

DOWNTOWN FRESNO PARTNERSHIP

Executive Committee

Thursday, July 13, 2023
12:00 P.M. – 1:00 P.M.

Downtown Fresno Partnership
845 Fulton Street

Minutes

- **Present:** Jackie Anaya, Jayni Wong, Phil Kliewer, Scott Anderson
- **Absent:**
- **Staff:** Elliott Balch, Lara Agulian, Gloria Valdovinos
- **Public:**

I. **Call to Order** – Meeting was called to order at 12:05pm Anaya

II. Public Comment

No public in attendance

III. **Approval of Agenda** Anaya

Motion made by Kliewer, Anaya second, motion approved unanimously.

IV. **Approval of the May 25, 2023 Special Meeting Minutes (Action)** Kliewer

Motion made by Anderson, Wong second, motion approved unanimously.

V. **Midyear Budget Update** Balch

This will no longer be a motion as there is not much to move on. Balch has gone through the 2023 budget that was adopted in 2022, line by line looking at revenue and expenses. Thirty things have changed since the budget was adopted. Doing this exercise will help us make decisions going forward. In the original budget, there was a surplus of \$40,000, but now it seems closer to \$21,000, which is about 2.2%. The PBID revenue is also lower than expected, which was due to an incorrect payment from the City. With new payroll decisions, including benefits, and other unforeseen expenses, expenses are up. Balch even noticed that the budget reflected lower costs than 2022.

There are positives. We are anticipating one-time revenue from High Speed Rail assessment payments. We also have a contract with Fresno Area Hispanic Foundation and hopefully one with the City of Fresno for the Youth Job Corps Program (YJCP) and that revenue was not budgeted before. We are also saving on trash by shifting street cans to the YJCP function. We are saving a lot by keeping marketing in house and not renewing a marketing

service, such as JSA. With our office move coming up, our rent will not increase. These positives are more one-offs or one-time payments so it is important that we diversify revenue.

Balch wants to fix up the events revenues. He is optimistic about next year, especially now having this sound footing with what we put into the budget for next year. We are on track to underspend in some areas, such as signage and banners. There could be an action item for this in the future, but as of now, we are looking for some feedback.

Budget tracking in the Management District Plan does not reflect everything that we do. Anderson would like to see a comparison of spending from 2022 to 2023. Labor costs are not broken down per category so it mostly all shows up as administrative costs now, but this could be broken down based on position to reflect what we actually do and spend on. Aside from assessments, we have other revenue coming in so this does not show how we spend specifically the assessment money. It is all lumped together. There has not been any auditing of financial statements, which is not required, but as we grow, we want to do that to show and account for how we follow the management plan guidelines. Assessments are below MDP about 4.4%. We can change allocations to a limited extent.

VI. Annual Assessment Increase and Budget Category Allocations (Action) Balch

We need to provide levies to the County before August 10, before the October taxes, which comes before our next regularly scheduled Executive Committee meeting. We do need Board direction on this. We can either authorize a 3% increase every year now, or we can do it for just this year for now. Balch is not sure what has been done in the past. He recommends authorizing a 3% raise each year by default to account for inflation.

Anderson agrees that we need to raise it to keep up with expenses, but the budget still really needs to be looked at and expenses need to be managed. Balch does want to broaden funding streams. The assessment should be less than 90% of revenue, but that is not the case now. Kliewer would like to see a fundraising game plan of where we are, the goal, and how we will achieve it, even if it is modest. Everyone is in agreement on this, and the midyear budget exercise is a good step to getting there. Balch has talked to the Kresge Foundation about a grant. He has a proposal in for a position that would help development grow. The midyear budget is also conservative, such as discounting events revenue to 70%

Kliewer will agree to the 3% raise for the next year, but not for all ten years at this time. Anaya agrees with Kliewer. She says that once we get a better grasp on expenses, then when we vote next year, we will be better able to justify it. Kliewer also mentions that it sends a good message to the property owners to show that we are not automatically raising the funds if we don't need to. There is also the possibility that we need more than 3%, though hopefully not, so it is better to do it year-by-year.

Motion to approve a 3% assessment increase for 2023-24 only, made by Kliewer, seconded by Wong, and motion approved unanimously.

VII. New Office Lease (Action)

Balch

We put out an RFP for offices spaces as, over three years, the cost would be greater than \$25,000. We were happy to do this process and got seven responses. We toured six out of the seven, one even being this morning. The TW Patterson building had an empty office space on the ground floor, Tulare St side that is still in Zone 3. It is about the same square footage that we have now, 1700sf, but already has wall divisions for better use of the office space versus what we have now. It has two front doors, with a side corridor leading to a larger room. This would be good for ambassador use. As of now, ambassadors coming and going can be a distraction to the rest of the staff so it would be nice for them to have a separate entrance and space. What we pay for our current space is \$1.67 full service. The new space would cost just about the same. Rick Roush, the owner, has been great and really wants to have us as a tenant. Balch sent him the rent rate that we have currently and Roush adjusted for us.

This space is competitive compared to other options. The number two location is 1025 Fulton, and it would be upstairs. There is about 4,300sf being about \$1.40 per square foot full service. It is so large that the cost comes to more. It is a similar situation at 1250 Fulton where the space is just too big, and we would struggle with storage.

Kliwer asked if there was anything wrong with TW Patterson. 1025 Fulton would give us more room to grow and expand to the ground floor with a store front and more offices in the mezzanine. We are still not letting go of this idea and hope to own a building one day if possible. The TW Patterson retail space on Fulton I still open. Also, this office space is more ready to move in than others. All the work that needs to be done does not require a permit. There is no parking included, but we have had an agreement with the City in the past for free parking. We may be losing this, but there are other parking options, such as garage 4. The TW Patterson space does also come with free storage.

Kliwer like that we would not be overextending and getting what we need for the time with a three-year lease. He and Anderson like the idea of DFP owning a building in the long term. Anderson liked that we could sub lease space to startups and generate revenue. Balch mentioned that Fresno Street Eats is interested in sub leasing space in our office as they have too small office now. We will have to see how we configure the new office to see if there will be room for them. The motion for this is to approve, negotiate, and execute on the TW Patterson space.

Motion made by Kliwer, Wong second, motion approved unanimously.

VIII. DFP Role on Infrastructure and Development

Balch

Two weeks ago, the State budget passed the \$250 million to downtown Fresno for infrastructure with \$50 million this year and the rest following. There is a City council item for this next Thursday, but they have not engaged us. We would like to see more of a master plan on the empty blocks. They are putting together draft language on how the State plans to execute this. Since DFP sees a lot, we might want to get involved.

Balch has already been correcting people when things come up. Some don't believe we need more parking, but if they are going to build condensed housing and fill up the current buildings and offices, there will be a parking shortage. Balch just wants some input and direction from the board on how involved DFP should be and what they expect.

High Speed Rail also got \$20 million from the State. Balch talked to Mayor Dyer about how DFP can help and the mayor just said we had to move quick. The State will listen to the community so does DFP have a hand in organizing this? Kliewer says that we should help push a maybe help pick locations. Anderson is happy to help DFP as this will be really important. He mentioned that we have to think about high-speed internet as part of the infrastructure downtown as it is not readily available here yet. There are areas that are not wired for it.

Balch has spoken to property owner, Sevak Khatchadourian, who would like to see a master plan of downtown for perspective retailers. This would be a big undertaking but could be good to have for infrastructure and to show what could be. Anderson said to just be careful. It could be a slippery slope to have a master plan on specific uses in specific spaces. We don't want to pigeonhole ourselves and have the master plan be a roadblock. Balch mentioned that it would just be a vision to see what could be with a mix of national and local retail. Anderson also asked about the recent purchase that Fresno Unified made on a building along Fulton. He asked if they would use any of the ground floor as retail. We are not too sure. Kliewer says the biggest thing we need is market rate housing so that is the thing DFP can support and promote.

IX. **Adjourn** – The meeting adjourned at 1:03pm.

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