

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

April 19, 2011

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

Board members present: Berg, Knox, Nardi, Burnell, Utic, Ortbal, Mattson, and Hammers.

Board Members absent: Souza, Ryan, Kern.

Also present were Executive Director Scott Knies, Deputy Director Blage Zelalich, Operations Manager Eric Hon, Allen Ishibashi, San Jose Redevelopment Agency and Rich Mongarro, SGI Program Director for Groundwerx.

Hammers called the meeting to order at 8:30 a.m.

Minutes

- The meeting minutes from March 15 were emailed to the board prior to the meeting. There was a correction on page 4 of the minutes regarding the location of the City's urban corridor grant. The minutes were unanimously approved as revised.

President's Report

- Hammers said the 2011 member survey results are impressive because the scores are consistent with previous years and shows that Groundwerx is maintaining its great reputation. One compelling statistic is the 84% of members who said they would renew the PBID in 2012. Hammers pointed out that the cleaning program still ranks the highest among the primary PBID services and made reference to the low percentage of members who felt the pressure washing needs to be emphasized more.
- Burnell asked if the surveys were anonymous. Knies said the surveys are not anonymous because they are numbered.
- Burnell said he had a recent interaction with an ambassador at an arts event who was standing passively nearby and not engaging the public. Burnell's point was the visibility and outgoing style of ambassadors is critical because some people may not approach the ambassadors like he did and could miss out on the services that are available to them. Hon replied this was good feedback and the ambassadors should be actively engaging people. Using a Segway is one way to increase visibility and a portable kiosk is another. Hon said he's following up on the board's direction from the previous meeting and is looking at different options for mobile kiosks.
- Mattson said the Groundwerx logo should say "San Jose" because visitors may forget where they encountered Groundwerx, if they had multiple stops on their trip. Knies said staff will look into making this adjustment.

Assessment Rate

- Leading the discussion on the FY 11-12 assessment rates, Hammers referred to page eight of the board packet. He said the budget shows three assessment increases of zero, two and a half, and five percent.

Hammers said the primary line item on the expense side affected by the different rates is beautification.

- Knies reminded the board of last year's 2.9 percent increase and the 5 percent increase from the previous two years. He said the cost of the premium zone commercial assessments since the formation of the district has gone from approximately seven and half cents to eight and half cents per year since the inception of the district.
- Berg said it would be a good idea to look at next year's budget for context, to identify the current assessment increase. He did not feel an increase is needed for the upcoming year but cautioned against increasing assessments during the renewal campaign year. Berg suggested increasing assessments now if the board anticipated a need for a future increase, with no increase during renewal.
- Ortbal said the board should look at other district's and see how budget flexibility can be written into the management plan and reminded the board that the City Attorney needs to approve the management plan. Hammers reiterated the board wants flexibility written into the management plan on spending.
- Knies said the beautification subcommittee has been conservative and has also benefitted from a great deal of savings. Mattson said the beautification money can be spent down, but does not see a need to increase rates.
- Berg said he'd like to see any additional revenue spent on beautification only.
- Hammers said coming into the meeting he was clear on what direction should be taken, but after the thoughtful conversation this morning, he believes that if an increase is proposed, this would be the year to do it. His main concern is being able to accommodate an increase in the SGI contract.
- Nardi said the Fairmont would accept an assessment increase because it sees the value in the PBID services.
- Utic said an increase is not needed because it would show members that the PBID is doing a good job as is.
- Ortbal asked the board if there was a sense on how the assessment increase would impact the district's renewal campaign? Hammers said he believes a "big" beautification project will have a greater impact on the campaign. Other members of the board agreed a "big splash" could be achieved through beautification.
- Knox said members are not asking for more services, but suggested the PBID take into account potential cuts by the City.
- Ortbal said the FY 11-12 baseline funding has been secured, but he'll need to be protective of the funding in future years.
- Burnell suggested a onepercent increase because there's no need for a two and half percent increase. The increased revenue could go towards beautification.
- Hammers said he is concerned with mandated living/prevaling wage increases to the SGI contract. Any potential living/prevaling wage increase would come at the expense of beautification.
- Ortbal asked what the marketing value is for no increase. Knies said the culmination of all the past increases equal roughly a one-cent increase per foot. The PBID costs have been fairly low because the board has been very conscientious. It is unlikely, he speculated, there would be much marketing value one way or the other on a moderate assessment increase.
- A motion was made for a zero percent increase. The board voted 4 to 3, Ortbal, Utic and Berg for; Nardi, Mattson, Knox and Burnell against, with Hammers abstaining. The motion for a zero percent increase failed.

- Mattson said the PBID might have to pick up more services from the City given the City's limited resources. Ortbal said a lot of things would be clearer once the City budget is released, but there will likely be more cuts in city services.
- A motion was made for a two and half percent increase in the property assessments. The motion deadlocked at 4 to 4, with Knox, Mattson, Hammers and Nardi for; Ortbal, Utic, Berg and Burnell against.
- After further discussion, another motion was made for a 1.9 percent increase. This motion to increase the assessment 1.9 percent passed five to three, with Hammers, Knox, Ortbal, Burnell and Mattson yes; Nardi, Berg and Utic no.

Potential service reductions by City/RDA and others (continued)

- Ortbal said he would have more details after the City budget is passed at the next PBID meeting. This agenda item will be carried over to the next meeting.

Evaluation of current cleaning program

- Hammers said this aspect of the PBID services has been really strong and would be the major point that gets the district renewed.
- Knox agreed and said based on the member surveys, the only area for improvement is graffiti.
- Given the limited time, Knies suggested this discussion be carried over to the next meeting as well. He sees a longer conversation taking place because Groundwerx may need to change how they do things to keep the same level of service.
- Nardi had a comment about the condition of the Paseo de San Antonio at the Fairmont. He said the Fairmont pays the City for the maintenance, but does not feel the cleaning is sufficient.
- Ortbal said the City does not maintain any portion of the Paseo de San Antonio. He said he believes there are separate maintenance agreements for each segment of the Paseo. Ortbal said RDA may have negotiated those agreements and suggested Ishisbashi make a presentation at the next meeting to provide a clearer understanding of the situation.

Evaluation of district boundaries (continued)

- The district boundaries discussion will be carried over to the next board meeting agenda.
- Ortbal said Little Italy should be included on the map showing potential areas. He also suggested the members go out to the locations and see what each "new" area looks like.
- Knies suggested the board meet at the Arena near the major potential expansion areas. Knox said if a room at the arena was not available, Adobe could host the meeting. The arena area is a short walk from Adobe.

PBID Operations Report

- Hon gave a brief update on various items from the operations report. He said the mobile ambassador kiosks range from \$12 - \$17,000, but feels he can have one custom built for less. Hon will work on getting cost estimates.
- Hon said the Groundwerx mobile app will go to Apple for approval on the week of April 25.
- Hon updated the board on the various beautification installations. He said the wall planters will be going up soon and Kathy Finley was currently working on a spring color change. He reminded the board of the April 28 beautification subcommittee meeting.  
Meeting adjourned at 10:05 a.m.