

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow
Matt Loesch

SUBJECT: SEE BELOW

DATE: May 15, 2023

Approved



Date

5/18/23

COUNCIL DISTRICTS: 3 & 6

**SUBJECT: DOWNTOWN SAN JOSE PROPERTY-BASED BUSINESS
IMPROVEMENT DISTRICT ANNUAL REPORT FOR FISCAL YEAR
2023-2024**

RECOMMENDATION

(a) Adopt a resolution:

(1) Approving the Downtown San José Property-Based Improvement District Annual Report and budget for Fiscal Year 2023-2024, as filed or modified by City Council, and to confirm and levy the individual assessments as filed or modified by the City Council; and

(2) Directing the Director of Public Works to deliver the assessment roll to the County of Santa Clara for collection with the property taxes.

(b) Approve an uncoded ordinance to approve the Downtown San José Property-Based Improvement District Annual Report for Fiscal Year 2023-2024, as filed or modified by the City Council, and to confirm and levy the individual assessments specified in the resolution.

SUMMARY AND OUTCOME

The Downtown San José Property-Based Improvement District (PBID) 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 reviewed the report and accompanying budget details, to ensure the PBID services and funds are being managed in compliance with the district management plan. City Council approval of the annual report and budget ensures that there is no disruption of PBID

services and allows the Department of Public Works to authorize the County of Santa Clara to continue collection of district assessments on the County of Santa Clara property tax rolls. The adoption of the resolution and approval of the uncodified ordinance constitutes the levy of the assessments for the Fiscal Year (FY) 2023-2024.

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 PBID was originally approved by property owners and adopted by City Council on August 7, 2007, for a five-year period to raise funds for enhanced services for the downtown. The PBID was expanded and renewed on June 19, 2012, for a new 10-year term which ended on December 31, 2022. On June 14, 2022, City Council expanded the district boundaries and approved a second 10-year term, which began January 1, 2023 and runs through December 31, 2032. The current PBID service area is shown in **Attachment A** – Downtown San José PBID Service Area Map. The property owner-approved assessment formula provides for an annual rate increase not to exceed five percent for all parcels and an additional five percent on Commercial and Enterprise Government parcels per year to keep pace with the Bay Area Consumer Price Index for all urban consumers and/or other changes in program costs.

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 submitted the *Downtown San José Property-Based Improvement District Annual Report for Fiscal Year 2023-24* to the City Council, dated April 17, 2023 (**Attachment B**). This report will be on file in the City Clerk’s Office prior to the City Council meeting. A second report, the FY 2023-2024 Financial Report, will be submitted in October 2024. The annual report contains the following information, which is consistent with the Engineer’s Report for the Downtown San José PBID:

1. Declaration of no material changes to the district
2. FY 2023-2024 improvements and activities
3. Cost estimates for FY 2023-2024 improvements and activities
4. Method and basis of levying FY 2023-2024 assessments
5. Amount of surplus revenue to be carried over
6. Non-assessment revenue

Highlights of services that will be provided by the Downtown San José PBID in FY 2023-2024 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 POA members, earning a 93 percent approval rating on the recent 2023 member survey. The POA is proposing changes to the Groundwerx Enhanced Cleaning Program in FY 2023-2024, due to expansion of the district resulting from the PBID renewal. The PBID will now feature only one benefit zone along an expanded downtown footprint, which requires an increase in maintenance staff from 13 – 18 full time equivalent positions to 25 – 28 full time equivalent positions. PBID services will be provided 20 hours each day, versus 16 hours per day (eight hours in the basic zone) in the previous term.

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 an 80 percent approval rating from downtown property owners. The POA is not proposing any significant changes to the Groundwerx Ambassador Program in FY 2023-2024. 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.

District Enhancements – Business Development and Enhanced Security Programs: In FY 2022-2023, the Business Development Program focused on retention and assisted 348 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, with the PBID boasting a roster of 10 off-duty officers that can be utilized to staff each shift, with eight additional officers available to fill in as needed. The Enhanced Security program received an approval rating of 77 percent from property owners in the 2023 survey.

Street Tree & Enhanced Maintenance: The PBID will continue its Street Tree & Enhanced Maintenance services in FY 2023-2024, which provide pruning of downtown street trees, replanting trees, and implementation of pest control measures to ensure a healthy downtown community forest. In 2023, the tree maintenance service received a 78 percent approval rating from downtown property owners and will focus its efforts in the upcoming year on expansion area trees. The PBID anticipates pruning approximately 700 – 800 trees in the next year.

Downtown Street Life Projects: The design, implementation, and on-going 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 a 90 percent approval rating in the 2023 annual survey.

In FY 2022-2023, the PBID produced a Comprehensive Lighting Plan for the downtown core, which identifies a variety of lighting projects that range in size, scope, and cost. These projects are intended to attract more people to the downtown by making the streets more vibrant, while also providing pedestrians with heightened sense of comfort and security as they experience the wide range of downtown amenities. The Comprehensive Lighting Plan will be implemented over several years, with the PBID developing an initial pilot project for the upcoming fiscal year.

Murals have also been a big part of the PBID Street Life efforts previously and will continue to play a prominent role in the upcoming year. The PBID anticipates working with professional muralists, but will emphasize lower-cost, volunteer mural opportunities resulting from increased demand for community engagement and art focused activities for the downtown.

In addition to volunteer-led mural efforts, PBID Street Life program features other volunteer opportunities. The PBID is planning to host four to five volunteer opportunities for the community in the upcoming year. This includes “Street Clean Ups,” where an area outside the PBID is identified for litter abatement along the sidewalk and gutters. The PBID will also partner with the Guadalupe River Park Conservancy to host volunteers who will remove litter from parks, trails, and accessible waterways.

Social Impact Team: Homeless concerns still rank high on the PBID’s priorities as indicated by 91 percent of those completing the 2023 survey. The PBID will implement a Social Impact Team to work with the downtown homeless population, to ensure this population is connected to housing programs and services provided by the City of San José and County of Santa Clara. The Social Impact Team may employ up to five full time equivalent staff, including a trained social worker and outreach case managers.

Proposed PBID Assessment for FY 2023-2024

The POA Board of Directors recommends a total assessment increase of two percent for FY 2023-2024. The PBID estimates this assessment will generate approximately \$216,478 in additional revenue from the two 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 1.36 percent, effective January 2024 for the PBID contract because the agreement with the City crosses fiscal years. The renewal and expansion of the district will also require additional cleaning and maintenance coverage in new PBID areas. The elimination of the “basic benefit zone,” means the entire district will be receiving the highest levels of cleaning/maintenance, whereas the basic zone previously received lower levels of service.

The PBID will also place special emphasis on highlighting and promoting small business in Downtown San José in the post-pandemic climate. To achieve this goal, the PBID Board voted to continue the Community Engagement Manager for the duration of the new 10-year term. The Community Engagement Manager works closely with the City’s Planning, Building, and Code

Enforcement Department and Office of Economic Development and Cultural Affairs to assist businesses with the permitting and development process.

The total maximum assessment levy net of fees for FY 2023-2024, including some new development and assessments on City properties, will be approximately \$4,850,033. 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 \$762,614. The distribution of the PBID assessment revenue crosses over between fiscal years. In FY 2023-2024, PBID funds will be comprised of the second half of the FY 2022-2023 assessment revenue in August 2023, along with the baseline funds, and the first half of the FY 2023-2024 assessments that will include the two percent assessment increase will be distributed in March 2024. The projected PBID budgeted revenue is reflected in Attachment C.

In addition to the annual assessment, the City's annual baseline service contribution is \$460,105. Funds are included in the City's FY 2023-2024 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 City's additional services contribution for paseo maintenance and supplemental public litter can service in downtown parks is \$69,695 and the general benefit contribution is \$49,103 for FY 2023-2024. The baseline service, additional services, and general benefit contributions are adjusted annually as reflected by increases of the Consumer Price Index. The current PBID agreement commenced in January 2023 and covers a 10-year term that will end on December 31, 2032.

EVALUATION AND FOLLOW-UP

The attached annual report by the POA sets the budget and proposed assessments for FY 2023-2024 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 6, 2023 City 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 of Santa Clara Office of the Clerk-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 POA Board of Directors approved the fiscal year budget at its publicly noticed and held meeting on March 23, 2023.

COST SUMMARY/IMPLICATIONS

If the Downtown San José PBID annual report for FY 2023-2024 is approved, the City assessment will be approximately \$762,614. In addition, the City would continue baseline funding for the Downtown San José PBID of \$460,105, additional services funding of \$69,695, and general benefit contribution of \$49,103. The 2023-2024 Proposed Budget includes a transfer of \$1,252,305 from the General Fund and \$77,447 from the General Purpose Parking Fund to cover the costs of assessments on City-owned properties and costs for the baseline service, additional services, and general benefit contribution. In addition, the FY 2023-2024 Proposed Budget includes an estimated expense to the Downtown Property and Business Improvement District of \$4,653,168 for assessments, which the City receives from the County of Santa Clara and passes on to the PBID. It should be noted that the City's estimated expense to the PBID for assessments included in the FY 2023-2024 Proposed Budget is slightly lower than the assessment revenue included in the PBID budgeted revenue as reflected in Attachment C. Both are estimates, and the City's expense would be increased as part of a future process if needed to reflect the actual amount of assessment revenue required to pass through to the PBID.

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	Amt. for Contract	2023-2024 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
302	3586	Downtown Property and Business Improvement District	\$4,653,168	N/A	880	N/A
302	3585	Downtown Transit Mall	\$460,105	N/A	880	N/A
302	TBD	General Benefit Contribution	\$49,103	N/A	880	N/A
302	TBD	Additional Services	\$69,695	N/A	880	N/A
302	0571	PW Personal Services	\$10,000	N/A	880	N/A

* The 2023-2024 Proposed Operating Budget was released on May 2, 2023 and is scheduled to be approved on June 13, 2023 and adopted on June 20, 2023 by the City Council.

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the June 6, 2023 City Council meeting. The annual budget report and budget are filed in the City Clerk's Office for public review and will also be made available to the property owners within the districts upon request. Staff is also available to respond to any public inquiries.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

CEQA

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

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/
JOHN RISTOW
Director of Transportation

/s/
MATT LOESCH
Acting Director of Public Works

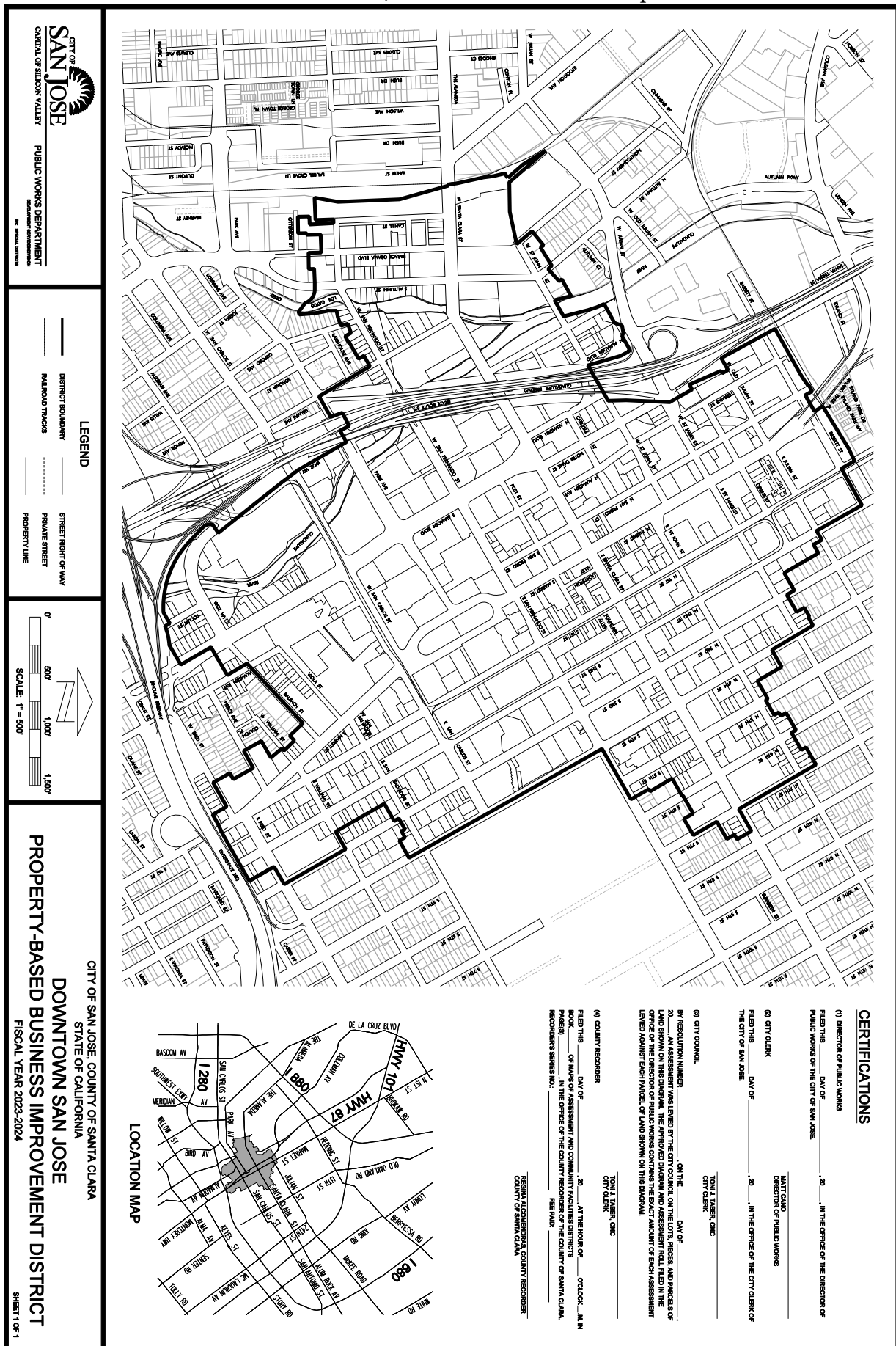
For questions, please contact Eric Hon, Division Manager, Department of Transportation, at eric.hon@sanjoseca.gov or (408) 794-1987.

Attachment A: Downtown San José PBID Service Area Map

Attachment B: Downtown San José Property-Based Improvement District Annual Report for FY 2023-2024

Attachment C: FY 2023-2024 PBID Budget

Downtown San Jose PBID Service Area Map





Downtown San Jose Property-Based Improvement District

Annual Report for Fiscal Year 2023-204 by the Downtown San Jose Property Owners' Association

April 17, 2023

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 Seventh Street 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 14, 2022. The new term began on January 1, 2023 and runs through December 31, 2032.

2. Improvements and Activities to be provided in FY 2023-24

There are significant service level changes for the Groundwerx cleaning program in fiscal year 2023-24. These changes are in response to an expanded district as well as additional services that were part of the management plan coinciding with renewal of the PBID. 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 2023 member survey, 100 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 93.2 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 79.7 percent approval rating in the 2023 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 2023 survey indicate that businesses and property owners remain concerned about the downtown homeless population with 91.4 percent of the respondents identifying working with homeless individuals and service providers as a priority. To address this concern, the PBID is establishing the Social Impact Team

Street Life projects and downtown image enhancements continue to receive high marks from PBID members. An 89.5 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.

In FY 23-24, SJDA will continue implementation of the Comprehensive Lighting Plan for the downtown core, a strategic and comprehensive community lighting plan that creates more vibrant streets and provides a greater sense of security for pedestrians at night. The Comprehensive Lighting Plan will be implemented over the course of several years, and is anticipated to begin with a pilot project of diffused lighting fixtures and illuminated sculptures in collaboration with San Jose artists. These installations will range from long term capital projects to smaller scale lighting interventions to improve the pedestrian nighttime experience. PBID staff will seek partnership and collaboration from property owners, City staff, stakeholders, artists, and others for each installation and intervention.

The Street Life Program will continue beautifying spaces downtown with murals, both large and small scale. This includes professional murals as well as volunteer powered murals in collaboration with local artists. The PBID team is especially focused on expanding low-cost volunteer mural opportunities due to increased demand for community engagement and arts focused activities from local residents and employees.

The PBID’s volunteer program, volunteer-powered beautification, resumed in FY 21-22 and will continue in FY 23-24. Three different types of volunteer efforts are offered: street clean ups, trail clean ups, mural and planter paintings. Volunteers are recruited via social media, website, direct promotion, town halls, Eventbrite, and VolunteerMatch.

Street clean ups: PBID staff chooses an area outside the district for volunteers to collect litter. Volunteers focus on the sidewalk and gutters. PBID staff provides water, snacks, instruction and supplies.

Trail clean ups: PBID staff co-host a trail and park clean up with Guadalupe River Park Conservancy (GRPC). Volunteers focus on collecting litter in the park, trail, and occasionally in the creek. PBID staff provides water and snacks, while GRPC provides supplies and instruction.

Four volunteer events were organized in FY 22-23. In FY 23-24, PBID staff plan on hosting 4-5 volunteer opportunities for the community. PBID staff will be partnering with neighboring council district offices, neighboring academic institutions, and residential organizations to promote the event. These events will include trail clean ups, mural painting events, and other street life opportunities.

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 percent approval in 2023). In the upcoming FY 23-24, the PBID will assess the needs of the District

with emphasis on the expansion areas. The tree pruning schedule will maintain an estimated 700-800 trees and ungyrdling work will be ongoing as needed. The PBID will continue to 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.

The PBID will continue its District Enhancements, which includes the Business Development program and Enhanced Security. The Business Development Manager, Business Resiliency Manager (funded by a federal EDA grant shared with City of San Jose) and Community Engagement Manager work 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 team has been especially focused on business retention this year, putting effort toward assisting businesses that survived the Covid-19 pandemic and its devastating economic impacts. Year to date in FY 2022-23, the PBID has assisted 348 small businesses in varying stages of permitting, identifying space, assessing the downtown market and understanding relevant regulations.

The Enhanced Security program received a 77.2 percent approval rating from members, with 100 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 2023-24, the budget for this program is \$200,000.

From January through the end of March 2023 the Enhanced Security Program has conducted the following:

Premise Checks	86
Loitering	72
PBID/Groundwerx Request Response	69

The Downtown San Jose Property Owners’ Association (SJPOA) Board of Directors recommends an assessment increase of two percent for FY 2023-24 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 for our Groundwerx program (January 2024) is set at 1.36 percent.

With the renewal of the District, the PBID board moved forward with retaining the Community Engagement Manager (CEM) role for the duration of the new District. The new CEM's area of operation has placed a special emphasis on highlighting and promoting the many small businesses in Downtown San José.

From October 2022 through April 2023, the PBID team has collaborated with San José State University and their various departments for numerous initiatives. For instance, in October 2023, SJDA and the University Police Department (UPD) collaborated on a homelessness outreach project, which served unhoused individuals living in Downtown San José. Additionally, in September 2022 and January 2023, the SJDA team organized walking tours for SJSU faculty and staff, then separately for students, to showcase Downtown San José’s small businesses and various activities. Due to the strategic partnership between the PBID’s outreach with SJSU, there has been a 748 percent increase in SJSU students engaging with the SJDA-SJSU Discount page. The SJSU discount page quarterly

user engagement in 2022 averaged 89 distinct visits. Meanwhile, in 2023, the first quarter saw a total of 787 distinct visits.

Furthermore, strategic small business support and outreach through the CEM has increased small business owner engagement in various SJDA activities and programs. For example, the Historic District Committee, which comprises multiple business owners and residents from the Historic District, grew substantially from an average of five active members to thirty active members. That is a 400 percent increase in active member engagement. Similarly, the SoFa (South of First) Committee meetings met at a more frequent basis, from once every few months to bi-quarterly. Most of the success in increased membership engagement is attributed to face-to-face and boot-on-the-ground membership outreach conducted by the CEM.

In addition to regular small business support and outreach, which includes referrals to city services, advocacy, and marketing and promotion services. Face-to-face and boots-on-the-ground outreach has been instrumental in the 2023 PBID expansion efforts. In January 2023 alone, there were over 30 new PBID zone stakeholders contacted and educated on PBID services through the CEM. PBID education included teaching new members about the Groundwerx Everywhere app and how to report clean and safe issues through the Groundwerx Hotline. Since January 2023, there has been an increase in member engagement with reporting clean/safe issues through Groundwerx mobile apps or through calling into the hotline.

District assessment revenue is projected to increase by \$216,478. In the wake of the COVID-19 pandemic and slow return of office workers, the demand for PBID services remains high including: higher demand for Groundwerx, small business support and business development services, as many retail businesses are likely to need direct assistance. 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 65.5 percent of survey respondents indicating greater emphasis in this area is needed. In response, the PBID is establishing a Social Impact Team (SIT) This team will be conducting outreach and building trust with unhoused individuals within the PBID. The goal is to connect these individuals, through partnerships with service providers, with low barrier support services.

The table below reflects clean team and ambassador services for FY 2023-24, as well as the proposed service output in the District Management Plan (Management Plan).

Clean	Management Plan	Proposed FY 23-24
Maintenance F.T.E.	25 to 28	25 to 28
Average weekly coverage	7 days	7 days
Pan & Broom, Litter Removal/All-Terrain Litter Vacuum/Machine Sweeping/Transit Stop Maintenance *	20 hours/day	20 hours/day
Steam Cleaning/Pressure Wash	Six to Twelve times per year	Six to Twelve 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	Approx ¼ of street trees/year	Approx ¼ of street trees/year
Safe (Information and Safety Ambassadors)		
Ambassadors F.T.E.**	9-14	9-14
Coverage in all areas	24-32 hours	24-32 hours
Social Impact Team F.T.E.	Approx 5	4
Outreach	Not quantified	16-22 hours/day

*For FY 23-24 this includes one full time painter to mitigate graffiti within the PBID.

**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 11.36 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 2023-24

The estimated total cost for improvements and activities for FY 2023-24 is \$6,096,830.

The table below summarizes the total estimated costs for providing the services to meet the needs of the District in FY 2023-24:

Improvements & Activities	Estimated costs
Cleaning	\$2,117,720
Information/Safety Ambassadors	\$1,297,958
Social Impact Team	\$406,000
Image Enhancements (Street Life/Beautification)/Tree Maintenance/Enhanced Maintenance	\$757,000
Business Development and Community Engagement	\$210,000

Enhanced Security (SJPD Secondary Employment)	\$200,000
District Enhancements (Supplies, transit mall clock)	\$58,000
Administration	\$618,737
Fee for Service Contracts	\$375,000
Communications	\$50,000
TOTAL	\$4,211,774

Revenue Source	Projected Revenue
Assessments	\$4,850,033
City of San Jose Baseline Funding	\$460,416
Other Contracts/Miscellaneous	\$618,910
TOTAL	\$5,929,360

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 2023-24 Assessments

The methodology for levying District assessments will remain the same for FY 2023-24. Service benefits are distributed to the 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. With the renewed District, the distinction between premium and basic levels of clean and safe services has been discontinued.

The table below reflects a 2 percent increase in assessments for FY 2023-24.

Area	Per square foot of Lot FY 2023-24	Per square foot of Building FY 2023-24

Commercial, Enterprise Government	\$ 0.136578	\$ 0.136578
Residential, Traditional Gov't, Other Non-Commercial (image enhancement assessment not included)	\$ 0.110466	\$ 0.110466

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

The PBID will carry over a projected fund balance of \$1,327,415. This is due in large part to anticipating an earlier start to the Social Impact team. 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 2023-24 quarterly installment is approximately \$845,465.

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 \$460,416 for FY 2023-24. With the renewed District, the City of San Jose will also contribute \$49,104 for to cover half of the estimated general benefit created by the District, and \$69,696 for portering services along Paseo de San Antonio and public liter can maintenance in the following downtown parks: Plaza de Cesar Chavez, Children's Discovery Meadow, Arena Green East, Arena Green West and Confluence Point. Each of these contributions represent a 5.6% CPI increase for FY 23-24, as determined by the Department of Public Works.

The District's contract with VTA to provide enhanced cleaning along the Transit Mall runs through August 2023. VTA posted the contract as an RFP, and the PBID has submitted a proposal. As such, this budget and annual report assumes that the contract will be awarded to the PBID. If the contract is not awarded to the PBID, the budget will be amended mid-year.

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.

SJDA will enter Year 3 of the Beautiful Tableau Grant in FY 23-34. This grant from the Knight Foundation bolsters new and existing services of the SJDA including PBID Street Life projects, marketing efforts, accounting systems, and pilot lighting projects recommended by the Comprehensive Lighting Plan. The Beautiful Tableau grant distributes \$994,500 over a 5 year transition period for Downtown San Jose in an effort to recover from the effects of COVID-19.

Subject: Downtown San Jose PBID Annual Report for FY2023-2024
FY 2023-24 PBID Budget

3/22/23	FY 23-24
3/22/23	FY 23-24
	Approved
	Budget
REVENUE	
Assessments	
Assessments - thru SCC	3,846,771
less assessment charges SCC	(38,468)
Assessments - exempt thru SJ	1,057,239
less assessment charges SJ	(20,000)
Assessment - thru PBID	4,492
Net Assessments	4,850,033
City baseline	460,416
General Benefit	49,104
Paseo/Parks Maintenance	69,696
Contracts	400,000
Street Life Investors	100,000
Miscellaneous & Interest	110
TOTAL REVENUE	5,929,360
EXPENSES	
CLEAN TEAMS	
Contract service	1,615,720
Contract baseline	502,000
Subtotal	2,117,720
SAFETY AMBASSADOR TEAMS	
Contract Service	1,297,958
Subtotal	1,297,958
Total BBB Contract	3,415,678
IMAGE ENHANCEMENTS	
Street Life Plan Projects	300,000
Maintenance completed projects	277,000
Enhanced Maintenance	40,000
Street Tree maintenance	140,000
Subtotal	757,000
DISTRICT ENHANCEMENTS	
Business development program	150,000
Secondary Employment Unit	200,000
Fee for Service Contracts	375,000
Community Engagement	60,000
Social Impact Team	406,000
Communications	50,000
Miscellaneous	58,000
Subtotal	1,299,000
ADMINISTRATION	
SJDA Management	652,230
Insurance	8,000
Professional Services	17,000
Office Supplies	7,000
Misc	6,200
less 2% prepay contracts	(68,314)
Subtotal	622,116
Renewal Campaign	
Stabilization Plan	
CEO Search	
TOTAL EXPENSES	6,093,794
REVENUE NET OF EXPENSES	(164,433)
Beginning Fund Balance	1,352,415
Projected Ending Fund Balance	1,187,982