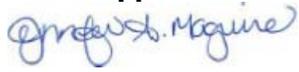


**CITY COUNCIL ACTION REQUEST**

<b>Department(s):</b> Public Works	<b>CEQA:</b> Categorically Exempt, File No. PP18-060, CEQA Guidelines	<b>Coordination:</b> City Attorney Office	<b>Dept. Approval:</b> /s/ Matt Cano
<b>Council District(s):</b> 6	Section 15301, Existing Facilities		<b>CMO Approval:</b>  3/26/2020

**SUBJECT: WILLOW GLEN COMMUNITY BENEFIT IMPROVEMENT DISTRICT FINANCIAL REPORT FISCAL YEAR 2018-2019**

**RECOMMENDATION:**

Accept the Willow Glen Community Benefit and Improvement District Financial Report for FY 2018-2019, which provides information to the public and the property owners in the District regarding the use of the assessments and the management and operations of the District.

**BASIS FOR RECOMMENDATION:**

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, and increased promotions and events. The Willow Glen Business Association (Owners' Association) is under contract with the City to administer the operations of the district. The annual assessments collected, minus fees, are transferred to the Owners' Association twice annually for the Owners' Association to provide the services and promotions as described in the Willow Glen CBID Management Plan. The Willow Glen CBID is currently programmed in the Business Improvement District Fund (351).

Pursuant to the agreement between the City and the Owners' Association, a Financial Report for FY 2018-2019 was submitted on February 13, 2020 for Council review and approval. Staff reviewed the Financial Report for FY 2018-2019 and believes it meets the requirement of the agreement between parties. The report is provided in Attachment A and will also be on file in the City Clerk's Office prior to the Council Meeting. It contains information regarding the following issues as required by the agreement:

1. Summary of Assessed Services for FY 2018-2019
2. Procurement of Goods and Services
3. Property Owners' Association meeting dates for FY 2018-2019
4. FY 2018-2019 Budget Report
5. FY 2018-2019 CPA Review

Climate Smart San Jose:

This item does not have any negative impact on Climate Smart San Jose energy, water, or mobility goals.

Commission Recommendation/Input:

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

**COST AND FUNDING SOURCE:**

No costs are associated with this action.

**FOR QUESTIONS CONTACT:** Thomas Borden, Program Manager, (408) 535-6831

ATTACHMENT A



**Willow Glen Community Benefit Improvement District**

**Financial Report for FY 2018 – 2019**

Submitted by the  
Willow Glen Business Association for the  
Willow Glen 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. 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. The CBID is comprised of two zones-Zone 1 and Zone 2.

1. Summary of Assessed Services for FY 2018-19

Sidewalk cleaning and maintenance services were contracted to Universal Site Services during FY 2018-19. The purpose of these services is to provide cleaning and maintenance services in the District to make Downtown Willow Glen a desirable destination to shop, dine and locate a business. The scope of these services includes removal of refuse, hot water washing/power scrubbing, manual scrubbing, sidewalk cleaning, graffiti removal and, while maintaining the sidewalks, being available to provide information (like directions) to the public.

The table below shows the frequency of maintenance services for Zones 1 and 2:

Service	FY 2018-19 Service Levels	
	Zone 1	Zone2
Sidewalk sweeping, graffiti removal, steam cleaning	6 days per week	4 days per week
Regular trash removal	6 days per week	4 days per week
Landscaping maintenance	As needed	As needed

In FY2018-19 Universal Site Services was also the provider for landscaping maintenance of the planters located within the CBID, except for 2 that are maintained by private property owners at their request. The planters were maintained (weeding, removing trash, watering, etc.) and new plants were added, as needed.

2. Procurement of Goods and Services

## ATTACHMENT A

The Willow Glen Community Benefit District certifies all funds were expended in accordance with Council Policy 0-35, titled, "Procurement and Contract Process Integrity and Conflict of Interest". There continues to be careful examination of potential conflicts of interest and a fair and competitive process was used to obtain fair pricing for all goods and services. A special process was utilized for our largest contract for sidewalk and landscape maintenance as follows:

- A Request for Proposal was developed and distributed to interested parties.
- A panel of Board and Our Avenue Committee members developed selection criteria
- The panel interviewed contractors which submitted a proposal and were within the CBID budget
- Based on the criteria, the panel selected a contractor
- The contractor selected was Universal Site Services and started providing services in November 2016. We have been satisfied with their services.

### 3. Willow Glen Business Association meeting dates in FY 2018-19:

2018		2019	
7/10	10/9	1/8	4/9
8/14	11/13	2/12	5/14
9/11	12/11	3/12	6/11

### 4. FY 2018-19 Budget Report

An analysis of expenditures as compared to for FY2018-19 budget is shown on the following page. There were no major variances from actual expenditures to our FY2018-19 budget.

**ATTACHMENT A**

	<b>ADMIN (CBID)</b>	<b>C &amp; R (CBID)</b>	<b>DISI (CBID)</b>	<b>SOBOP (CBID)</b>	<b>Total CBID</b>
<b>Income</b>					
<b>CBID</b>	<u>54,899.87</u>	<u>12,477.24</u>	<u>27,449.94</u>	<u>154,717.84</u>	<u>249,544.89</u>
<b>Total Income</b>	<u>54,899.87</u>	<u>12,477.24</u>	<u>27,449.94</u>	<u>154,717.84</u>	<u>249,544.89</u>
<b>Expense</b>					
<b>Advertising and P/R</b>					
Sponsorship of Community Events	0.00	0.00	1,750.00	0.00	1,750.00
<b>Total Advertising and P/R</b>	<u>0.00</u>	<u>0.00</u>	<u>1,750.00</u>	<u>0.00</u>	<u>1,750.00</u>
<b>City Fees</b>	5,000.00	0.00	0.00	0.00	5,000.00
<b>Contingency</b>	0.00	12,477.24	0.00	0.00	12,477.24
<b>Contract Services</b>					
City of SJ - BofA Parking	6,300.00	0.00	0.00	0.00	6,300.00
Decor (Banner)	0.00	0.00	7,999.64	0.00	7,999.64
Decor (Holiday)	0.00	0.00	5,962.97	0.00	5,962.97
<b>Event Production</b>					
Event Production - Other	1,000.00	0.00	0.00	0.00	1,000.00
<b>Total Event Production</b>	<u>1,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,000.00</u>
Street Maintenance/Cleaning	0.00	0.00	0.00	120,526.24	120,526.24
<b>Total Contract Services</b>	<u>7,300.00</u>	<u>0.00</u>	<u>13,962.61</u>	<u>120,526.24</u>	<u>141,788.85</u>
<b>Dues and Subscriptions</b>	0.00	0.00	1,140.00	0.00	1,140.00
<b>Equipment Rental</b>					
Copier Rental	7,118.33	0.00	0.00	0.00	7,118.33
Event Equipment	312.15	0.00	0.00	0.00	312.15
<b>Total Equipment Rental</b>	<u>7,430.48</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>7,430.48</u>
<b>Insurance</b>	9,082.95	0.00	0.00	0.00	9,082.95
<b>Permits and Fees</b>	10.00	0.00	0.00	0.00	10.00
<b>Personnel</b>					
<b>Compensation - Staff Salaries</b>					
BM	4,001.61	0.00	1,143.43	32,827.05	37,972.09
<b>Total Compensation - Staff Salaries</b>	<u>4,001.61</u>	<u>0.00</u>	<u>1,143.43</u>	<u>32,827.05</u>	<u>37,972.09</u>
Payroll Taxes	4,883.25	0.00	0.00	0.00	4,883.25
<b>Total Personnel</b>	<u>8,884.86</u>	<u>0.00</u>	<u>1,143.43</u>	<u>32,827.05</u>	<u>42,855.34</u>
<b>Professional Fees</b>					
Accounting/Financial	12,641.40	0.00	0.00	0.00	12,641.40
Professional Fees - Other	705.00	0.00	0.00	0.00	705.00
<b>Total Professional Fees</b>	<u>13,346.40</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>13,346.40</u>
<b>Rent</b>					
Office	3,250.00	0.00	0.00	0.00	3,250.00
<b>Total Rent</b>	<u>3,250.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,250.00</u>
<b>Supplies</b>	618.22	0.00	0.00	1,064.99	1,683.21
<b>Website</b>					
Development	0.00	0.00	8,325.00	0.00	8,325.00
Website - Other	0.00	0.00	1,258.76	0.00	1,258.76
<b>Total Website</b>	<u>0.00</u>	<u>0.00</u>	<u>9,583.76</u>	<u>0.00</u>	<u>9,583.76</u>
<b>Total Expense</b>	<u>54,922.91</u>	<u>12,477.24</u>	<u>27,579.80</u>	<u>154,418.28</u>	<u>249,398.23</u>
<b>Net CBID Income</b>	<u>-23.04</u>	<u>0.00</u>	<u>-129.86</u>	<u>299.56</u>	<u>146.66</u>
<b>CBID Reserve FYE 2018</b>	<u>383.12</u>	<u>0.00</u>	<u>253.56</u>	<u>-95.31</u>	<u>541.37</u>
<b>CBID Reserve FYE 2019</b>	<u>360.08</u>	<u>0.00</u>	<u>123.70</u>	<u>204.25</u>	<u>688.03</u>
<b>Actual Expenses as a percentage of 2017-2018 Budget as submitted</b>	<b>24%</b>	<b>2%</b>	<b>11%</b>	<b>63%</b>	<b>100%</b>
<b>Variance</b>	<b>-1%</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>0%</b>

**ATTACHMENT A**

5. FY 2018-19 CPA Review

Please see review document attached from Crawford Pimentel Corporation Certified Public Accountants.

Respectfully Submitted,

  
\_\_\_\_\_  
Tim Mulcahy  
Treasurer, Board of Directors

Date: 2/13/20

**ATTACHMENT A**

SPECIAL-PURPOSE STATEMENT

WILLOW GLEN BUSINESS AND PROFESSIONAL ASSOCIATION  
COMMUNITY BENEFIT IMPROVEMENT DISTRICT (CBID)

San Jose, California

June 30, 2019

**ATTACHMENT A**

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**ATTACHMENT A**

**Crawford Pimentel Corporation**

**Certified Public Accountants**

2150 Trade Zone Boulevard, Suite 299

San Jose, California 95131

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors  
Willow Glen Business and Professional Association  
San Jose, California

We have reviewed the accompanying special-purpose statement of revenue and direct operating expenses of Willow Glen Business and Professional Association (a nonprofit organization) Community Benefit Improvement District (CBID) for the year ended June 30, 2019. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management's Responsibility of the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Section 3(D) of the agreement between the City of San Jose and Willow Glen Business and Professional Association as discussed in Note A and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

**Accountant's Responsibility**

Our responsibility is to conduct the review agreement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

The accompanying special-purpose financial statements were prepared for the purpose of complying with Section 3(D) of the agreement between the City of San Jose and Willow Glen Business and Professional Association as discussed in Note A, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying special-purpose financial statements in order for them to be in conformity with the basis of accounting described in Note A.

This report is intended solely for the information and use of the managements of Willow Glen Business and Professional Association and the City of San Jose and is not intended to be and should not be used by anyone other than these specified parties.

*Crawford Pimentel Corporation*

San Jose, California  
January 16, 2020

**ATTACHMENT A**  
WILLOW GLEN BUSINESS AND PROFESSIONAL ASSOCIATION  
COMMUNITY BENEFIT IMPROVEMENT DISTRICT (CBID)

STATEMENT OF REVENUE AND DIRECT OPERATING EXPENSES  
July 1, 2018 to June 30, 2019

	ADMIN (CBID)	C & R (CBID)	DISI (CBID)	SOBOP (CBID)	Total (CBID)
Ordinary Income/Expense					
Income					
CBID	\$ 54,900	\$ 12,477	\$ 27,450	\$ 154,718	\$ 249,545
Total income	54,900	12,477	27,450	154,718	249,545
Expense					
Advertising and promotion	-	-	1,750	-	1,750
CBID contingency	-	12,477	-	-	12,477
City fees	5,000	-	-	-	5,000
Contract services	7,300	-	13,963	120,526	141,789
Dues and subscriptions	-	-	1,140	-	1,140
Equipment rental	7,431	-	-	-	7,431
Insurance	9,083	-	-	-	9,083
Permits and fees	10	-	-	-	10
Personnel	8,885	-	1,143	32,827	42,855
Professional fees	13,346	-	-	-	13,346
Rent	3,250	-	-	-	3,250
Supplies	618	-	-	1,065	1,683
Website	-	-	9,584	-	9,584
Total expense	54,923	12,477	27,580	154,418	249,398
Net ordinary income/(loss)	(23)	-	(130)	300	147
Net income/(loss)	(23)	-	(130)	300	147
CBID Reserve at June 30, 2018	384	-	357	(95)	646
CBID Reserve at June 30, 2019	\$ 361	\$ -	\$ 227	\$ 205	\$ 793
Actual Expenses as a percentage of fees	<b>22%</b>	<b>5%</b>	<b>11%</b>	<b>62%</b>	<b>100%</b>
2018–2019 Budget as submitted	<b>25%</b>	<b>2%</b>	<b>11%</b>	<b>62%</b>	<b>100%</b>
Variance	<b>-3%</b>	<b>3%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

See the accompanying Independent Accountant's Review Report.

**ATTACHMENT A**  
WILLOW GLEN BUSINESS AND PROFESSIONAL ASSOCIATION  
COMMUNITY BENEFIT IMPROVEMENT DISTRICT

NOTES TO STATEMENT OF  
REVENUE AND DIRECT OPERATING EXPENSES  
July 1, 2018 to June 30, 2019

Note A – Summary of Contractual Reporting Requirement

The Willow Glen property owners received approval from the City Council of San Jose to form a Community Benefit Improvement District (CBID). The Willow Glen Business and Professional Association was selected to manage the CBID which was implemented in 2010.

The CBID contract with the City of San Jose was executed on March 23, 2010. Section 3(D) of the contract requires an Independent Certified Public Accountant's review report on the finances of the CBID district for the preceding year, except that for fiscal year 2021–2022, Owner's Association shall submit a full audit by an Independent Certified Public Accountant.

The accompanying statement is reported on the accrual method of accounting, reflecting only transactions directly related to the CBID district activity.

See the accompanying Independent Accountant's Review Report.