

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

October 25, 2011

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: Berg, Souza, Ortbal, Nardi, Mattson, Utic, Keit and Hammers.

Board Members absent: Ryan, Knox, Burnell.

Also present were Executive Director Scott Knies, Deputy Director Blage Zelalich, Operations Manager Eric Hon, Diane Milowicki, City of San Jose Department of Transportation, Brad Segal, Progressive Urban Management Associates, Kristin Lowell Schubert, KLI Finance, Inc. and Jan Schneider, downtown resident, business and property owner and board member-elect.

Hammers called the meeting to order at 11:05 a.m.

Minutes

- The minutes from August 16 were emailed to the board prior to the meeting and were unanimously approved.

President's Report

- Hammers said Knox, Utic and Schneider were elected to the PBID board at the October 13 annual meeting. Knox and Utic were re-elected and Schneider will fill the seat currently occupied by Roger Burnell. Their terms will begin January 1, 2012.
- The board now needs to hold its elections for officers. Mattson (secretary), Utic (vice president) and Hammers (president) expressed interest in being re-elected to their positions. Hammers suggested that anyone interested in serving as an officer should notify staff before the November 15 meeting, otherwise the current nominating slate, including Randy Knox as treasurer, will be up for re-election.

New Business

- The next item on the agenda was the acceptance of the FY 2010-11 Financial report. The report was submitted to the City on October 3 and goes to the City Council on November 29 as a consent item.
- Hammers said staff submits an annual Financial Report to the City, but per the contract with the City, the FY 2010-11 report needed to include a full independent audit. The other reports only required a review report.
- The Financial Report and audit, emailed to the board prior to the meeting, were approved unanimously.

Tree Maintenance – Year 2

- Prior to the meeting, the board was emailed a proposed Year 2 tree maintenance plan. In this plan, staff recommends moving forward with Year 2 plan of pruning the trees along the transit mall on First St. and accelerating the program to include Santa Clara St. and other half of the transit mall on Second St. Second St. had originally been scheduled for Year 3.

- According to Hon, the PBID can accelerate the tree program because there was some left over money from the previous year's budget.
- Hon said the schedule was being finalized with the City for the work to begin on or around November 14.
- Hon also said that there was a slight increase in costs from \$100 to \$105 per tree for the transit mall trees because the contractor must coordinate with VTA and work at night. The contractor will also have to use different equipment around residential areas and hotels. The increase costs only apply to a small percentage of the trees and all the other trees will be pruned at last year's rate. Staff will notify adjacent property owners in advance of the pruning work.
- The board had some discussion on trees, then approved staff's recommendation for Year 2 of the tree maintenance plan.

Old Business: draft management plan review

- Segal led the review of the draft management plan, which was also sent to the board prior to the meeting. He provided some background information on the purpose of the management plan. Segal said the management plan is a legal document and because we're hoping to renew the district for 10 years, he wanted to craft a flexible plan that will allow the district and the board to respond to different changes.
- Segal said the board did a lot of preliminary work on boundaries and correctly identified the criteria for expansion. Based on the board's work and staff recommendations, Segal said the Little Italy area and 5<sup>th</sup> St., behind City Hall met the criteria for expansion.
- Segal recommends that the PBID contract for services should the ballpark area be developed. The PBID can redistrict after the ballpark is built at the next renewal.
- Mattson said she agrees with these additions because they are small areas. She feels there is still much to do within the current boundaries. Ortbal and other members agreed and said both additions to the PBID make sense.
- Berg asked Segal how he felt about contracting for services. Segal said that many districts operate that way and gave Long Beach and Sacramento as examples.
- The board expressed consensus on the boundary adjustments and the continuance of the two zones – premium and basic – within the district.
- Segal then moved on to the reformatted budget plan. He said in 2007 the budget was in three key categories and the 2012 version now has two, economy and environment. Segal also noted that there's a split in beautification between the capital side (economy) and the maintenance side (environment).
- Segal called out the economic development services and said this add is because Redevelopment is pulling back and there is a need for the PBID to step in. He said of the \$410K increase in the proposed budget, approximately half is allocated to the new economic development services. Segal described the proposed PBID economic development services. He said the services are aimed to assist property owners in recruitment and retention of tenants, including efforts to fill storefronts; to attract diverse retail and employers to occupy office space; to generate market research; and to serve as a liaison to assist businesses and property owners in permitting issue for their tenants and development review process. Board members discussed the economic development proposed services in detail. Hammers mentioned a website of available space in another city that helped him locate a restaurant site as an example of a service that could be provided.

- Utic asked staff to better quantify what the economic development functions would do.
- Hammers asked how much flexibility is there between the two categories. Segal said the board can move up to 10% between the two categories, but within each category, there is great flexibility. For example, in the draft budget, the \$450K under economy could all be used for a beautification project because the board determines the budget priorities.
- Ortbal said there's much more flexibility in the proposed plan than in the current one.
- The board continued their discussion on the proposed budget. Segal reminded the board of the benefit assessment criteria, and how the residential/religious/non-commercial government properties pay just for the environment category services. Also, Segal reminded the board they have the ability to increase the budget up to 5% each year through assessments.
- The board asked more questions about the new enhanced maintenance category. Ortbal said most of these items would be things that Redevelopment used to be able to address. These issues are typically minor, but if not addressed they may result in blight and could be even worse further down the line. Ortbal said if the PBID does not address, the property owners would have to.
- Berg asked if these issues are only on the transit mall. Ortbal said they are throughout the district, such as trees grates, pole and curb paintings, and other areas, such as SoFA, have specialty pavers like the transit mall.
- Ortbal added that if the money is not all spent, it could be used in other areas as Segal suggested. He also said that the board can start with \$75K annually and build towards \$100K.
- Souza asked if the property owners pay for enhanced maintenance through the PBID, will they still be responsible for repairs and gave an example of a recent minor repair in front of one of her buildings.
- Ortbal said it depends on the situation. Major remove/repair/replace situations could not be addressed through the PBID, but a simple issue such as grinding down raised sidewalk, could be handled by the PBID.
- Lowell cautioned the board about the PBID taking on sidewalk repair work and the associated liability issues.
- The board requested additional information on the scope of the proposed enhanced maintenance areas.
- The board then moved on to a general discussion about what the property owners' threshold for an increase would be. Segal said the proposed 20% increase could be phased in over time but asked the board what they felt would be the appropriate amount to increase from the property owners' perspective.
- Ortbal said the City, the largest property owner in the district, would be more able to absorb an increase between 10% to 15%.
- Berg said 20% seems a little high and feels that 10% is more palatable. He would like to eliminate the economic development and put more emphasis on beautification.
- Schneider said she sees great value in the PBID as a resident, property and business owner. She said it is easy to say no to an increase in assessments, but she sees lots of vacancy and vagrancy – and the two are related. Rather than more flower pots, downtown needs more people, tenants and customers. She feels bringing in businesses would be worth the economic development investment.

- The board again asked for more specific information on economic development in the revised proposal.
- The board also requested to see different budget scenarios to show what the increases will look like, but overall accepted the framework of the draft management plan.
- Ortbal asked what the renewal timeline looks like. Segal said the first priority is getting a new letter from the City securing the baseline funding. The board-approved management plan should be finalized by the beginning of December with possible outreach starting in January and the petition process beginning February 2012.

Meeting adjourned at 12:35 p.m.