

Minutes of the Meeting
Board of Directors
San Jose Downtown Association

May 13, 2016

A meeting of the Board of Directors of the San Jose Downtown Association, a non-profit California organization, was held at Trinity Cathedral, 81 N. 2nd Street, San Jose, CA.

The following directors were present at the meeting: Bartl, Bentz, Burroughs, Cord, Gomez, Kuprina, Marques, Naran, Nichols, Osuka, Serpa, Springall, Vuckovich and Wong.

The following directors were absent from the meeting: Bates, Buchholz, Hattley, Hyland, Matsushima, Millares, Neale, O'Connor, Ramirez, Randall, Rewkiewicz and Vail.

Also present among the audience: Dominic Brocato, Cannan Meagher, Stephen Reiss, Brian Grayson, Adam Mayberry, John Salah, Shinny Liu, Brent Pearse, Sean Cottle, Anjee Helstrup Alvarez, Steven Stubblefield, Helen Ebert, Peter Smith, Bob Carlson, Richard Ajluni, Xuan Ha, Eric Heckman, Dennis Skaggs, Kim Walesh, Doug Whitman, Max Schultz, Jim Ortbal, Michelle Johnson, Jessica Lynam, Juan Borrelli, Nathan Pendleton, Peggy Bradley, Corinna Dixon, Helen Hayashi, Rick Jensen, Scott Knies, Joe Noonan, Danielle Ratliff, and Chloe Verrey.

President Vuckovich called the meeting to order at 8:25 a.m.

Vuckovich thanked Trinity Cathedral for providing the meeting facility, Michael Rewkiewicz of Frank, Rimmerman & Co., LLP for sponsoring the meeting and Adolfo Gomez of Mezcal Restaurant for catering the continental breakfast.

Vuckovich briefly reviewed the Calendar of Committees (page 2 in packet) highlighting the Friday morning Downtown Farmers' Markets and the upcoming Music in the Park concerts featuring Los Lobos on June 24 and AC/DShe and Killer Queens on July 14. Sponsorship Manager Joe Noonan announced that there were VIP, sponsorship and ticket package opportunities available.

Minutes of the April 15 meeting were unanimously approved as distributed to Board members. Vuckovich provided a brief overview of the follow-up from the presentation about Permits, Process and Planning as provided by Planning Director Harry Freitas last month.

Downtown Development update

Knies presented a "dashboard" overview of downtown San Jose development highlighting the core quadrants that reflect 4,795 housing units and 2.74 million square feet of office in-process.

- San Pedro Square Area / DT West at 1.6M sq ft.
- St. James Park, City Hall / DT East at 405K sq ft.
- Cityview Plaza Area / Mid-Town at 1M sq ft.
- SoFA / DT South at 38K sq ft.

Through SJDA's support of policies, incentives and economic development, more projects are progressing into construction mode.

Members were encouraged to contact SJDA Business Development Manager Nate Echeverria with additional questions and assistance.

San Jose's Business Tax models:

Vuckovich introduced Kim Welsh, Deputy City Manager and Director of Economic Development and Doug Whitman, Deputy Director of Finance.

Welsh's presentation reviewed "Draft Options for Updating Current Business Tax"

- Structure: Currently raises \$12.7M annually (City's entire annual budget is \$1.1B)
- History: Only minor modifications since adopted in 1964.
- Comparison: San Jose raises only \$12.7M in tax revenue vs. San Francisco at \$600M and Oakland at \$70M.
Proposed Gross Receipts Tax "Armageddon" situation would have raised \$40M in additional revenue.
Council Direction included intent to protect small business (currently 70+% of revenue) while making the exiting tax structure more progressive.

Whitman presented "Options for Updating the Current Business Tax"

- Council provided clear direction to double current business tax to raise \$12.7.
- Additional annual revenue generation:
 - o Increase Base Tax: \$2.6M
 - o Increase Incremental Tax – Business Tax: \$4.0M
 - o Increase Incremental Tax – Rental Property: \$2.1M
 - o Increase Incremental Tax – Mobile Home Park: \$0.5M
 - o Increase Incremental Tax – Non-residential Property: \$1.5M
 - o Increase the Cap: \$1.3M
 - o Update Definitions in Municipal Code: \$1.1M
 - o Inflation based adjustments (COLA)

Members asked questions about the landlord definitions, the rent control rates for rental property, the effect on small businesses with 3-8 employees, the impact of switching from current FTE basis to EDD definition was only going to raise additional \$200K.

Vuckovich adjourned the meeting at 9:30 a.m.