Minutes of Regular Meeting Board of Directors San Jose Downtown Property Owners' Association

March 4, 2016

A regular meeting of the Board of Directors of the San Jose Downtown Property Owners' Association (POA), a non-profit California corporation, was held at SJDA office, 28 N. First St., Suite 1000, San Jose, CA 95113.

Board members present: Hammers, Kline, Utic, Ortbal, Bartl and Berg.

Members absent: Killgore, Mattson, Ryan and Schneider.

Also present were Executive Director Scott Knies, Deputy Director Blage Zelalich, Operations Manager Eric Hon and Business Development Manager Nate Echeverria. David Tran from Councilmember Peralez's office, Michael Musarra, Fairmont San Jose and Semu One Bear from Block by Block.

Hammers called the meeting to order at 8:40 a.m.

Minutes

The meeting minutes from September 1 and December 15 were distributed prior to the meeting and approved unanimously.

President's Report

- Hammers introduced Michael Musarra to the PBID board. Musarra is the new general manager at the Fairmont, replacing Kelley Cosgrove. Per the PBID bylaws, the board may appoint a board member to fill an unexpired term. Cosgrove's former board seat is up for election in 2016. Musarra was appointed unanimously to the PBID Board of Directors.
- The election of board officers could not be completed at the December meeting because there was no quorum. The current officers expressed interest in continuing to serve in their respective roles. Without any new nominees, the officers were re-elected unanimously: Hammers, President; Utic, Vice President; Ortbal, Treasurer and Mattson, Secretary.

New Business

- Hammers directed the board to the budget (page 7 of the meeting packet). The budget review will set the tone for the assessment rate recommendation. The PBID is required to submit an annual report with the new assessment rate to the City by May 1.
- Hammers provided some background information on the PBID assessments and the budgeting process. He noted the proposed budget shows a five percent assessment increase.
- Berg noticed the image enhancement line item has grown from FY 14-15 to FY 15-16. Knies said the PBID has benefited from grant-making organization's interest in street life projects. Approximately \$500K has been received from the Knight Foundation, Kaiser, the San Jose Sharks and SAP. Staff will continue to seek partnerships in an effort to leverage the funds for street life projects.
- Ortbal said that the City forecasts a three percent assessment increase, but would be open to a five percent increase if there was a compelling case to be made.
- Berg said the board is correct in considering a three to five percent increase. Kline said the case for the assessments is clear, a three percent increase covers inflation and the five percent increase will allow for more projects.

- Hammers said the difference between a three percent increase versus five percent is approximately \$45K. Hammers said a five-year breakout of the budget would help in the decision making process. Ortbal wondered if a three-year plan would be sufficient, as things may change further down the line.
- Knies said staff will prepare the projections for April's meeting.
- Hammers asked if staff foresaw a potential reduction in the SEU program? Knies said that even with renewed emphasis on recruitment, SJPD will need time to get back to ideal service levels. Ortbal said SJPD is on the right track but it will take at least two more years to ramp back up. Knies added that members have typically requested more security services. Kline said more security will likely be needed to accommodate the influx of residents.
- Knies said the board's direction from the March 22 Street Life Committee meeting will be reflected in the assessment rate/budget proposals on April 19.

Old Business

- Knies reminded the board that in 2015 the PBID agreed to be part of a coalition to help fund the ongoing maintenance of the Automatic Public Toilets (APT). The seven toilets are located in the downtown, are free to use, and currently cost \$156,000 annually to maintain. Five partners, including Team San Jose, VTA, two City departments and the PBID have committed to funding an additional year at \$31,200 each. The Successor Agency is seeking the same commitment from the PBID and others for next year.
- The board engaged in some additional discussion and unanimously approved funding the APTs for another year.

Operations Report

- Hon has completed the 2016 contract renewal with Block by Block (BBB). The total contract increased by 2.33 percent and includes a 2.9 percent living wage increase. The total contract is now \$1,719,901 and Groundwerx was also able to add some new equipment given the modest living wage increase.
- The potential change in the Groundwerx homeless job training program through the reduction in weekend hours would impact service levels in the district. The current contract is between the PBID and the Housing Department, however, the funds come from Federal grants and the qualifying uses for these funds have changed. Downtown Streets Team (DST) will need to be the lead agency and the program may change slightly because the funds cannot be used as broadly. The current program included additional supportive services beyond job training and DST wants to continue to provide those services because they feel they are beneficial to their participants.
- Hon also reported that Groundwerx played a key-supporting role during the Super Bowl 50 festivities. A lot of entities were involved and contributed mightily, but Groundwerx led the way with their ability to respond to requests for assistance swiftly. Whether it was helping identify illegal signs for Code Enforcement or supporting the San Jose Sports Authority with their deliveries, Groundwerx showed how their resources can fill in the gaps.

Street Life Projects

- Hon provided brief updates on the various street life projects that are taking place concurrently. He said a more in depth report will be given at the Street Life Committee meeting on March 22.
- For the San Pedro Squared project, Eaton Hall Architecture is nearing completion of the drawings and is looking for opportunities to value engineer the project. Hon said staff has also begun working on a property use agreement with City staff. The City is supportive of the project and has indicated a willingness to seek additional funding for San Pedro Squared.
- Verde Design continues to work through the designs for the redesign of the Almaden Boulevard median. Staff is currently reviewing the designs and will provide DOT with a draft for final comment. DOT has seen the initial set of designs and provided feedback regarding maintenance.
- Verde Design is also working on the Almaden Boulevard exercise loop. A site analysis and feasibility study were conducted to determine what needs to be done at base camps to accommodate the design. Verde has identified the base camp locations at opposite ends of the loop. These locations are believed to be controlled by the City, so staff is beginning the discussion on land use.
- Hon added that a project coordinator will be hired to help push through the exercise loop design process. The position is a six-month contract position and several strong applicants have responded to the job announcement. The coordinator position will be filled by April.
- Hon said the mural corner is creeping closer to construction. Street Life Project Manager, Jason Su has been working to solidify details with the contractor and structural engineer and is awaiting a proposed construction schedule.

Business Development Report

- Echeverria said there have been some notable leases signed or about to be signed. WeWork is the most noteworthy because they leased 75,000 square feet at 75 E. Santa Clara. The New York based co-working company is similar to NextSpace.
- Echeverria also mentioned that Second Street has been getting a lot of interest and The Tech Shop will be moving into the former Zanotto's space.
- The curb café program is also gaining momentum. Echeverria said that he's working with five to six different interested businesses and the program can support up to 25 citywide.
- The downtown real estate tour is set for April 28. The four-hour tour will showcase available downtown properties and Echeverria is looking for feedback on tour stops. This tour will also feature a reception at the conclusion of the tour.

The meeting was adjourned at 9:28 a.m.