



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Matt Cano

SUBJECT: SEE BELOW

DATE: May 17, 2021

Approved

Date

5/27/2021

COUNCIL DISTRICT: 6

**SUBJECT: WILLOW GLEN COMMUNITY BENEFIT AND IMPROVEMENT
DISTRICT ANNUAL REPORT FOR FISCAL YEAR 2021-2022**

RECOMMENDATION

Adopt a resolution:

- (a) Approving the Willow Glen Community Benefit and Improvement District Annual Report for Fiscal Year 2021-2022 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 role 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 Willow Glen.

BACKGROUND

The City of San José established the Willow Glen Community Benefit and Improvement District (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 district 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 district has an initial term of 15 years, after which it would sunset and need to be re-established in order to continue beyond 2023. The boundary map (Attachment A) identifies the parcels included in the district.

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 2021-June 2022* (Report) to the San José City Council (Attachment B). The Report, which is the first of two reports for Fiscal Year 2021-2022, will be on file in the City Clerk's Office prior to the Council meeting. A second report, the Fiscal Year 2021-2022 Financial Report, will be submitted in October 2022 to the Council through staff from the Association. The 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 district
2. FY 2021-2022 improvements and activities
3. Cost estimates for improvements and activities in FY 2021-2022
4. Method and basis for levying the FY 2021-2022 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. In FY 2021-2022 new drought-tolerant plants and bark mulch will continue to be added to beautify the planter boxes. New vertical banners will be developed to replace outdated or damaged banners. There will be ongoing electrical repairs to support holiday lighting, with continued exploration of long-term solutions to issues with electrical sources. Promotions of events encourage locals as well as visitors to experience Willow Glen's charm.

The annual change in the applicable CPI is 1.72 percent. City staff has reviewed the Association's proposal and concurs with the recommendation that assessments be increased 1.72 percent for Fiscal Year 2021-2022 in order to keep up with rising costs of providing the services within the CBID. The CBID proposed budgeted revenue of \$273,868 is reflected on page 8 of

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Attachment B. The total maximum aggregate assessment levy for Fiscal Year 2021-2022 will be \$273,868 as shown in the CBID assessment roll filed in the City Clerk's Office.

As a property owner within the District, the City's assessment will be \$11,661. 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 2021-2022 Proposed Operating Budget in the Business Improvement Districts Fund.

The assessment roll and diagram for 2021-2022 will be on file with the City Clerk's Office approximately 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

CONCLUSION

The CBID annual budget report proposes a 1.72 percent assessment increase for FY 2021-2022, providing \$273,868 in total budgeted revenue for FY 2021-2022. The assessment on City-owned property will total \$11,661 for the Willow Glen Branch Library and a public parking lot.

EVALUATION AND FOLLOW-UP

The attached Report by the Association sets the budget and proposed assessments for 2021-2022 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.

CLIMATE SMART SAN JOSE

The recommendation in this memo does not have any negative impact on Climate Smart San Jose energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the June 8, 2021 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. Finally, the Association’s Board of Directors approved the fiscal year budget at its publicly noticed and held meeting on April 13, 2021.

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 SUMMARY/IMPLICATIONS

If the 2021-2022 Willow Glen CBID Annual Report is approved with the 1.72 percent increase, the City’s assessment is calculated to be \$11,661. The 2021-2022 Proposed Operating Budget includes \$11,661 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	2021-2022 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
351	3787	Willow Glen Community Benefit District	\$281,001	N/A	X-15	N/A

* The 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.

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CEQA

Categorically Exempt, File No. PP18 060, CEQA Guidelines Section 15301, Existing Facilities.

/s/

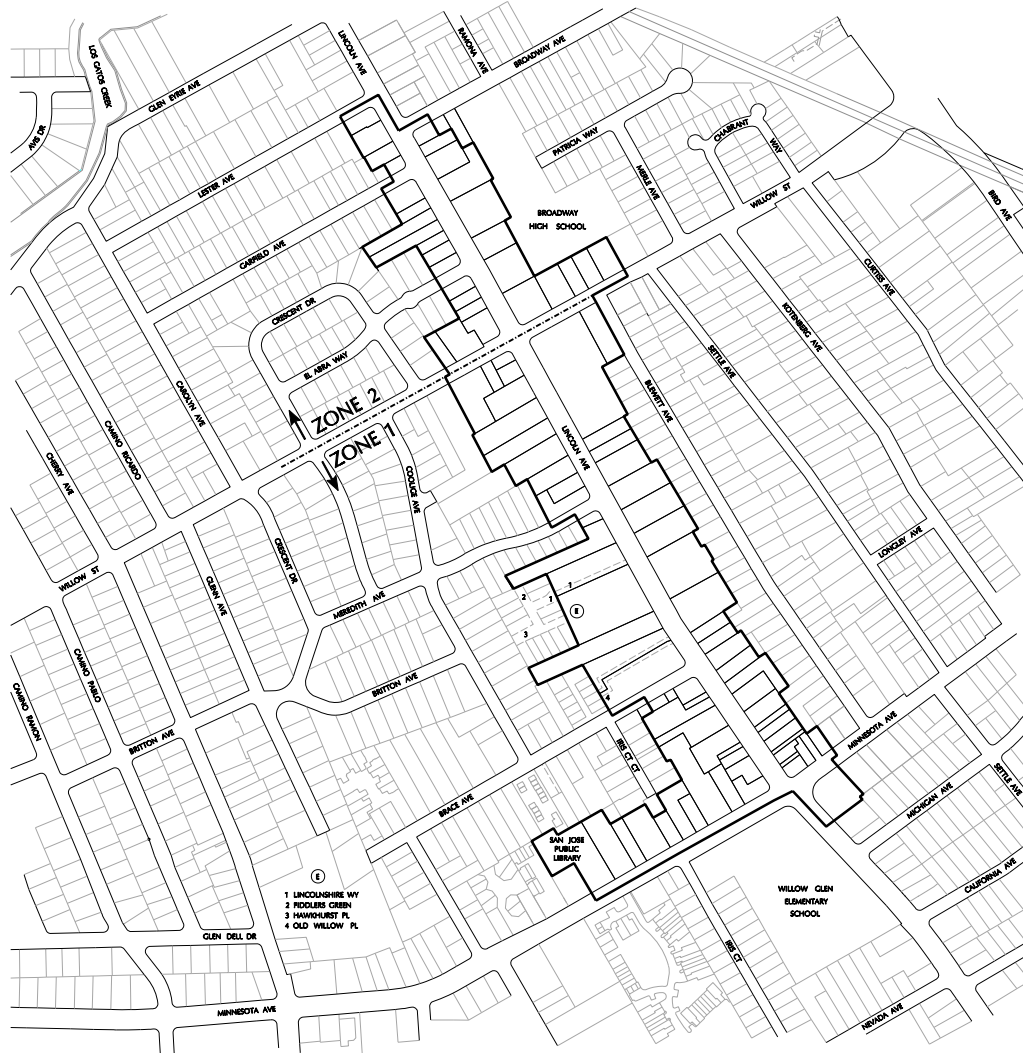
MATT CANO

Director of Public Works

Attachment A: District Map

Attachment B: Willow Glen CBID Annual Report for FY 2021-2022

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



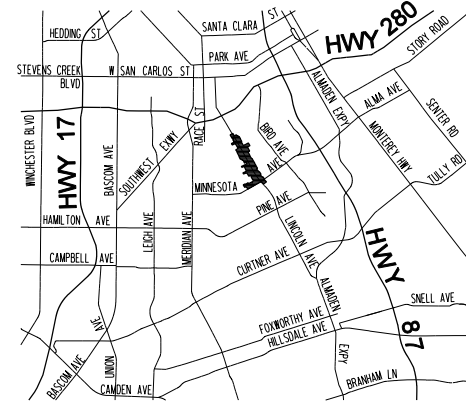
CERTIFICATIONS

(1) DIRECTOR OF PUBLIC WORKS
 FILED THIS _____ DAY OF _____, 2021, IN THE OFFICE OF THE DIRECTOR OF PUBLIC WORKS OF THE CITY OF SAN JOSE.
 MATT CAHO
 DIRECTOR OF PUBLIC WORKS

(2) CITY CLERK
 FILED THIS _____ DAY OF _____, 2021, 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 _____, 2021, AN ASSESSMENT WAS LEVIED BY THE CITY COUNCIL ON THE LOTS, PRECISES, 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 _____, 2021, 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 ALCOMENDRAS, COUNTY RECORDER
 COUNTY OF SANTA CLARA

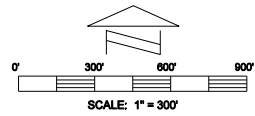


LOCATION MAP

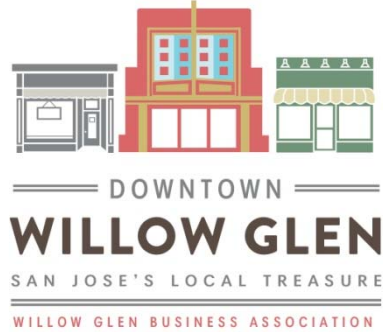


LEGEND

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



CITY OF SAN JOSE, COUNTY OF SANTA CLARA
 STATE OF CALIFORNIA
WILLOW GLEN
COMMUNITY BENEFIT AND IMPROVEMENT DISTRICT
 FISCAL YEAR 2021-2022



Willow Glen Community Benefit Improvement District

Annual Report for Fiscal Year 2021-2022

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.

No changes are proposed to the District’s boundaries, benefit zones, or classification of properties for Fiscal Year (“FY”) 2021-22. 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 2021-2022

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 2021-22 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 FY2021-22 are as follows:

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. 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 2021-22 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 2021-22.

Street Lighting and Décor

- Three sets of seasonal vertical banners are maintained and installed in rotation throughout the year.

- 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.
- New sets of vertical banners will be developed to replace banners that have become outdated or are beginning to be in disrepair.
- 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.
- 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 FY2021-22. 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 an annual BBQ Cookoff, a Spring 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, 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 WGBA will be closely monitoring health and safety best practice recommendations for special events in the coming months and adjust plans for these events, as needed.

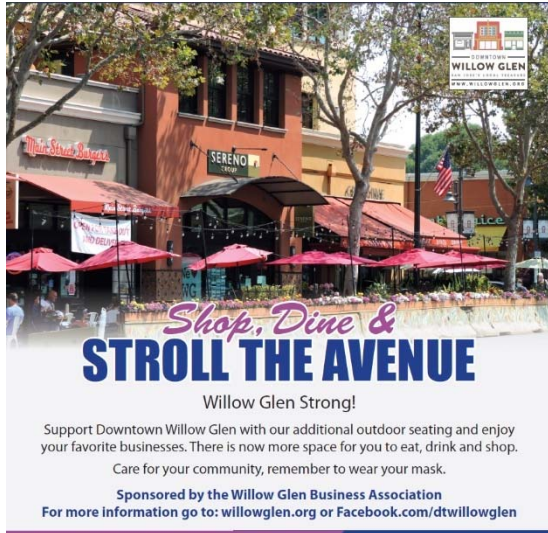
The strategic marketing **objectives** for FY2021-22 will continue to be to: (1) Stimulate economic activity within the Willow Glen business district; and (2) increase awareness of the District's existence and its assets to a variety of audiences by:

- 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 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 Ladies' Night Out, Trick or Treat along the Avenue and the Farmers Market. With Covid-19, we were unable to have our traditional events. While that was challenging, we found other ways to promote and bring the community together. We had ads in the WG resident and used our social media to promote restaurants, had so much support from the City and were able to install several Parklets, we made facemasks using a graphic made by local artist, Lila Gemellos. In lieu of our traditional Halloween event, we handed out prepackaged goodie bags at the local farmers market.



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. This past year's ornament showcased our local Library. All the above are to encourage families to spend time in downtown Willow Glen for the holidays. Again, with the pandemic, out of the mentioned above, we were only able to have the ornaments and selfies with Santa, while he strolled from a safe distance down the avenue. We added on a new event, that going forward we plan to do every year now- we were a Toys for Tots donation station. It was a huge hit with the community. We donated over 6 barrels of toys.



Special Events:

Special events, such as Wine Walks, are organized multiple times each year and each event typically bring over 1,000 people to Lincoln Ave. to shop, dine, and enjoy the District. We look forward to beginning these again in the new FY, with modifications.



Administration

Administration expenses for FY2021-22 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 \$49,310.79.

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

The total estimated cost for CBID improvements and activities for FY2021-22 is \$273,867.96, as outlined below:

Improvements & Activities	Estimated Costs
Sidewalk Operations & Beautification	\$169,798.13
District Identity & Streetscape	\$30,125.48
Contingency & Reserve	\$5,477.36
Admin	\$68,466.99
Total	\$273,867.96

The assessments for FY 2021-22 have been increased by a CPI escalator of 1.72%. The CPI increase will be realized in the second CBID payment indicated on the budget. The projected CBID revenue for FY 2021-22 are \$273,867.96. 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 2021-22 Assessments

The methodology for levying District assessments will remain the same for FY 2021-22. Service benefits are distributed to two (2) benefit zones through a frequency method and percent of costs based on benefits derived.

Assessments are calculated on building square footage plus linear feet of street frontage plus lot square footage. The table below reflects the 1.72% CPI increase.

Property Variable	Zone 1	Zone 2
Building Sq. Foot annual cost	\$0.154	\$0.094
Linear Feet annual cost	\$11.450	\$7.140
Lot or parcel size annual cost	\$0.081	\$0.081
Single Family Res. Unit Parcels Cost (building square footage only)	\$0.404	\$0.404

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

Currently, there is no projection of surplus on June 30, 2022.

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.

Willow Glen Community Benefit Improvement District
Proposed Budget for FY 2021-22
July 1, 2021 - June 30, 2022

Attachment 1 - CBID Detail	CBID				
CBID TOTAL FOR FY 21-22	ADMIN	C & R	DISI	SOBOP	TOTAL
\$273,867.96	(CBID)	(CBID)	(CBID)	(CBID)	CBID
Ordinary Income/Expense					
CBID Percents outlined in CBID contract:	0.25	2%	11%	82%	100%
Income					
CBID	68,466.99	5,477.36	30,125.48	169,798.13	273,867.96
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	<u>68,466.99</u>	<u>5,477.36</u>	<u>30,125.48</u>	<u>169,798.13</u>	<u>273,867.96</u>
Gross Profit	68,466.99	5,477.36	30,125.48	169,798.13	273,867.96
Expense					
Advertising and Public Relations					
Strategic Marketing Initiatives			2,000.00		2,000.00
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)			1,500.00		1,500.00
Décor (misc)					
Décor (holiday)			5,025.48	4,388.13	9,423.61
Décor (banners/flags)					
Décor (lighting electrical repairs)					
Street Maintenance / Cleaning / Landscaping			8,800.00	161,400.00	170,000.00
Contingency		5,477.36			5,477.36
County Fees	2,495.08				2,495.08
Dues and Subscriptions					
Equipment Rental					
Copier Rental	3,000.00				3,000.00
Insurance				3,000.00	
Our Avenue Committee Misc. Projects				1,000.00	1,000.00
Personnel					
Compensation - All Staff	38,171.91				38,171.91
Professional Fees					
Accounting/Financial	8,500.00				8,500.00
Professional fees - Other (CBID Renewal)			10,000.00		10,000.00
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	<u>68,466.99</u>	<u>5,477.36</u>	<u>30,125.48</u>	<u>169,798.13</u>	<u>273,867.96</u>
Net Ordinary Income	0.00	0.00	0.00	0.00	0.00
Net Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>