

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

March 18, 2008

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

Board members present: Hammers, Isnard, Knox, Munro, Ortbal, Gallagher, Mattson, Berg, Shadman and Utic. Board Member absent: Ryan

Also present were Executive Director Scott Knies, Deputy Director Blage Zelalich, and Operations Manager Eric Hon.

Hammers called the meeting to order at 8:35 a.m.

Minutes

The minutes of the February 19, 2008 meeting distributed via email were approved.

President's Report

Hammers had no report.

Contract Status (SGI, SJDA)

- Knies reported that the delays in completing the SGI contract have been beneficial. This development has enabled SJDA to be very specific in many areas of the contract, particularly the scope of services for both the clean team and ambassadors. The latest version of the contract is nearly complete and is currently undergoing legal review. SGI has received a copy of the contract but SJDA has not received their comments.
- Knies stated that Ortbal has provided a draft and boiler plate for the PBID/SJDA contract. The finance committee has established budget policies around the management fee so the PBID/SJDA contract is well underway with concepts.
- Knies added that the agreement would need to be approved by both PBID and SJDA boards.
- Ortbal reiterated the high level of expectations that must be reflected in the SGI contract. Munro asked if these expectations are realistic given the large scope of services SGI must work under? The group discussed some specific examples of detail cleaning. Hon stated that the expectations are high, but SGI was aware of this prior to submitting their proposal. The process has taken longer than expected, however SGI has also proven to be very flexible and accommodating of requests and input.
- Isnard reminded everyone that while it is ok to use the Disneyland analogy, there are many inherent differences between the single ownership model of Disneyland and downtown San Jose. Isnard also added that perhaps the distribution of funds could be adjusted to reflect a greater emphasis on cleaning instead of the current mix of funding for cleaning and ambassadors. Knies reminded the board that there are provisions both in the management plan and the SGI contract that allows for this flexibility.
- Knies acknowledged that SGI wanted to do an early service review of their performance, but he recommended that SGI utilize the full 90 days probation period for their own benefit. SGI has not yet produced "A" level work. Factors such as staff attrition, training and equipment delivery delays have resulted in a longer ramp up period.
- Board discussion ensued regarding individual experiences with the Groundwerx crews. The board shared both the good and the bad accounts of Groundwerx encounters. Ortbal asked if the Groundwerx office was receiving the necessary support from SGI headquarters in Malvern, PA. Hon responded that the local Groundwerx office is in regular communication with SGI headquarters and members

of the SGI executive team have been in San Jose several times. Knies added that SGI is very aware of the hands-on nature of SJDA. SJDA has identified some trends that need to be addressed and is not shy when it comes to making suggestions. Munro asked if the Board needed to get more involved in working with SGI? Hammers suggested having the Board do district walks with Groundwerx Program Director to further reinforce the how many constituents are in downtown.

- Knies reiterated to members that overall feedback for the first 50 days of service has been mostly positive. Perceptions of the downtown area are generally good. The light rail tracks are an obvious example of the difference the clean teams have made.

Finance committee report/Budget

- Knox informed the board that the finance committee met on February 29.
- Knies walked the board through the budget and noted that column B is the original approved budget, column C is the current revisions and column D represents the actuals to date. Column E is the proposed budget for FY 2008-09. Knies added that column F shows the percentages of the budget, which is consistent with the expenditure promises made to the property owners in the management plan.
- Knies stated that the original budget is not accurate because it was based on a full year, and the revised current year budget reflects the reality of beginning services midyear, on January 28, 2008. Ortbal asked if item #11 reflects the public parcel assessments. Knies responded affirmative and restated what the city does to collect these assessments.
- Hammers asked if the public parcel assessments would be received before July 1. Ortbal answered affirmative.
- A discussion on the budget ensued and the board agreed to approve the revised budget for FY 07-08. Berg made the motion and the board approved unanimously.

Capital Improvements/Beautification Project(s)

- Gallagher reported that the subcommittee would like to see additional proposals for the demonstration project. The Middlebrook Gardens proposal is not in line with what the group had in mind.
- The committee gave the direction to seek additional proposals that are geared towards producing a more simplistic and commercial theme. Gallagher added that the committee would like to include tree lighting and the activation of the transit mall fountains.
- The board discussed ideas on what the demonstration project should look like. Zelalich reminded the board to let staff know of any landscape architects who may be able to take on this project.
- Berg wanted to know if there's a potential for collaborating with the RDA for a demonstration project? Knies said that it is possible to coordinate a master plan with the public sector once they have identified what they are going to do. Knies added that the PBID might not want to wait for others to begin the project. More discussion took place and it was suggested that perhaps the PBID could carry over some of the themes developed by others.

Operations Manager Report (included in Board packet)

- The operations report was emailed to the board prior to the meeting. Hon gave an overview of the current state of downtown. Hon stated that Groundwerx is still ramping up but there are signs that progress is being made. SGI executives have been making every effort to ensure the program is up to speed by acquiring any and all resources that are needed. Turnover has been a problem, but this was anticipated. To compensate, SGI has decided to hire two additional staff members for the next few months. Fortunately the core group of staff hired prior to implementation of services remains in tact.
- Hon gave updates on various other items such as the acquisition of new equipment, implementation of the Guard Tour system, ambassador buttons and the status of the PDA system.
- Hon also shared with the board the extensive media coverage that Groundwerx has received including featured articles in the San Jose Mercury News and the Silicon Valley Business Journal.

Other matters

Knies asked the board if it would like to continue with the current meeting schedule. The board responded that it would like to meet in April and suggested revisiting the board calendar again at the next meeting.

Meeting adjourned at 10 a.m.