

# Downtown Fresno Partnership

## Executive Committee

Thursday, December 7, 2023  
8:30am – 10:00am

Downtown Fresno Partnership  
2020 Tulare St

### Minutes

- **Present:** Jayni Wong, Phil Kliewer, Scott Anderson
- **Absent:**
- **Staff:** Elliott Balch, Lara Agulian
- **Public:** David Williams

I. **Call to Order** – Meeting was called to order at 8:34am Kliewer

II. **Approval of Agenda (*Action*)** Kliewer

In the interest of time and importance of agenda topics, a revision was made to the agenda to move the closed session up to number seven.

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

III. **Approval of the October 12, 2023 Minutes (*Action*)** Kliewer

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

IV. **Approval of the November 3, 2023 Special Meeting Minutes (*Action*)** Kliewer

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

V. **Public Comment**

No comments were made.

VI. **Acceptance of the Financial Report (*Action*)** Balch/Wong

The balance sheet is always strong. In P&L, different components of income are reflected including events and the assessment. We will see where the cost of goods come from in the budget next year and better understand our expenses. We want to go into events with a budget so we can work towards a goal with each one.

We have been evaluating our expenses with our bookkeeper Williams. We have gone over in our accounting budget to pay for Williams' help, but it has been worth it with the amount of transitions this year. We are streamlining a lot of things. We are also over on dues and subscriptions. One reason is that we have enrolled in the Rotary, but that has allowed the staff

to be more present and have more networking opportunities. We continue to be IDA members and we will have a higher budget for this next year.

Within our sponsorships, we sponsored an event for the EDC. In turn, we now have a contract with them to get paid to do some data work for them. By nurturing the relationship, it ended up being net positive.

We are proposing changes to the P&L structure for the next budget. We have administrative expenses, economic enhancement, and environmental enhancement all listed separately. We are consolidating those.

We have underspent on some things that are worthy but have just been too busy. For example, signage and banners. We do want to make some new street pole banners, but we haven't had the time to focus on that this year. We saved on garbage service this year because as the City Ambassador Programs come on, we have been able to relax paying Mid Valley to service the street cans. The work is still being done, but it is economized.

We are changing our approach with payroll for the budget as well. Paying employees is not a separate thing that we do, but rather an integral part of the functions we perform. With Gusto, it is easier to track expenses by employee.

Williams spoke on his highlights of the financial report. The income from events is significantly higher than what was budgeted for. We brought in \$130k compared to \$77k. In the cost of goods sold, we only went up about \$3,000. We got a lot more event income in without much more expense. On the total expense line on page 7 of the financial report, you can see that we are at \$711k for actual versus the budget which is \$786k so we are \$75k under on expenses. This matches what Balch said about how DFP is overspending in some areas but also underspending in some areas. We know that in the net operating income, we received some of the 2023 payments in 2022. That 2022 overpayment is why we see a negative line.

Anderson asked if we can footnote the 2022 overpayment on the reports just to show that to anyone who looks at them. Williams and Balch did have a conversation with the CPA about this and they said that there wasn't anything to fix. Williams would like to put that as a footnote for the annual report with the CPA. This report is fully pulled from Quickbooks, but Williams can create a summary or footnote page to attach. This would just be important for future reference. This would be helpful down the line for less confusion. Williams will also add a footnote for the accounting overpayment stating the transitions between Ceracchio, Sanchez, and Balch as CEOs and their roles in bookkeeping. We should have that for the board next week. Anderson feels this is the most attention to detail in financials that he has seen while on the board and appreciates that. Kliewer says it is important to highlight the success of DFP as well and show that we are in a healthy position.

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

## **VII. Treasury Strategy and Options**

Balch

We got the first payment from the Kresege Foundation. That money is a lump sum at DFF and

they are dispersing it to DFP quarterly over two years. This large sum at DFF was not collecting any interest at their bank at CVCB so discussion was sparked on whether to move it to a money market or CD. This caused Balch to look into DFP cash management.

We are estimating that the cash position of DFP will be about \$700k come end of year. We have \$250k in a money market at United Security Bank that is yielding .4%. We have \$50k or so in a savings account at Wells Fargo that is yielding .15%. We have the rest in a checking account, being \$565k, yielding 0%. The weighted average of all of that is .15% and we are losing ground by keeping it this way. Balch checked in with Wong and she said it would be good to explore our options.

Balch reached out to community banks to see what they would be willing to do and shared the responses as an attachment to this committee. Dennis Woods was a founding member of the DFP board and is over at United Security Bank. He agreed that if we can get 5% yield, we should move forward with that. Balch told the banks we were looking to put \$400k in a 6-month CD and \$250k in a money market. The second-best offer was from Bank of the Sierra at 5.25% on 6-month CD and 4.5% on money market. The strongest one was Valley First Credit Union. They told Balch they are based in the North Valley, really want to get in Fresno, and they want to do more treasury work. They offer 5% on either the CD or the money market. Balch asked them what the long term looks like. This is not guaranteed in the long term and can be reassessed, but we could also reassess it in the future. With a total of \$650k in these accounts, this would have us gain \$30k in a year. The minimum for most of these banks was \$25k. Kliewer asked what the point of the locked-up CD is if the money market is the same rate at Valley First. Balch agreed with Kliewer's point. He wants to know if anyone has experience with Valley First or has heard of anything. Balch will ask them for references from other nonprofits or small businesses.

Kliewer asked if it would be smart to do the CD at Bank of the Sierra and the money market at Valley First. Balch wants to maintain federal insurance to maybe we do want to limit to \$250k per institution. Valley First buys up the insurance they provide so it is insured all the way up. He wants to keep our checking account at Wells Fargo but is then questioning whether to take all the rest to Valley First or split it between Valley First and Bank of the Sierra. Williams mentioned that he is surprised to see Valley First on the list as credit unions tend not to do commercial accounts. He does agree with Kliewer that you can split the money between Valley First and Bank of the Sierra. We can maximize relationships with banks and we have a backup. Wong also agrees with not putting all of our eggs in one basket.

After this discussion, Balch proposes to move the money from United Security Bank, \$256k, to a 6-month CD at Bank of the Sierra. He also proposes that another \$300-400k be moved to a money market at Valley First. He will bring this to the board for a final action.

#### **VIII. Closed Session regarding personnel matters**

Balch

There was no board action reported from the closed session.

## IX. 2023 Budget Presentation

Balch

The first page in the budget packet is the summary. We have our different income sources with their percentage, along with the PBID resource leverage. The treasury interest is part of the budget along with the PBID assessment, grants and contracts, and operating revenues. In the PBID management plan, there are percentages assigned to the different functions that the PBID is constitutionally chartered to deliver. Those are listed on the second page of the budget being 35% clean and safe, 28% economic enhancements, 6% Fulton activation, 22% management and administration, and 9% contingency/reserve. We have different revenue streams for different purposes. Also, our grants and contracts are for specific work and they do tend to line up with our purposes. For example, the Kresge grant is for development and that goes under the economic enhancement function. Balch has talked to the Sacramento financial representative, and this is consistent with how they handle their books. They have an open invitation for us to go see how they do things and Balch is interested in visiting other peer organizations around the state. If we get audited, we want to show that we have used the specified money accordingly and for its right purpose. There is a total per column as shown in the budget.

Under expenses, there is a total for payroll which is 68% of our expenses. We recognize that the work done by the staff is integral to the different functions of our organization and want the expenses to reflect that. The nonevent expenses section will encompass both the restricted purposes, clean and safe and economic enhancement, and managing our organization, such as the rent on our office building.

We will continue to have our event expenses as cost of good sold. You can see a reflection of actuals from the last year. There is still work to do in this section so this number as well as the revenue will change before the board meeting next week. We are going to build out some budgets for new events next year and will be continuing that with the staff right after this meeting.

Contractors is a small line. We have some consultant numbers written into the Kresge grant budget relating to development so this is a placeholder. It is also a placeholder in the sense that we are planning to hire a contractor to run the ice rink in 2024. We are putting an RFP together and are in conversation with the City for the ice rink. Then we will determine what the cost and revenues are going to be. We will have to bring this to the board in the future. There is a lot of unknown with this still, so it is not reflected in the budget.

We project a margin of 6%. Balch added a line at the bottom of how we are leveraging the PBID dollars. It shows what the taxpayers are getting for their money. They are getting \$534k of clean and safe on an investment of \$291k so there is a leverage factor across all the functions. We can also see the impact on the cash position including the treasury strategy. Beyond this, Balch does want to have a conversation about use of funds for retail plans in the future.

Page 3 is about PBID assessments. This analysis reflects the adjustment that was made for the 2022 overpayment of \$507k from the City. There is a straight line extrapolation and then Balch took 5% off. That is the budget we are using with conservatism built in. It implies that we would have less revenue coming in. We did have Executive Committee approval in June for a 3% rate increase. That will be offset by the fact that High Speed Rail has come current with their back due payments. The conservative number is \$833k. In the PBID Management plan there is a contingency element with 9% delegated. From the language, it is hard to distinguish its actual use and purpose so it is just there as revenue with no expense against it.

On page three you see our list of grants and contracts, and anticipated contractors as placeholders. On the income side, we have the number four quarters worth of the Kresge grant. We also have the number the City has asked us to hit for the proposed Youth Job Core RFP. We have pending contracts with the County and we have a payment left with our agreement with the FAHF for the Façade grant. We also have a small contract with the EDC using the Placer.ai tool. We also anticipate renewing that tool at \$10k next year. It has project funding attached to it.

Page four is cash management. We are estimating the cash balance by the end of the year to be \$700k with .15% average APY. Against that we have revenue from the money market interest, which we will adjust after the Board vote next week. We also have charge cards now with 1.5% cash back.

Page five is the events page. This is still in the works and will be updated for the Board meeting next week. It shows actuals from this year as the budget for next year.

Page six has a whole analysis of every line of expense we have had. In some cases, we are saving on things. For example, we used to pay for office internet at the old office, but our new office building comes with it as part of the rent. This is a cost we don't have anymore. We might see some more expense in areas like travel as Balch did not go to the IDA conference this year but is planning to go next year. Balch also anticipates \$18,000, as opposed to the current of \$10,000. He is working on updating our insurance now. Our current insurance broker is not very responsive, and we do seem to be under covered. We have event coverage, but our attendance estimates are low. Anderson mentions that insurance has the trend of continuing to increase. We are shy on DNO insurance as well, so Balch does want to get current. We only had \$363 budgeted for legal and Balch has raised that to \$2,000 to be able to call on legal advise when needed. We budgeted a bit more for meetings as we are having lunch-time board meetings and providing quicker bites for other meetings. We are also launching a new text messaging tool, which will put the news people need in the palm of their hand. We had no budget for sponsorships last year, but we are including \$5,000 for 2024. The two things we sponsored were the EDC event and the Fresno Arts Council event. The Fresno Arts Council is administering Measure P, which we will apply for.

We have the tool in Quickbooks, called Classes, to be able to track these expenses. We already had a class for each event, which we will continue to have. We will further the use of classes to

designate both revenue and expense that are PBID restricted. There is also a Customer tool we will use for grant revenue. This will go to the board for adoption with included narratives.

**X. Nominating Committee/2024 Board of Directors Update** Balch

Balch has done some outreach to the board as we will have officer nominations for the board. The Vice chair position has been open, and with Anderson leaving, we will need to fill his position as an officer. We would love to have engaged members. Khatchadourian has been contacted as he is engaged. Balch opened it up to the Executive Committee to reach out to anyone they think would be a good fit. Kliewer has also agreed to continue as chair if it still fits. This will be an action item at the board, but the 2024 Board members have already been selected through the voting process.

**XI. Clean and Green Committee Update** Balch

We had this committee meeting yesterday along with Balch attending a meeting with City Administration. The Planer Program was green lit so the City will get abandoned planters to business who will adopt and take care of them. We have to get the timeline together along and reach out to the businesses who had agreed to participate as a good amount of time has passed. Overhead string lights will start in the Brewery District. We will also be asking White to budget for compacting street trash cans to put in a couple of places as a pilot demonstration.

Beautify Fresno is doing their first big event of the year on Martin Luther King Jr. Day. One of the locations will be downtown so we will be involved.

**XII. Marketing and Business Development Committee Update** Balch

Tioga Sequoia attended this meeting. We did discuss that we may want to restructure these meetings as it covers a lot. We want to have a monthly meeting for event organizers downtown, which our event coordinator Arreguin will be part of. This will allow us to be more coordinated downtown in regards to events.

Within marketing, Agulian said we have gained almost 2,000 followers on Instagram and a few hundred on Facebook in the last 2 months. The main takeaway is that there is steady growth that we have seen all year. We will work to keep that going and keep going. The Placer.ai tool lets us look at the attendance of a certain area in downtown. We used this to see how many people attended the Christmas Parade this year and it was 13,200. We also checked the attendance of the last Christmas Parade in 2021 and it was 8,600. This reflects the growth in our following.

**XIII. CEO / President Update** Balch

There are some policy changes coming to sick time next year in California law. We will be compliant and more will come on this.

We have most of new signage up at our office. We are still waiting on the blade sign to go through the Historic Commission at the City.

The City is looking to make changes to the parking Master Fee Schedule and Balch wants to advocate on that for downtown.

The Kresge grant is going to allow us to be more impactful when it comes to development. Part of that becomes a strategy to fill our larger vacant spaces and market them as a package of a shopping center, which we are. The local businesses want smaller spaces so the larger ones remain vacant. Khatchadourian and Balch talked to a broker who has built up shopping centers and outlets were brought up as an opportunity that would serve our population. As of now, Fresnoans have to leave Fresno to go to an outlet center. Anderson had suggested outlets some years back and he is interested to hear more about this. This could be great when High Speed Rail is brought online leading from Chinatown to Fulton. Balch feels our board and property owners have different interests. For example, the Kashian company thinks of Downtown as part of their office strategy, not retail. Anderson mentions that box stores, local businesses, and outlets are all different retail strategies. It all boils down to numbers. Anderson would like to talk more to Balch about this offline and possibly include a broker that he knows. Balch says that the Partnership exists to correct the disadvantage that we have from a Riverpark or Fashion Fair since we have scattered ownership. They don't have to have public meetings explaining their strategy. Anderson said that Downtown has to find its own unique niche to drive traffic to downtown.

#### XIV. **Board Open Discussion**

Balch

No comments were made.

**Adjourn** – The meeting adjourned at 10:05am.

## DOWNTOWN FRESNO PARTNERSHIP

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