

EXECUTIVE BOARD

March 6, 2023

In-Person at: 401 B Street, Suite 100, San Diego 92101
Meeting begins at 12 p.m.

12:00 p.m. - CALL MEETING TO ORDER (HAWKEN)

- Exec Board Attendance / Roll Call
- Agenda Public Comment
- Approve minutes from March 7, 2022 | **ACTION**

FINANCIALS

- Clean & Safe Program Overview & Narrative (Pages 2 - 3) - P. Rath | **INFORMATIONAL**
 - This item's purpose is to provide informational context to the current status of the Clean & Safe Program prior to discussing details related to the FY24 budget.
- Review FY24 Clean & Safe Budget and FY24 Contractors (Pages 4 -6) - J. Apger & A. Vivas | **INFORMATIONAL**
 - This item details the specific information about the FY24 budget and FY24 contracted services.
- Approve FY24 Clean & Safe Budget and FY24 Contractors (Page 7) C. Hawken | **ACTION**
 - This is the formal action item to approve the budget for the 2023 - 2024 fiscal year as well as take action to approve the contracted services for the 2023 - 2024 fiscal year.
- Non-Agenda Public Comment
 - This is a period of time for any members of the public to comment on the forthcoming action item.

ADJOURN SPECIAL MEETING

MEETING MINUTES

Call to Order

The Special PBID Budget Meeting was called to order at 12:02 p.m. by Chair Chanelle Hawken

Ms. Hawken announced that this was a public meeting, and the session was being recorded.

To comply with the Brown Act a verbal roll call was taken.

The following members of the Executive Committee were present: Craig Benedetto, Betsy Brennan, Michael Burton, Scott Crider, Steve Cushman, Perry Dealy, Brian Fish, Jeff Forrest, Marin Gertler, Howard Greenberg, Chanelle Hawken, Keith Jones, James Lawson, Mero Marme, Monica Montano, Diana Puetz, Phil Rath, Daniel Reeves, Krista Torquato, Michele Vives and Martine Zettle.

The following DSDP staff members were present: Justin Apper, Sarah Brothers, Josh Coyne, Kaitlin Payne, Carolyn Perkins, Taylor Stahl and Alonso Vivas.

The following guest was present: Cindi Phalen

Ms. Hawken opened the agenda for any public comment, however there was none.

She thanked the members for reviewing the final PBID budget. The budget is currently just over the halfway mark. Once approved, the budget will be submitted to the city on March 11, and going to ED/IR committee on May 18, hoping to be docketed at City Council in June 2022. Staff will inform the full Exec board once we have an exact date for Council.

Phil Rath provided a Clean & Safe Chair report stating that service levels in all areas are comparable or increasing over the previous year's budget. As with many sectors of the economy, a higher than usual vacancy rate in personnel during 21-22 was experienced. The focus next year is on employee retention. Wages have been raised 10-16% across the board and benefits are increasing. Assessments increasing by 5%. Clean & Safe will be using approx. 1/3 of the available carry forward and a historical delinquency rate of about 4%. C & S received an Employee Retention Tax credit of \$1M.

Mr. Rath also reported changes to Management Fee: New methodology for accounting for overhead costs, in line with best practices and federal government contracting - overhead items have been removed (insurance, IT, audit fees, overhead salaries), instead using a flat rate of 8%.

Mr. Vives provided an overview of the FY22-23 PBID budget. Growth projection of a 7% increase in revenue. Pressure washing calls for a 42% increase and a Budget increase of 38%. Security: Service increase of 4% and Budget increase of 18%. Maintenance Ambassadors. Flat Service increase; and a

budget increase of 13%. These positions are very difficult to fill and paying staff appropriately is critical in retaining good employees.

Mr. Dealy asked how the tax credit is incorporated into the budget. Ms. Johnson responded that the credit is a refund for past taxes.

Ms. Hawken called for a motion to review and accept FY22-23 Clean & Safe Budget and Vendor Contracts.

MOTION TO APPROVE: *Mr. Cushman/Mr. Jones* motion passed unanimously. Votes were gathered verbally by each member present.

Phil Rath commented appreciation to staff and committee in moving up the timing for the vote at City Council.

Ms. Hawken opened the meeting for any non-agenda public comments. Seeing no public comments, the special meeting of the executive board was adjourned at 12:19 p.m.



FY23-24 Clean & Safe Draft Budget Summary

Downtown San Diego Partnership

Phil Rath
Chair, DSDP Clean & Safe
Treasurer, Downtown San Diego Partnership

401 B Street
Suite 100
San Diego, CA 92101
downtownsandiego.org

Justin Apper, Chief Operations Officer

Terri Johnson, Director of Finance & Administration

Alonso Vivas, SVP & Executive Director, DSDP Clean & Safe

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February 28, 2023

Budget Summary

The FY'23-'24 PBID budget process includes an ongoing review of our current collection rates by the county and manual billing from the City. DSDP C & S staff worked closely with the City of San Diego and Advisory Board members to identify all potential areas of risk within the C&S budget. Input was provided by the C & S Community through stakeholder surveys, attendance at community meetings, dialogue at the annual Property Business Improvement District community meeting, and targeted meetings with PBID C & S neighborhood representatives.

The top-line assessment revenue number of \$11,328,447 includes an increase to assessments of 5%, with a blended delinquency rate of 4% (1.5% for the county tax assessor's billing and 8% for the city's manual billing for government and non-profit owners, excluding federal properties). A fund balance carryforward from previous fiscal years in the amount of \$500,000 is included. A portion of the Employee Retention Tax credits have been received and pending credits of \$955,634 are included in total revenue.

Expenses continue to rise at a greater rate than increases in assessment revenues. To maintain service levels as consistently as possible, we are utilizing a portion of the accumulated fund balance to reinvest in the downtown neighborhoods. In addition, we are exploring additional sources of funds for services in the downtown area. Wages and benefits have been increased to be competitive with the labor market and have been successful in recruiting and retaining team members.

Our proactive steps for financial & operational stability include:

- We continue to seek additional funds to complement the PBID services budget.
- In addition, we continue to offer services to help unhoused people by partnering with the City and the Regional Task Force for the Homeless. Which are funded outside of Assessments.
- Downtown Partnership is proactively engaging the City and County to monitor the assessments collected.
- We are preparing the PBID renewal strategy in advance of the program end date 2025.

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Overall Budget Summary

Downtown San Diego PBID Budget FY 2023 - 2024					
Overall Budget Summary	FY '22-'23 Budget	FY '22-'23 Projections	FY '23-'24 Budget	FY '22-'23 Projections vs '23-'24 Budget	% Variance
Revenue					
Assessments	\$ 11,123,201	\$ 11,505,300	\$11,767,228	\$ 261,928	2%
Fund Balance	468,000	800,000	500,000	(300,000)	-38%
Loss Provision	(467,311)	(143,816)	(438,781)	(294,965)	205%
Other Revenue	1,102,134	90,501	1,000,634	910,133	1006%
Total Revenue	12,226,024	12,251,985	12,829,081	577,096	5%
Expenses					
Maintenance	5,625,455	5,842,986	5,877,757	34,771	1%
Beautification	935,648	936,780	979,970	43,190	5%
Safety and Homeless Outreach	3,401,750	3,472,040	3,638,849	166,809	5%
Admin	1,742,216	1,709,883	1,738,501	28,618	2%
CEP	370,955	372,387	444,006	71,619	19%
Other Expenses	150,000	150,000	150,000	-	0%
Total Expenses	12,226,024	12,484,076	12,829,081	345,007	3%
Net Surplus	\$ -	\$ (232,091)	\$ -	\$ 232,089	

Downtown San Diego PBID Preliminary Budget FY 2023 - 2024

Revenue	CEP	City Center	Columbia	Gaslamp	East Village	Cortez	Marina	TOTAL
Assessments (1) (2)	581,431	2,228,432	910,957	1,966,613	3,929,823	1,041,559	1,108,413	11,767,228
Loss Provision (3)	(21,681)	(83,095)	(33,968)	(73,332)	(146,537)	(38,838)	(41,331)	(438,781)
Net Assessments	559,750	2,145,337	876,989	1,893,281	3,783,286	1,002,721	1,067,082	11,328,447
Other Revenue	-	2,200	3,200	3,200	4,200	2,200	5,000	20,000
Grants	-	4,167	4,167	4,167	4,167	4,167	4,167	25,000
ERTC (4)	47,219	180,974	73,980	159,711	319,147	84,587	90,016	955,634
Fund Balance	24,706	94,688	38,707	83,563	166,982	44,257	47,097	500,000
Total	631,675	2,427,366	997,043	2,143,923	4,277,781	1,137,931	1,213,362	12,829,081
Expenses								
Maintenance	CEP	City Center	Columbia	Gaslamp	East Village	Cortez	Marina	TOTAL
Maintenance Personnel	-	667,500	340,785	683,853	1,005,287	307,866	398,220	3,403,510
Consultants	-	4,411	1,803	3,893	7,779	2,062	2,194	22,142
Cleaning, Janitorial Supplies & Uniforms	-	53,291	21,785	47,030	93,979	24,908	26,507	267,500
Vehicle Repair & Maintenance	-	15,938	6,515	14,065	28,106	7,449	7,927	80,000
Vehicle Fuel	-	11,953	4,886	10,549	21,079	5,587	5,945	60,000
Vehicle Insurance	-	10,006	4,090	8,830	17,646	4,677	4,977	50,226
Waste Removal	-	27,891	11,401	24,614	49,185	13,036	13,873	140,000
Equipment Leasing / Purchasing	-	5,280	2,158	4,659	9,311	2,468	2,626	26,503
Water Services	-	5,271	2,155	4,652	9,296	2,464	2,622	26,460
Maintenance and Safety Phone Services	-	14,200	5,805	12,532	25,042	6,637	7,063	71,280
Data Tracking	-	11,595	4,740	10,232	20,447	5,419	5,767	58,200
Powerwashing	63,194	278,325	92,371	268,589	575,647	151,024	123,322	1,552,472
Streetscape + Landscaping	-	5,000	30,000	5,000	5,000	5,000	5,000	55,000
Tree Trimming Neighborhood	-	4,800	2,720	3,024	-	6,240	7,680	24,464
Water Feature Maintenance + Utilities	-	4,400	6,400	6,400	8,400	4,400	10,000	40,000
Total	63,194	1,119,861	537,614	1,107,923	1,876,204	549,236	623,724	5,877,757
Beautification	CEP	City Center	Columbia	Gaslamp	East Village	Cortez	Marina	TOTAL
Beautification Personnel	-	126,745	51,812	111,854	223,514	59,240	63,042	636,206
Consultants	-	4,627	1,891	4,083	8,159	2,162	2,301	23,223
Capital Improv Placemaking Projects and Activatio	-	15,833	15,833	-	-	15,833	15,833	63,333
Equipment Leasing / Purchasing	-	1,436	587	1,267	2,532	671	714	7,208
Midblock Lighting	-	49,805	20,360	43,953	87,831	23,279	24,773	250,000
Total	-	198,446	90,483	161,157	322,035	101,185	106,664	979,970
Safety and Homeless Outreach Services	CEP	City Center	Columbia	Gaslamp	East Village	Cortez	Marina	TOTAL
Safety & Outreach Personnel	51,652	74,116	133,601	65,408	130,704	137,945	140,168	733,594
Consultants	-	2,706	1,106	2,388	4,771	1,265	1,346	13,581
Safety Contracted Services	-	662,700	84,461	491,009	1,322,153	165,675	165,675	2,891,674
Total	51,652	739,522	219,168	558,805	1,457,628	304,885	307,189	3,638,849
Admin	CEP	City Center	Columbia	Gaslamp	East Village	Cortez	Marina	TOTAL
Program Admin Personnel	396	83,479	34,917	73,671	147,215	39,809	42,314	421,801
General Admin Personnel	554	34,317	14,028	30,285	60,517	16,039	17,069	172,809
Management Fee	50,712	194,362	79,453	171,526	342,755	90,844	96,675	1,026,326
Office Supplies	-	7,172	2,932	6,329	12,648	3,352	3,567	36,000
Equipment Leasing / Purchasing	820	3,145	1,285	2,775	5,545	1,470	1,564	16,605
Payroll Services / Web Services	-	7,172	2,932	6,329	12,648	3,352	3,567	36,000
Legal Expense	988	3,788	1,548	3,343	6,679	1,770	1,884	20,000
IT Support	-	3,586	1,466	3,165	6,324	1,676	1,784	18,000
Consultants	-	4,479	1,831	3,953	7,899	2,093	2,228	22,483
Contract Renewal	2,471	9,469	3,871	8,356	16,698	4,426	4,710	50,000
Community/Board Meetings/ Misc.	-	996	407	879	1,757	466	495	5,000
Gen Liab Insur	9,867	33,824	5,761	23,232	50,423	15,637	13,094	151,840
Training/Conferences	-	4,881	1,995	4,307	8,607	2,281	2,428	24,500
Rents / Parking / Utilities	-	33,942	20,656	26,490	39,319	25,942	12,591	158,938
Total	65,412	341,131	138,165	290,969	571,819	169,348	161,655	1,738,501
CEP Exclusive	CEP	City Center	Columbia	Gaslamp	East Village	Cortez	Marina	TOTAL
CEP Personnel	139,537	-	-	-	-	-	-	139,537
Consultants	4,468	-	-	-	-	-	-	4,468
Business Attraction & Retention	150,000	-	-	-	-	-	-	150,000
Property Marketing	150,000	-	-	-	-	-	-	150,000
Total	444,006	-	-	-	-	-	-	444,006
Other	CEP	City Center	Columbia	Gaslamp	East Village	Cortez	Marina	TOTAL
City Fee	7,412	28,406	11,612	25,069	50,095	13,277	14,129	150,000
Total	7,412	28,406	11,612	25,069	50,095	13,277	14,129	150,000
Total Expenses (5)	631,675	2,427,366	997,043	2,143,923	4,277,781	1,137,931	1,213,362	12,829,081
Net Income	(0)	0	0	0	0	0	0	(0)
General Benefit (Non-Assessment) (6)	19,645	75,491	31,008	66,676	133,039	35,390	37,736	398,984

(1) Neighborhood percentage is based off of assessment revenue

(2) Budget revenue is based on a 5% assessment increase

(3) Assessment delinquency is 1.5% of total County billing; plus 13% of City manual billing (after deducting Fed assessments)

(4) One-time tax refund for Employee Retention Tax Credit Program

(5) The broader budget categories may be adjusted by up to fifteen percent (15%) of the total. There is no limitation on the reallocation of funds between individual line budget.

(6) General Benefit is 3.11% of budget and is based on value

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Following is a summary of our negotiated rates with the Clean & Safe contractors for FY23-24. Negotiated rates are provided for review and approval by the Downtown San Diego Partnership's Clean & Safe Board, and Downtown San Diego Partnership's Executive Board.

Pressure Washing

Aztec Landscaping will provide services in Columbia, Cortez, City Center, Marina and CEP properties. Per-sidewalk cost from \$48.32 (average) to \$50.63 (average)

Action Item 1: Staff recommendation is to offer AZTEC Landscaping the FY23-24 pressure washing contract with the requested increase in rates.

Power Washing	FY22-23	FY23-24
Budget	\$679,858	\$708,236
Sidewalks Washed	14,052	14,052

Pressure Washing

South Bay Pressure Washing will provide services to the Gaslamp and East Village neighborhood. Per sidewalk cost from \$47.70 (Average) to \$48.00 (Average)

Action Item 2: Staff recommendation is to offer South Bay the FY23-24 pressure washing contract with the requested rates.

Pressure Washing	FY22-23	FY23-24
Budget	\$876,339	\$844,236
Sidewalks washed	18,454	17,898

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Safety/Security

Inter-Con Security currently services all six neighborhoods. We plan to sustain the level of service due to community feedback and remain to 41 FTE'S for the Downtown. The cost per hour of service has increased by 11% to accommodate more competitive wages.

Action Item 3: Staff recommendation is to offer the FY23-24 security contract with the market requested increase.

Security	FY22-23	FY23-24
Budget	\$2,701,415	\$2,891,674
Annual Hours	85,280	85,280