Part 7 of Division 18 of the California Streets and Highways Code “Property and Business Improvement District Law of 1994” for reporting, and in accordance with the agreement between the City and the San José Downtown Property Owners’ Association (POA), the POA has submitted the *Downtown San José Property-Based Improvement District Annual Report for Fiscal Year 2021-22* to the Council, dated April 29, 2021 (Attachment B). This report will be on file in the City Clerk’s Office prior to the Council meeting. A second report, the Fiscal Year 2021-22 Financial Report, will be submitted in October 2022. The Annual report contains the following information, which is consistent with the Engineer’s Report for the Downtown PBID:

1. Declaration of no material changes to the district
2. FY 2021-2022 improvements and activities
3. Cost estimates for FY 2021-2022 improvements and activities
4. Method and basis of levying FY 2021-2022 assessments
5. Amount of surplus revenue to be carried over
6. Non-assessment revenue

Highlights of services that will be provided by the Downtown PBID in FY 2021-2022 include:

**Groundwerx Enhanced Cleaning Program:** District priorities for the cleaning program will continue to focus on graffiti removal, debris removal, sidewalk sweeping, and sidewalk cleaning/stain removal. The program continues to be effective and popular with members, earning a 92 percent approval rating on the recent 2021 member survey. The Downtown Property Owners Association is not proposing any significant changes to the Groundwerx enhanced cleaning program in FY 2021-2022. District priorities for the cleaning program will

continue to focus on graffiti removal, debris removal, sidewalk sweeping, and sidewalk cleaning/stain removal.

Groundwerx Ambassador Program: Groundwerx ambassadors greet and provide valuable information to downtown pedestrians and work with partner agencies to connect the downtown homeless population to available resources. The Ambassador Program received a 73 percent approval rating from downtown property owners. The Downtown Property Owners Association is not proposing any significant changes to the Groundwerx Ambassador Program in FY 2021-2022. Groundwerx ambassadors will continue to greet and provide valuable information to downtown pedestrians and work with partner agencies to connect the downtown homeless population to available resources.

Business Development and Enhanced Security Programs: Since the beginning of the current fiscal year, the Business Development Program assisted 87 small businesses on permitting issues, identifying available space, assessing the downtown market, and understanding relevant regulations.

The PBID operating budget (Attachment C) allocates \$200,000 in funding to continue the Enhanced Security program utilizing off-duty San José police officers to provide supplemental security within the district. This program is budgeted for 50 hours of weekly coverage, but coverage is subject to the availability of off-duty officers to staff the program. The Enhanced Security program received an approval rating of 66 percent from property owners in the recent 2021 survey.

Street Tree & Enhanced Maintenance: The PBID will continue its Street Tree & Enhanced Maintenance services in FY 2021-2022. In 2021, the tree maintenance service received an 80 percent approval rating from downtown property owners, and will focus its efforts in the upcoming year on pruning district trees, replanting missing trees, and implementation of pest control measures to ensure a healthy street tree canopy.

Downtown Street Life Plan: The PBID released its Downtown Street Life Plan (DSLPL) in FY 2013-2014. The design, implementation, and maintenance of street life activation projects is an important function of the PBID. These projects provide a direct benefit to the downtown area and will improve its image as a local destination point. Completed Street Life projects received an 85 percent approval rating in the 2021 annual survey.

Through various projects, the PBID completed 67 mural projects in FY 2020-2021. The murals ranged in size, from a large scale 3,800 square foot mural at the Third Street parking garage, to smaller efforts aimed at enhancing vacant downtown storefronts. The PBID also worked with local artists to decorate k-rail barriers (temporary concrete safety barriers) as part of the Al Fresco outdoor dining program. Another notable mural project was “Pride-ify Post Street,” which featured a mural on the corner of Post St. and Lightston Alley that was painted in April, as well as reconfigured decorative string lights.

The PBID also made significant progress on its Downtown Lights initiative. In addition to the Pride-ify Post Street lights, the lights at the Circle of Palms were replaced with a new app-programmable LED system. The new technology makes programming the lights easier and allows for greater flexibility in responding to various seasons, holidays and other special events. For the upcoming year, the PBID plans to continue to update the lights that have been installed within the district, as funding allows.

The completion of the SoFa pocket park rounds out the list of completed Street Life projects. This project is a collaboration with Veggielution and is set to open in June 2021 and will operate in FY 2021-2022 with programming that includes dog-owner promotions, garden workshops, fresh fruit/vegetable sales and food truck/food cart events.

Homeless concerns still rank high on the PBID's priorities as indicated by 82 percent of those completing the 2021 survey. Although the Groundwerx and Downtown Street Teams work experience program ended in December 2020, the PBID is exploring new potential partnerships and programs, but do not anticipate a new program will be able to be in place for FY 2021-2022.

### **Proposed PBID Assessment for Fiscal Year 2021-2022**

The Downtown San José POA Board of Directors is recommending a total assessment increase of three percent for FY 2021-2022. The PBID estimates this assessment will generate approximately \$148,172 in additional revenue from the 3 percent increase and new development per the Annual Report. These funds will offset the costs associated with an increase in living wage, which will increase by 3.26 percent, effective January 2022 for the PBID contract because the agreement with the City crosses fiscal years. The PBID also anticipates increased demand in cleaning services as a result of the ongoing pandemic. In January 2021, Groundwerx cleaning hours were increased by 40 hours per week and this frequency will be maintained through FY 2021-2022. Additional street life projects such as vacant storefront activation, decorative lights and other similar types of projects will also be needed to continue to draw people to the downtown.

The additional assessment revenue will also help offset the expected increased demand for PBID services in the wake of COVID-19. The PBID anticipates businesses and property owners will likely need greater assistance during these uncertain times. New street life projects will be needed to activate storefronts and minimize blight in the downtown. The impacts of the downtown homeless population also create greater demand for Groundwerx services, with 69 percent of survey respondents indicating more emphasis is needed. Groundwerx staff are called upon on a daily basis by downtown residents, property owners, and businesses to clean up spaces that were occupied by the homeless.

The total maximum assessment levy net of fees for FY 2021-2022, including some new development and assessments on City properties, will be approximately \$3,279,128. It is possible that less than this amount will be collected due to delinquencies, property transfers, and other non-payments. As a property owner within the district, the City's assessment will be

\$548,245. The distribution of the PBID assessment revenue crosses over between fiscal years. In FY 2021-2022, PBID funds will be comprised of the second half of the FY 2020-2021 assessment revenue in August 2021, along with the baseline funds and the first half of the FY 2021-2022 assessments that will include the three percent assessment increase, and will be distributed in March 2022. The projected PBID budgeted revenue is reflected in Attachment C.

The City's annual baseline service contribution is \$395,000. Funds are included in the City's FY 2021-2022 Proposed Operating Budget to provide a base level of cleaning in certain areas of Downtown, such as SoFa, San Pedro Square, along the Transit Mall, and Center for Performing Arts. Baseline services in these areas include emptying public trash cans, pressure washing, sidewalk cleaning, graffiti removal, and ambassador services. The current PBID agreement commenced in 2012 and covers a 10-year term that will end on December 31, 2022. This agreement established a flat baseline funding amount of \$365,000; however, as a result of increased operating costs since the inception of the PBID, an amendment to the annual baseline funding was approved by City Council in FY 2018-2019. The increased funding ensures that the baseline services as described in the agreement between the City and the PBID continue at current levels.

## **CONCLUSION**

The PBID annual report proposes a 3 percent assessment increase to offset costs associated with living wage increases and expected increased demand for services in the wake of COVID-19. The total budgeted revenue for FY 2021-2022 is approximately \$4,124,239 which includes \$3,279,128 in assessments, \$395,000 in City baseline services contribution, and \$450,110 in other contracts.

## **EVALUATION AND FOLLOW-UP**

The attached annual report by the Downtown San José POA sets the budget and proposed assessments for FY 2021-2022 and is consistent with the approved PBID Management Plan/Engineer's Report. The current agreement between the City and the POA, also requires the POA to submit an Annual Financial Report, containing an independent Certified Public Accountant Review Report in October of each year after the close of the fiscal year.

This memorandum will be posted to the City's website for the June 15, 2021 Council agenda. The Annual 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. Finally, the San José Downtown POA Board of Directors approved the fiscal year budget at its publicly noticed and held meeting on March 16, 2021.

HONORABLE MAYOR AND CITY COUNCIL

June 1, 2021

**Subject: Downtown San Jose PBID Annual Report for FY 2021-2022**

Page 6

### **CLIMATE SMART SAN JOSE**

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

### **COORDINATION**

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

### **COMMISSION RECOMMENDATION/INPUT**

No commission recommendation or input is associated with this action.

### **FISCAL/POLICY ALIGNMENT**

This action is consistent with the City Council's direction to seek alternative ways to deliver services and reduce costs in the Downtown through appropriate community partnerships and public-private partnerships, and is consistent with the Council-approved Budget Principle in that it utilizes special assessments for enhanced services.

### **COST SUMMARY/IMPLICATIONS**

If the PBID Annual Report for FY 2021-2022 is approved, the City assessment will be approximately \$548,245. In addition, the City, subject to appropriation of funds, would continue baseline funding for the Downtown PBID of \$395,000.

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2021-2022 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
302	3586	Downtown Property and Business Improvement District	\$3,144,704	N/A	X-35	N/A
302	3585	Downtown Transit Mall	\$395,000	N/A	X-35	N/A

\* The FY 2021-2022 Operating Budget was released on May 4, 2021 and is scheduled to be reviewed and approved by City Council on June 15, 2021 and adopted on June 22, 2021.

**CEQA**

Not a Project, File No. PP17-005, Adjustment to Fees, Rates & Fares without changes to or expansion of services and PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/

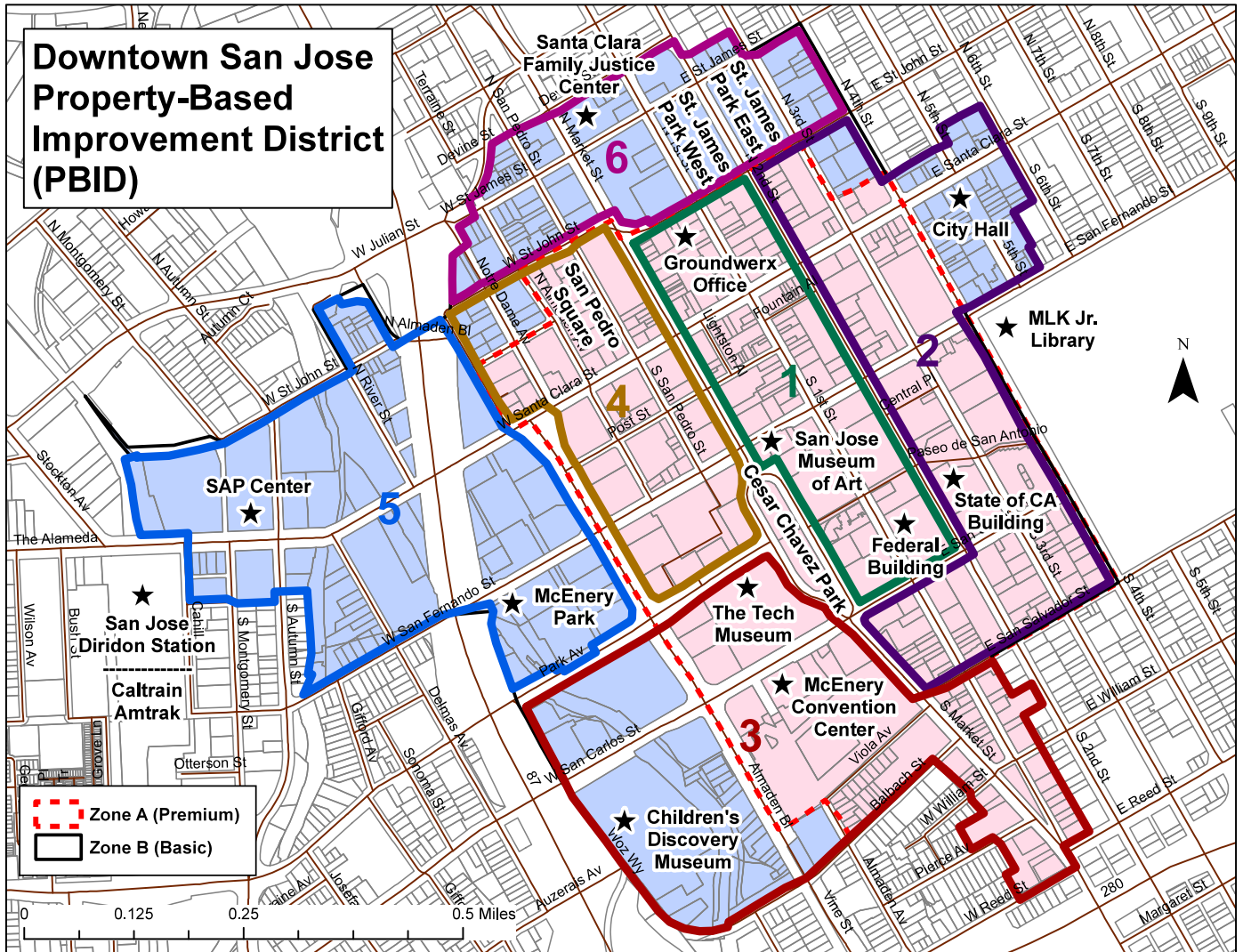
JOHN RISTOW  
Director of Transportation

/s/

MATT CANO  
Director of Public Works

For questions please contact Eric Hon, Division Manager, Department of Transportation, at (408) 794-1987.

- Attachment A: PBID Service Area Map
- Attachment B: PBID Annual Report for FY 2020-2021
- Attachment C: PBID Budget for FY 2020-2021







## **Downtown San Jose Property-Based Improvement District**

### **Annual Report for Fiscal Year 2021-22 by the Downtown San Jose Property Owners' Association**

**April 29, 2021**

#### 1. Property-Based Improvement District

The Downtown San Jose Property-Based Improvement District (PBID) is a special benefit assessment district (District) that conveys special benefits to the properties located within the District boundaries. The PBID encompasses the core of the downtown area bounded approximately by Fourth Street and City Hall complex to the east, St. James, Devine and Julian streets to the north, Highway 87 and the SAP Center to the west and Market and First streets south to Reed Street. The PBID was renewed on June 19, 2012. The new term began on January 1, 2013 and runs through December 31, 2022. No changes are proposed to the District's current boundaries, benefit zones or classification of properties for fiscal year 2021-22.

#### 2. Improvements and Activities to be provided in FY 2021-22

There are no significant service level changes for the Groundwerx cleaning program in fiscal year 2021-22. Service levels will continue to be consistent with the benchmarks identified in the PBID management plan, however, the daily deployment may vary slightly throughout the year to accommodate special events and other district needs.

The overall cleanliness of downtown remains the top priority for downtown property owners. In the 2021 member survey, 87.9 percent of respondents indicated that this was the most important downtown issue. Groundwerx will continue to proactively address graffiti, sidewalk debris and provide regular sidewalk cleaning/stain removal to ensure that downtown is maintained at the highest level. The Groundwerx cleaning program continues to impress members as evidenced by a 91.8 percent approval rating in the recent survey.

Downtown business and property owners also continue to see value in the Groundwerx ambassador program. Ambassadors received a 73.4 percent approval rating in the 2021 survey. Groundwerx ambassadors provide a wide range of services within the district such as disseminating downtown information to visitors, reporting issues to

property owners and serving as the “eyes and ears” of the district by reporting security issues. Ambassadors assist the clean team by abating small graffiti and reporting messes to their cleaning counterparts.

Results from the 2021 survey indicate that businesses and property owners remain concerned about the downtown homeless population with 82.2 percent of the respondents identifying working with homeless individuals and service providers as an area that needs more emphasis. The Groundwerx and Downtown Street Teams (DST) work experience program sunset in December 2020 due to shifting funding priorities within the City’s Housing Department. PBID staff are exploring possible new partnerships and programming that serves the downtown homeless population, but no new programs are anticipated to start in FY 21-22 at this time.

Street Life projects and downtown image enhancements continue to receive high marks from PBID members. An 85 percent approval rating was given to previous projects, and multiple PBID members and organizations outside the District have reached out to discuss potential street life collaborations in the near future. The PBID continues to apply for grants, seek private contributions and lean on established relationships to better leverage assessment funding to implement more projects.

A total of 67 murals will be completed in FY20-21. Of those murals, 53 were completed in partnership with local arts group, Local Color. In response to the Black Lives Matter (BLM) demonstrations in June 2020, PBID worked with seven properties to have 16 murals painted by Local Color artists on storefront doors and windows that were boarded. Murals included messages and visuals of solidarity. In continued effort to beautify vacant storefront windows, PBID engaged 14 properties to install 37 botanical-themed murals painted by Local Color artists. A first round of window painting was completed in September and a second in March.

In partnership with OCA, a 3800 sq. ft. mural was installed in August on three exterior walls of a City parking garage. A mural on a construction wall that was damaged by fire during protests was completed in October, featuring socially-distanced pandas. Over the course of the year, and in support of the City’s Al Fresco program, 11 local artists painted murals on k-rail barriers protecting temporary outdoor seating parklets and temporarily closed streets. As part of the District 3 Councilmember’s “Pride-ify Post Street” initiative, a mural celebrating the LGBTQ+ community will be painted in April at the corner of Lightston Alley and Post. In FY 21-22, PBID expects to partner with a local organization, Donor Network West, to install a mural celebrating Latin culture.

The Downtown Lights initiative adds vibrancy to sidewalks, alleys and plazas by installing and managing decorative string lights. Management of lights includes replacing old lights with new app-programmable LED lights, allowing staff to manage lighting colors and effects on demand. Completed in summer 2020, tree lights at the Circle of Palms were replaced with new programmable LED lights. In August, through the “Pride-ify Post Street” initiative, PBID reconfigured string lights, on Post between 1st and Market, to hang over the street. Downtown Lights projects will continue in FY 21-22 as additional funding is raised and as older decorative lighting needs replacement.

Interim use capital improvements completed in FY20-21 provide a model for fundraising, partnership and project management. The recently completed SoFA Pocket Park, features a dog park and a demonstration garden, managed by garden partner, Veggielution. The project, set to open in June, will continue to operate in FY21-22 with ongoing programming that includes promotions for dog-owners, garden workshops, a fresh fruit and vegetable farmstand and safely-distanced food truck and cart events.

The LoveDTSJ program, volunteer-powered beautification, will resume in FY 21-22 dependent on County and State social distancing protocols/

The PBID's street tree and enhanced maintenance (minor public space repairs) services will continue in the new fiscal year. The PBID street tree program was implemented in 2010 and remains a popular service with property owners (78.9 percent approval in 2021). For the upcoming year, the PBID will assess the needs of the District and provide supplemental pruning, implement disease control measures, monitor conditions at the base of the trees and replant or plant new trees to ensure a healthy street tree canopy. To encourage stewardship of downtown's street trees, staff planned a community volunteer event for April 2020 on Arbor Day during Earth Week, but was postponed due to shelter-in-place and is tentatively scheduled for April 2022.

In looking at current and future data needs, PBID is exploring alternate ways of data collection that can better support PBID members and initiatives. Since 2015, triannual pedestrian counts, executed by Groundwerx and analyzed by PBID staff, have given demographic and count information on footfall at eight major entrance ways and commercial streets within the district. With the inability, due to shelter-in-place, to take a final set of counts for the 2020 report in April, staff has identified three service providers with unique methods for gathering more robust data. Service costs are being evaluated and a new method for data gathering will replace the current method for pedestrian count collection.

An application called Citydash is currently being used to generate downtown pedestrian presence and movement insights. PBID shares access to Citydash through the City of San Jose. Throughout the fiscal year, staff has looked into pedestrian trends at Al Fesco areas, districts, and project zones.

The PBID will continue its District Enhancements, which includes the Business Development program and Enhanced Security. The business development manager works closely with the City's Planning Department and Office of Economic Development to assist business and property owners in the permitting and development process. The business development manager also actively works to recruit new businesses and retain existing ones in the District. Year to date in FY 2020-21, the PBID has assisted 87 small businesses in varying stages of permitting, identifying space, assessing the downtown market and understanding relevant regulations.

The Enhanced Security program received a 65.7 percent approval rating from members, with 84.4 percent of members indicating that security is a high priority for the district. The PBID has budgeted for a five-day program that provides 50 hours of weekly deployment hiring off-duty San Jose police officers. At this time, the PBID has ten on-duty officers to staff each shift, with eight alternate officers. For FY 2021-22, the budget for this program is \$200,000.

The Downtown San Jose Property Owners' Association (SJPOA) Board of Directors recommends an assessment increase of three percent for FY 2021-22 to keep pace with projected service cost increases, such as the City of San Jose's mandated living wage requirement. The next living wage increase (January 2022) is set at 3.25 percent.

In direct response to the pandemic, the PBID board created the role of Community Engagement Director (CED) in December 2020 to focus on outreach to small businesses within the district, and the District anticipates retaining this role through next fiscal year. This outreach is geared towards business support, referrals to services like al fresco permitting assistance, Groundwerx support, other PBID funded activities and City services. Referrals to SJDA activities also take place around advocacy, marketing and promotional opportunities. Recognizing that the pandemic hit small businesses hardest within the district, this outreach is targeted at this time but will expand as businesses are allowed to increase operations. Additional support for street life programming and grants is anticipated through this role.

District assessment revenue is projected to increase by \$148,172. There will be a need for increased PBID services in the wake of COVID-19. PBID staff anticipates higher demand for Groundwerx, small business support and

business development services, as many retail businesses are likely to need direct assistance. In January 2021, the PBID board increased Grounwerx’s cleaning ambassador hours by 40 hours per week in anticipation of this need, which is still in line with the average weekly coverage set forth in the District’s Management Plan. Street life projects will also be in demand, from activating vacant storefronts to enhanced and decorative lighting, projects that draw people into the District will be needed more than ever.

Additionally, the impacts of homelessness in the public realm has created an increased need for Groundwerx services, with 69.4 percent of survey respondents indicating greater emphasis in this area is needed. Coordination and collaboration around service delivery for individuals in need will be more important than ever in a post COVID-19 downtown.

The table below reflects clean team and ambassador services for FY 2021-22, as well as the proposed service output in the District Management Plan (Management Plan).

Clean	Management Plan	Proposed FY 21-22
Maintenance F.T.E.	13 to 18	13 to 18
Average weekly coverage	7 days	7 days
Pan & Broom, Litter Removal/All-Terrain Litter Vacuum/Machine Sweeping/Transit Stop Maintenance	16 hours/day (premium) 8 hours/day (basic)	16 hrs/day (premium) 8 hrs/day (basic)
Steam Cleaning/Pressure Wash: Basic	Two to Four times per year	Two to Four times per year
Steam Cleaning/Pressure Wash: Premium	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
SWAT Patrol or “emergency cleaning”	As Needed	As Needed
Tree Maintenance	N/A	As Needed
Safe (Information and Safety Ambassadors)		
Ambassadors F.T.E.*	9-12	9-12
Coverage in all areas	8 hours	8 hours
Coverage in Premium areas	12-16 hours	12-16 hours

\*Under the current service deployment model there are 9 regular ambassadors. This number may vary as a result of changes in District needs. The implementation of new programs could also potentially impact the FTE range for ambassadors.

PBID administrative costs account for up to 9.9 percent of revenue received, as approved by the POA Board of Directors and reflected in the Management Plan. Administrative costs include one full time Operations Manager, additional support staff from the San Jose Downtown Association, office supplies, postage, professional services and other miscellaneous costs.

3. Estimate of Costs for Improvements and Activities in FY 2021-22

The estimated total cost for improvements and activities for FY 2021-22 is \$4,211,774.

The table below summarizes the total estimated costs for providing the services to meet the needs of the District in FY 2021-22:

Improvements & Activities	Estimated costs
Cleaning	\$1,581,317
Information/Safety Ambassadors	\$601,616
Image Enhancements (Street Life/Beautification)/Tree Maintenance/Enhanced Maintenance	\$775,000
Business Development and Community Engagement	\$210,000
Enhanced Security (SJPD Secondary Employment)	\$200,000
District Enhancements (Supplies, transit mall clock)	\$58,000
Administration	\$400,841
Fee for Service Contracts	\$375,000
PBID Renewal Consultant Fees	\$10,000
<b>TOTAL</b>	<b>\$4,211,774</b>

Revenue Source	Projected Revenue
Assessments	\$3,279,128
City of San Jose Baseline Funding	\$395,000
Other Contracts/Miscellaneous	\$450,110

TOTAL	\$4,124,239
-------	-------------

The attached proposed District budget provides detailed estimates of revenues and expenses, including use of beginning fund balance.

4. Method and Basis of Levying FY 2021-22 Assessments

The methodology for levying District assessments will remain the same for FY 2021-22. Service benefits are distributed to lot and building square footage through a “cost allocation” approach – the costs of specific services are allocated to the assessment variables that benefit most from services.

The sum of lot and building square footage are the primary assessment variables for cleaning, ambassador and beautification/image enhancement costs. Benefits from all District activities are designed to improve ease of use, image, occupancy, and sales and are distributed to all properties and those using and occupying those buildings. The inclusion of lot square footage in the calculation acknowledges the greater benefits of these services to the ground level of property.

The table below reflects a 3 percent increase in assessments for FY 2021-22.

Area	Per square foot of Lot FY 2021-22	Per square foot of Building FY 2021-22
Basic Zone: Commercial, Enterprise Government	\$ 0.0801	\$ 0.0801
Premium Zone: Commercial, Enterprise Government	\$ 0.1342	\$ 0.1342
Basic Zone: Residential, Traditional Gov’t, Other Non-Commercial (image enhancement assessment not included)	\$ 0.0541	\$ 0.0541
Premium Zone: Residential, Traditional Gov’t, Other Non-Commercial (image enhancement assessment not included)	\$ 0.1081	\$ 0.1081

5. Amount of Surplus Revenue to be carried over from previous fiscal year

The PBID will carry over a projected fund balance of \$893,547. Since the assessment dollars are released twice annually, the PBID must carry a fund balance to cover its operating expenses. The PBID receives a two percent discount by paying Block by Block, its primary Groundwerx service provider, on a quarterly schedule. Each FY 2021-22 quarterly installment is approximately \$545,733.

The carry over may also be used to fund unanticipated program costs, such as new Downtown Street Life projects and other District enhancements. Additional dollars from the fund balance may also be needed to cover expenses such as repair or replacement of equipment.

6. Contributions from non-assessment revenue

The City of San Jose will contribute baseline service funding in the amount of approximately \$395,000 for FY 2021-22.

The annual contract with VTA is for FY 21-22 has not been completed at this time. The PBID expects an increase in both revenue and expenses for this contract, as VTA will require staff for this fee for service contract to be paid prevailing wage, a higher hourly rate than staff is currently paid. This extra maintenance of the transit mall tracks, light rail platforms and bus rapid transit stations is not part of the PBID assessment services.

The PBID previously received \$100,000 each fiscal year from the Knight Foundation to support projects outlined in the Street Life Plan, as a part of a five-year grant that started in 2015. This grant opportunity has concluded, but PBID staff is in communications with the Knight Foundation on future grant funded projects and programs and anticipates additional funding will be secured in FY 21-22. PBID staff is exploring other unsecured grant funding opportunities from various sources for street life and operations.

Fee for service contracts have become a more significant source of non-assessment revenue for the PBID in the last four fiscal years. Groundwerx staffing for all fee for service work is separate from assessment funded clean and safe work. Staff from the City of San Jose's Parks, Recreation and Neighborhood Services Department is anticipated to publish a RFP prior to June 15, 2021 for the enhanced maintenance and docent services in St. James Park contract the PBID has had for the last three fiscal years. The PBID is currently providing these supplementary services through June 15, 2021 and will submit a response to the RFP when it becomes available.

Smaller scale fee for service work on private property on a regular and as-needed basis makes up a small portion of the fee for service work the PBID currently provides, and several additional property owners have expressed interest in starting fee for service contracts sometime during FY 21-22.

FY 2021-22 PBID Budget

Approved 3/16/21	FY 21-22
	Approved
	BUDGET
<b>REVENUE</b>	
Assessments	
Assessments - thru SCC	2,629,732
less assessment charges SCC	(26,297)
Assessments - exempt thru SJ	681,290
less assessment charges SJ	(10,000)
Assessment - thru PBID	4,404
<b>Net Assessments</b>	<b>3,279,128</b>
City baseline	395,000
Contracts	400,000
Street Life Investors	50,000
Miscellaneous & Interest	110
<b>TOTAL REVENUE</b>	<b>4,124,239</b>
<b>EXPENSES</b>	
<b>CLEAN TEAMS</b>	
Contract service	1,186,317
Contract baseline	395,000
<b>Subtotal</b>	<b>1,581,317</b>
<b>SAFETY AMBASSADOR TEAMS</b>	
Contract Service	601,616
<b>Subtotal</b>	<b>601,616</b>
<b>Total BBB Contract</b>	<b>2,182,933</b>
<b>IMAGE ENHANCEMENTS</b>	
Street Life Plan Projects	340,000
Maintenance completed projects	260,000
Enhanced Maintenance	50,000
Street Tree maintenance	125,000
<b>Subtotal</b>	<b>775,000</b>
<b>DISTRICT ENHANCEMENTS</b>	
Business development program	150,000
Secondary Employment Unit	200,000
Fee for Service Contracts	375,000
Community Engagement	60,000
Miscellaneous	58,000
<b>Subtotal</b>	<b>843,000</b>
<b>ADMINISTRATION</b>	
SJDA Management	408,300
Insurance	6,000
Professional Services	17,000
Office Supplies	7,000
Misc	6,200
less 2% prepay contracts	(43,659)
<b>Subtotal</b>	<b>400,841</b>
<b>CDA Conference 2020</b>	
<b>Renewal Campaign</b>	10,000
<b>Stabilization Plan</b>	
<b>TOTAL EXPENSES</b>	<b>4,211,774</b>
<b>REVENUE NET OF EXPENSES</b>	<b>(87,535)</b>
Beginning Fund Balance	893,547
Projected Ending Fund Balance	806,012