

Minutes of Regular Meeting

**Board of Directors
San Jose Downtown Property Owners' Association**

March 19, 2019

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 the Adobe Headquarters, 345 Park Avenue.

Board members present: Bartl, Kline, Mancuso, McGowan, Messinger, Ortbal, Phan, and Schneider.

Members absent: Freise, Lambert, and Zelalich

Executive Director Scott Knies, Director of Policy and Operations Michelle Azevedo, Operations Manager Chloe Verrey, Street Life Project Manager Jason Su, Business Development Manager Nate LeBlanc, Semu One Bear from Block by Block, and Eric Hon from the city of San Jose's Department of Transportation were also present.

Bartl called the meeting to order at 8:39 a.m.

The minutes for the January 29 meeting were distributed to the board prior to the meeting. The minutes were approved, Schneider abstained from the vote.

President's Report:

- FY 17-18 990: Each year the PBID submits a form 990 to the IRS which details the annual financials. Copies of the submitted 990 were available for the board members at the meeting.

New Business:

- FY 19-20 Assessment Rates & Draft Budget:

Properties within the PBID are assessed based off of two factors: location in either the premium or basic zone, or type of building, commercial or residential. To calculate assessments, the PBID uses the lot square footage and building square footage. The PBID is a special benefit district, not a tax, and the special benefits provided focus on clean and safe services, business development, and district enhancements.

As the PBID looks towards renewal, board and staff should be considering what our boundaries are, what services will be needed, and is our assessment rate calculation still the best option. Several board members noted that downtown has expanded in the eleven years since the PBID began services, and it is likely the fringes of downtown will be much further out when the district enters the renewal process. The current district term ends in 2022, and the PBID can start the renewal process early if the board determines to.

There are many service specific considerations ahead of renewal, including public toilets. The PBID previously provided partial funding for the APTs (automated public toilets) installed by the Redevelopment

Agency. The need for these type of public amenities could increase as the district grows, and Ortbal indicated the APTs have significant maintenance costs. Looking for alternative revenue sources for these APTs is possible, like advertising revenue from downtown signage programs.

A line by line analysis of the budget was given by Knies. Notable items from the budget include the baseline increase from last fiscal year which directly funds a portion of Groundwerx's cleaning expenses. Image enhancement funds are the most flexible funds and includes all landscaping expenses, street life projects, and tree maintenance. Staff has recommended an increase to enhanced maintenance expenses, projects like tree ungirdling are more complex and expensive than previously budgeted. The 2,400 street trees in the district are trimmed on four-year cycle, but tree maintenance continues to increase in overall cost. Many of these trees are now mature, which results in more work when trimming as well as a higher number of dead or dying trees. The SEU program is now fully staffed at a time and a half pay rate, which represents a significant increase from previous fiscal years.

Mancuso asked for clarification as to why the PBID carries a large operating reserve and if that operating reserve can be invested as a means to generate more revenue. The PBID carries a minimum operating reserve of \$500,000 in order to prepay our Block by Block expenses on a quarterly basis. By prepaying Block by Block the PBID receives a two percent discount. The operating reserves have not been invested previously, but PBID staff can explore this revenue generation option.

Ortbal motioned to accept the staff's recommendation of a five percent assessment rate increase in the corresponding proposed FY 19-20 budget, Schneider seconded the motion. The motion was unanimously approved.

Staff Reports:

- Operations Report: Verrey presented highlights from the Operations Report on pages 11-13 in the agenda packet.
- Business Development Report: LeBlanc presented highlights from the Business Development Report on pages 15-17 in the agenda packet.
- Street life Report: Su presented highlights from the Street life Report on pages 18-20 in the agenda packet.

Other Matters: Knies begins a four month sabbatical at the end of March.

The meeting was adjourned at 10:00 a.m.